DCM SHRIRAM

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**

Kind Attn : Department of Corporate Communications/Head – Listing Department

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Transcript of the Investors Earning Call on Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and year ended March 31, 2025, held on May 8, 2025.

Kindly take the above information on record.

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

Thanking you,

Your faithfully,
For DCM Shriram Limited

DEEPAK GUPTA
Digitally signed by DEEPAK GUPTA
Date: 2025.05.14 13:44:46 +05'30'

(Deepak Gupta)
Company Secretary & Compliance Officer

Dated: May 14, 2025
Encl.: as above

DCM Shriram Limited
Q4 & FY'25 Earnings Conference Call
May 08, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Q4 & FY'25 earnings conference call of DCM Shriram Limited.

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 '*' 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, Sejal. Good afternoon and welcome to DCM Shriram Limited's Quarter 4 & 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. 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 pose their queries to the management following these comments, during the interactive question-and-answer session.

Before we commence, please note that some of the statements made on today's call are forward-looking in nature, and a note to this effect has been included in the conference call invitation, which has been uploaded 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 evening, ladies and gentlemen and a very warm welcome to all of you.

To begin, I will present my perspectives on the external landscape and business dynamics. After that, Vikram will provide an overview of our financial performance. Once we have shared our insights, we would like to hear your view points as well.

The global economic growth is expected to be tempered due to complex geopolitical and economic environment, notably the ongoing tariff risks between U.S. and the rest of the world, especially China. The imposition of reciprocal tariffs by the U.S. and the subsequent retaliatory measures by China and other countries can have far-reaching consequences, disrupting the international trade and financial markets. This has heightened uncertainty for businesses and policymakers worldwide.

The recent standoff between India and Pakistan has the potential to escalate, adding to regional uncertainties both in trade and geopolitics.

Amid external headwinds, India's growth forecast for Financial Year 2026 has been revised down to 6.5% by the Reserve Bank of India in the month of April. However, the impact remains moderate owing to strong domestic consumption. Further, to support growth, RBI has cut interest rates and implemented liquidity boosting measures.

In this dynamic landscape, our Company is further anchoring its strategic integration both forward and backward, to secure value chains, optimize costs, and enhance competitiveness while simultaneously increasing scale. We are embedding advanced digital technologies in our ways of working to improve our efficiencies as well as serve our customers better. Sustainability is core to our operations and we are reducing our carbon footprint to renewable energy adoption, circular economy and energy efficiencies.

Backed by completion of our CAPEX programs, a healthy balance sheet and strong cash flows, we remain confident in our ability to pursue these strategic priorities while maintaining financial discipline and operational excellence.

I will now turn to the discussion on key industry dynamics across our variable businesses.

First, I will take up Chemicals:

Global and domestic caustic soda prices experienced volatility over the past financial year. However, the prices were better supported versus Financial Year '24, led by higher demand from consuming sectors.

Impact of reciprocal tariffs on India may be moderate due to the comparatively high tariffs imposed on other countries. However, the disruption in supply chain will lead to uncertainty in product prices. In terms of volume, it may be positive for India.

India's caustic soda industry has reached a capacity of approximately 6.3 million metric tons operating at about 80% utilization, which is a positive. This has resulted in an oversupply of chlorine, putting pressure on chlorine prices. However, some relief was observed this quarter in chlorine prices, primarily due to maintenance-related shutdowns of a few production facilities.

India continues to be a net exporter of caustic soda.

Our newly commissioned projects are meeting performance norms and ramping up steadily, leading to volume-driven growth.

Hydrogen peroxide markets in India continue to be oversupplied on account of ramping up of domestic capacities coupled with cheap imports from Bangladesh. We have also commissioned our second flexi-feed flaker plant in this quarter, and this has further enhanced our flexibility to operate on multiple fuels and thereby optimize costs and increase exports.

Our ECH project is under commissioning and the glycerin refining facility is operational. The commissioning of the ECH plant has been delayed due to an issue in one of the equipment. This issue is currently being addressed by our technology suppliers, and we are going to start trial runs by the end of May 2025, that is this month.

The project work in other chlorine downstream projects of aluminum chloride and calcium chloride at Baruch are progressing well.

Our efforts towards cost efficiencies continue. The 120 megawatt power plant is one step in this direction. 68 megawatt renewable power at Kota through group captive structure is progressing as per schedule. We have tied up the balance 6.6-megawatt green power at Bharuch and are expecting its injection in the next quarter and are also working towards further optimizing energy costs in the existing power plants.

As this round of CAPEX is nearing completion, we are actively working towards epoxy and advanced material projects, including other growth options.

Vinyl:

Global demand for PVC remains subdued, leading to lower prices and high level of inventory on the back of surplus production in China during the quarter.

Reciprocal tariffs by the US have led to China driving export prices further lower to clear excess capacity. In this context, imposition of anti-dumping duties on several countries, including China, has been delayed due to an irrational order in our judgment by the Gujarat High Court, excluding certain grades of PVC from ADD investigation. We have already filed petitions against the same in the Supreme Court and hoping for a favorable response. Once the duty is imposed, this will bring some relief from the low-cost Chinese imports.

Domestic PVC demand has grown by 7% during the financial year. The cost structure for our Vinyl business has improved. We will continue with our strategy of utilizing the swing between PVC and carbide to maximize our margins.

Sugar and Ethanol:

Global sugar demand is expected to be higher than supply, leading to a reduction in the inventory level by around 3.3 million metric tons due to lower production in India. The Indian sugar season ‘24-25 is expected to end with a stock of around 5 million metric tons. The production estimate is 26 million metric tons after diversion of approximately 3.75 million metric tons for ethanol production. Consumption is estimated at 28 million metric tons and exports of about 1 million metric tons. Current prices are around Rs. 4,180 per quintal and given the demand-supply scenario, the prices are expected to remain supported for the next financial year.

Central Government has increased the FRP by Rs. 15 per quintal of sugarcane for the next sugar season. This increase is likely to put pressure on the margins and hence there is a need to increase the minimum selling price of sugar and ethanol to support industry sustainability. Government of India continues to be aggressive in ethanol blending and is planning to set a new target of 30% ethanol blending by 2030 after successfully reaching 20% mark in March 2025.

Sugar season '24-'25 has ended for most of the mills with reduced crushing and recovery across Uttar Pradesh and Maharashtra, the key sugarcane growing states. This decline is attributed to adverse weather conditions, crop diseases such as top borer and red rot affecting sugarcane yield and recovery. Our units concluded this season with a lower crush of 535 lakh quintals and a reduced recovery rate of 10.5% on final molasses. To address these challenges, our business team is actively working on optimizing varietal selection and agronomy practices to support increased sugarcane availability and crush in the upcoming season.

The recent uptick in sugar prices has helped in improving the margins of the business. However, the increase in sugar and ethanol prices has not fully compensated for the increase in sugarcane prices and reduction in sugar recovery and production. There is a need for a fundamental shift in sugar policy framework in order to make it remunerative in the long run for the farmers as well as the manufacturers.

Our compressed biogas project at Ajbapur Sugar Unit has been commissioned in the current quarter

Fenesta Building Systems:

The Company continues to focus on strengthening its market presence by driving deeper penetration of existing products and expanding its portfolio through the creation of new revenue platforms. Our strategic alignment is designed to enhance the overall customer experience while supporting sustainable business growth.

Further, we have completed the acquisition of 53% stake in DNV Global Private Limited, a Company present in the hardware space. This backward integration will unlock operational synergies in the supply chain, enhance customer experience by providing superior quality product range, and has the potential to create a new revenue stream for future growth.

Our aluminum extrusion facility project remains on track and is progressing as per schedule. Collectively, these strategic initiatives are expected to enhance our position as a comprehensive solution provider in the building material space and lay the groundwork for sustained long-term value creation.

Moving on, the Agri-Input Businesses portfolio comprises of Shriram Farm Solutions, Fertilizers, and the Bioseed businesses.

Shriram Farm Solutions:

The business continues to register double-digit growth in the topline as well as the bottom-line. The Company's growth trajectory was led by robust volume expansion across business verticals, most notably in the Research wheat segment where SFS continues to fortify its position as the market leader. The business effectively navigated the climate volatility by ensuring placement of the relevant products as per farmer requirements and providing research-driven nutrition products which build stress tolerance in the crops.

Notably, in the current financial year, SFS has launched nine new products in crop protection and specialty plant nutrition verticals, including four new products from our own R&D center.

Shriram Farm Solutions continues to be at the forefront of technology adoption, leveraging digital platforms to expand farmer engagement, optimize logistics, and improving cost efficiency.

Fertilizer:

The urea industry continues to be stable. Our business is continuously improving energy efficiency and optimizing performance. The budgetary allocation towards urea subsidy has been stable for the last couple of years, leading to reasonable subsidy arrears, which is a positive for the sector.

Bioseed:

While the business is on a strong trajectory of turnaround fueled by an enhanced range of hybrid seeds across various product categories, which shall also drive future growth. The expansion of corn acreage in key states driven by higher crop prices and the push for maize-based ethanol has contributed significantly to its growth alongside strong performance in paddy. We expect cotton to perform better in the coming season.

I will now request Vikram to provide the financial perspective.

Vikram Shriram: Thank you. Good evening, everyone. I will now take you through the financial performance for quarter ended Quarter 4 Financial Year '25.

Net revenues, net of excise duty for Q4 FY'25 were at Rs. 2,877 crore versus Rs. 2,399 crore in Q4'24, an increase of 20% year-on-year, driven by growth across all the businesses. PBDIT for Q4'25 was at Rs. 426 crore versus Rs. 289 crore last year, an increase of 47% year-on-year.

Chemicals:

The business saw an increase in revenue of 52% year-on-year led by caustic soda volumes that were up 29% on account of better capacity utilization and the new 850 TPD facility commissioning.

ECUs were also up by 13%. PBDIT increased by 223% owing to the volumes, prices and lower input cost, particularly energy prices and efficiencies from the new 120 megawatt power plant. As mentioned earlier, new caustic soda capacities in India over the last few years are increasingly getting absorbed. However, chlorine surplus has increased, thereby putting pressure on chlorine prices. Our projects of Epichlorohydrin, aluminum chloride and calcium chloride will increase the captive chlorine consumption. We are exploring several other alternatives to enhance chlorine utilization and value additions.

Vinyl:

The vinyl business revenue increased by 2% year-on-year. PBDIT for the segment improved to Rs. 24 crore as against Rs. 16 crore last year, led by lower power and carbon material costs. Once the 68 megawatts of green energy comes online, it will help reduce our carbon footprint and enhance our cost efficiencies supporting both financial environment and financial goals.

Sugar and Ethanol:

Sugar and business net of excise duty increased by 16% to Rs. 1,022 crore. Domestic sugar volumes were higher by 19% due to higher releases in the quarter. For the year, the volumes were in line with last year.

Domestic sugar prices increased by 5% to Rs. 4,046 per quintal. Ethanol volumes were lower by 16% on account of change in feedstock. PBDIT for the segment was higher at Rs.252 crore as against Rs.236 crore last year, going to better margins led by sugar. Sugar inventory was lower at 39.9 lakh quintals as against 43.5 lakh quintals last year.

Fenesta Building System:

The Fenesta Building System reported a growth in revenue of 4% year-on-year, led by retail vertical. PBDIT for the quarter came in at Rs. 36 crore as against Rs. 44 crore last year due to higher fixed expenses for enhancing capabilities and capacities along with higher sales and promotion expenses. Elevated expenditure levels anticipated to continue driven by the strategic need to scale up our existing operations and add to the product portfolio and expansion into new business areas. The order book continues to be healthy.

Shriram Farm Solutions:

This quarter is an off season for the business. Revenues increased by 17% year-on-year, supported by volume growth across all verticals.

Fertilizers:

Fertilizer revenues were higher by 3% year-on-year, which is mainly attributed to the higher volumes. Last year, in the same period, there was a maintenance shutdown. The prices were lower due to lower gas prices, which are passthrough. PBDIT was Rs. 10 crore as against negative Rs. 2 crore last year. Outstanding fertilizer subsidy was Rs. 161 crore as against Rs. 90 crore last year.

Bioseed:.

The quarter is an off season for the Bioseed business. Revenues are up at Rs. 103 crore as compared to Rs. 73 crore last year contributed by both domestic as well as international operations. PBDIT was marginally positive against negative Rs. 8 crore last year.

Coming to the highlights for the full year of Financial Year '25:

Financial Year '25 revenues net of excise duty was up 11% year-on-year at Rs. 12,077 crore. All the key businesses, specially chemicals, Shriram Farm Solutions, Sugar and Bioseed contributed to the topline growth. Similarly, PBDIT was up 35% at Rs. 1,472 crore. Chemicals, vinyl, SFS and bioseed were key contributors to the growth.

With healthy cash flows across all our businesses and post-completion of large part of our CAPEX, our net debt remained at comfortable levels of Rs. 1,395 crore as on 31st March '25 versus Rs. 1,430 crore as on 31st March '24. Return on capital employed for March '25 has seen an improvement that came in at 14% as against 13.6% in last year due to reasons explained above. Further, CAPEX incurred will start yielding returns going forward and that is further expected to improve topline and ROCE. The Board has recommended a final dividend of 170% amounting to Rs. 53.02 crore in the board meeting. The total dividend for the year is at 450% amounting to Rs. 140.35 crore.

Our financial discipline, ensuring a robust panel sheet, enabling agility to invest in R&D and scaling up businesses and adjacencies and cost side initiatives.

That concludes my opening remarks, and I request the moderator to please open the forum for the question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nirav Jimudia from Anvil Wealth. Please go ahead.

Nirav Jimudia: Sir, when we see our Q4 numbers, our PBIT in chemicals have improved by close to around Rs. 42 crore on a Q-on-Q basis, while the ECU is more or less flat. One reason you mentioned that we have seen an increase in the production volumes on a sequential basis. If you can share your thoughts here, like was power cost has come down sequentially or was it because of higher hydrogen sales in the outside market because of our higher caustic production or was it because we have ramped up the volumes and fixed cost were distributed over a larger part of the volumes? If you can share your thoughts here?

Amit Agarwal: Yes, I think it's a combination of largely I would say two factors, three factors actually. One is volume increase definitely was the significant part. Product prices also if you see versus I'm doing same period last year, the product prices were better and even the variable costs have come down.

Nirav Jimudia: I was talking more on a sequential basis.

Amit Agarwal: Yes, so even on sequential, if you look at large part will be coming from volumes. That is one. And on the variable cost, because in this quarter, the maximum benefit of the P120, significant part because of higher volumes, we use more of power from P120.

Nirav Jimudia: Sir, what could be the utilization levels of the newly commissioned 120 megawatt power plant?

Amit Agarwal: So, if I talk of Q4, the way to look at it is that, our capacity was 1,350 tons per day before expansion. Post expansion, it is 2,225 tons per day at Bharuch. And our utilization is close to about 1,700 tons per day, which was in Q4. It is inched up a little bit, but yes, it is in the range of 1,700 to 1,800 tons per day.

Nirav Jimudia: So close to 170 megawatt of power, which was required this quarter in total.

Amit Agarwal: Yes.

Nirav Jimudia: Correct. Sir, adding to it, last quarter you mentioned that our chlorine negative was close to around Rs. 9 and quarter prior to that was close to around Rs. 6.50. So how was the situation in Q4 and if you can highlight a bit about the current chlorine prices that would help.

Aditya Shriram: The current chlorine prices are also in the range of Rs. (-6,000).

Nirav Jimudia: Okay. And was similar chlorine prices or realizations in Q4 also minus Rs. 6 a kg or was it bit higher?

Aditya Shriram: Yes, in the same range.

Nirav Jimudia: Got it. Sir, the last question from my side is, when we see our chemical business sales of around Rs. 2,800 crore for this financial year, if you can share how much could be coming from the value-added products like the chlorine derivatives as well as the other value-added products what we manufacture. If you can share some ballpark figures, that would also help.

Amit Agarwal: See majority of the revenue I would have some numbers but majority of the revenue still comes from caustic soda but let's say if you talk of, you want for the quarter for the full year?

Nirav Jimudia: No, sir full year would also help, because my calculation shows it could be anywhere between Rs. 700 crore to Rs. 800 crore, so if you can just verify that number that would be helpful.

Amit Agarwal: Ballpark I would say it is close to about Rs. 550 crore to Rs. 600 crore, which includes hydrogen as well.

Nirav Jimudia: Got it. And sir, is it possible to share similar percentage numbers for PBIT? What could be the contribution to the PBIT for FY'25 from these value-added products?

Amit Agarwal: I wouldn't have it right away product wise. So maybe we can share with you separately.

Aditya Shriram: And directionally just to add to that, we run a completely integrated complex. So we continuously optimize for profitability at a complex level. And with our new capacity having commissioned or getting commissioned the absolute number and percentage of the value-added product will increase in the current coming year and in the years to come.

Nirav Jimudia: I have few more questions, but I will join back in the queue. Thank you so much and wish you all the best.

Ajay Shriram: Thank you.

Moderator: Thank you. The next question is from the line of Punjan Shah from Molecule Ventures. Please go ahead.

Punjan Shah: So on the PVC side, so just wanted to understand on a brief part that we know there is subdued demand, as well as dumping from Chinese guys out there. There is a delay in the implementation of ADD as well. So just wanted to know on a broader case if there would be an uptick in, let's suppose if we see demand uptick and inventory restocking, so then how the prices will evolve? It will go back to Rs. 70-Rs. 75 per kg or it will remain in the same range because of the dumping from Chinese guys?

Ajay Shriram: So I think, two things. One is good to see that the demand in India is consistently growing at 6%-7%-8% a year. So that's a stable position because of our domestic demand itself. And secondly, I think the anti-dumping duty issue has been in court for a long time now. The next hearing actually in Supreme Court is on the 9th, that's tomorrow. So the industry is taking that very actively to see that there is a rational view taken on bringing anti-dumping duty against China because they are dumping at very low prices because of their problems in the tariff wars across the world. So we are hoping to get some benefits soon.

Punjan Shah: Then that benefit would be around Rs. 5 to Rs. 7 per kg if ADD gets implemented, right?

Ajay Shriram: I think it is difficult to say because we don't know what the government is. The industry has made the request based on the market prices, etc. And we will have to, I think wait and watch to see what the government agrees to.

Pujan Shah: Right. And sir, we have seen uptick in for Caustic Soda in November, December, there was some bit of a price realization in Jan and Feb and then again, it was seen an uptick. So do you think that this price which is prevailing right now and I am talking about the current price which is Rs. 38 - Rs. 40 which will prevail for the year because there is no addition of the capacity coming in FY '26 and additionally, there is some shutdown due to surplus capacity. So do you feel that this price will remain sustainable going forward and this ECU of Rs. 30 can be inched up due to impact of Chlorine, will be bit of a neutral?

Aditya Shriram: So, you are absolutely right that the prices have moved up and then have come down slightly, more recently. As we all know, there are many factors that go into determining the price. So it will be hard to predict the prices going forward. And as you rightly mentioned, there are new capacities, but large capacities are coming 1 year and 2 years from now. So there is still some time for that. But we do expect prices to remain healthy and remain firm.

Moderator: Thank you. Ladies and gentlemen, you may press * and 1 to ask a question. The next question is from the line of Surbhi from NV Alpha. Please go ahead.

Surbhi: Hi, thanks for the opportunity. The first question is regarding Fenesta. So you mentioned in your opening remarks that there were some higher fixed costs and higher sales expenses. So if you could quantify that and what kind of ad expenses are we going to do in FY '26, so some more color on that? And secondly, once our ECH plant commissions this year, hopefully what kind of utilization level do you see in the first year?

Amit Agarwal: See, on the fixed expenses for Fenesta, if we look at the full year as a whole, there has been increase, I think giving exact number at this stage may not be possible, but what is important to understand is that given the increased competition in this space and also the verticals that we are entering into, it will require us to spend more on sales and marketing and we will see, as we mentioned in the opening remarks as well, that we will continue to see elevated levels of expenditure on this account as well as on the people account as well. So that is point number one. Second, you mentioned about ECH. So ECH, we will be commissioning in phases. So the 1st Phase of commissioning will happen in June, early June, we should be commissioning. So for the year as a whole because it takes time for approvals and things like that, so we do see from the date of commissioning, we should be at an average utilization of around 40%-45%, average for the year, but by the year end, we should be touching about 60%-65% capacity utilization.

Surbhi: Got it. Just a follow up on Fenesta, if I understand correctly, ad expenditure was not as high, say same time last year or even few years back. So even as a percentage of sales, just to see what kind of push are we doing in that segment?

Vikram Shriram: Basically, the effort is to increase demand creation for especially for the new product lines of aluminum windows and also facades, and that is advertising on one side and fixed costs on the other because we put up the facades factory. The revenue is inching up slowly or picking up slowly, but it will take off in due course and the same is with the aluminum windows. uPVC has been a traditional product and that continues. From the cost side, there will be benefits of the backward integration of DNV and in due course benefits of the backward integration of extrusion that will help our cost competitiveness also and our supply chains will be much smoother, which have been giving trouble for the last year. And once the supply chains are in our own control, the supply chains will also, bottlenecks will also be out of the way.

Surbhi: Got it. Thank you so much. Thank you.

Ajay Shriram: Thank you.

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

Ahmed Madha: Sir, good afternoon. As you know, we have been long-term investors. And specifically, my question is about the announcement you have made in March to evaluate reorganizing of the businesses into agri, building materials and the chemical businesses, so it seems like a brilliant thing to do and we would like to congratulate you on the direction you are going. For us, it is still unclear. So if you can help subject of course to approvals that you all will seek, how is management thinking about people, capital, technology, what is the purpose of this? I know the purpose it says shareholder value creation. I was saying that the shareholder value creation objective has to be achieved through management action. So we would like to understand the actions that you have in mind in relation to people, technology, capital, go to market. How will separation of these businesses empower these businesses to compete better and make a meaningful impact and then eventually achieve shareholder returns?

Amit Agarwal: Yes. Ahmed, see, the key objective of, so if you see what we had mentioned in the release also that what we are looking at is separating out the consumer facing business, right because currently, we have 2-3 consumer facing businesses on the Agri side and Fenesta. The objective is to separate them because they require very different mindset within the management as well rather than looking at it together. That is point number one. Second is having a different board for these companies and then these businesses which are, I would say, evolving and have grown over the last couple of years, they get adequate attention and adequate expertise and third party, when I say third party, I mean more of experts to look at the businesses and provide inputs, right. The idea is that if I put it very simply, the child has grown up, now, it needs to fly on its own, right and probably will grow better, both in terms of technology, both in terms of capital because then it is open to take partnerships, open to form joint venture, open to do larger acquisitions. So it is a much wider new world for these entities to grow, and I think that is the perspective with which we have thought about separating the entities.

Ahmed Madha: So the Agri businesses will contain seeds, farm solutions and fertilizer is our understanding correct?

Amit Agarwal: No, not fertilizer, because that is not a consumer facing business. So yes, what we are exploring is from Agri input side both Bioseed and farm solutions. And on this side, on building material space, it is only Fenesta.

Ahmed Madha: And on the capital employed for each of these three companies, should we take the capital employed as a broad indicative number that you disclose in your accounts?

Amit Agarwal: Yes. So the only difference is yes, what you are saying is right, that is the capital employed in these businesses. But if you look at Agri businesses, the only difference is that these are closing capitals, which are always at their peak in March, given the seasonality of the business. Their average capital employed is lower.

Vikram Shriram: And Fenesta is investing currently. They have acquired DNV after the close of the year and they are investing substantially in backward integration in aluminum extrusion and in capacity enhancement. So the capital employed would go up during the course of this year. But then it would be followed by an increase in topline and bottom-line in the following years.

Ahmed Madha: And on people, besides the people who are running these businesses, do you feel these businesses now that they will be free to fly on their own will need new leadership, is that possible? And do you see the ability to align incentives of these leaders who come in as an important part of the objective?

Ajay Shriram: I think as a top management team of all our SBU's and businesses, we have a very strong leadership position. As a group and as a culture, we have focused a lot on people because we do believe our job as top management is to get the right person for the right job at the right time. We had to build the bench strength below our CEO's and ED's, and we have to have an organization structure which does justice for their running, maintenance and growth of the business. So our objective is that the business heads who are running our businesses will very much be there. If we need to supplement somewhere, we will do that. Though frankly speaking, the supplement requirements would be fairly low in my opinion right now because we have strong leadership and strong business teams running each of these businesses.

Amit Agarwal: So Ahmed, just to add, actually these businesses have been actually running as virtual companies for many years and that is how we work in this organization, all the businesses work as virtual companies. So they have their strong architecture.

Ajay Shriram: Thank you.

Ahmed Madha: Yes, that is helpful. Thank you.

Moderator: Thank you. A reminder to all the participants that you may press * and 1 to ask a question. The next question is from the line of Vivek Ramakrishnan from DSP Mutual Fund. Please go ahead.

Vivek Ramakrishnan: Sir, congratulations on maintaining balance sheet strength to this growth phase. Sir, my questions are in terms of CAPEX, how do you see the CAPEX in terms of amount for this year and next year? And if you are planning to split the businesses, now the business is provided on the other side countercyclical stability, how would you view the balance sheets of each of the businesses going forward? Thank you.

Amit Agarwal: So see, each of the businesses have a strong balance sheet. Yes, there will be some businesses which are heavy on capital employed. And again the reasons for that are different. Sugar is heavy on capital employed, primarily because of sugar inventory. Chemical on the other hand is heavy on capital employed because whatever CAPEX we have undertaken in these recent past. Other businesses are not very heavy on capital. Now, really, we don't see any challenge on any of the businesses whether currently or going forward, that is point number one. Other, for the CAPEX this year, the CAPEX that we have announced till date, which should be about Rs. 500-Rs. 600 crore of project CAPEX that will be incurring in this Financial Year for the group as a whole which is not very large.

Vivek Ramakrishnan: That is right.

Vikram Shriram: And we are looking at other opportunities also, which would be pursued and announced as they are taken up by the board.

Vivek Ramakrishnan: But we expect that the kind of balance sheet maintenance would be one of the pivotal ways you look at growing your business?

Vikram Shriram: Yes, we would like to maintain the balance between balance sheet strength and leverage and debt and EBITDA. So we don't like to stress ourselves for the sake of growth and we would like to, if needed, spread it out a little bit. But we have managed to manage our balance sheet, solid balance sheet through up cycles and down cycles as would have been seen over the last 4-5 years.

Vivek Ramakrishnan: Indeed, sir. Is there any guidance you like to give on debt to EBITDA since you mentioned the number?

Amit Agarwal: So we would like to maintain it at around 2.5x debt to EBITDA on sustainable basis.

Vivek Ramakrishnan: Great. Thank you so much and wish you all the best.

Ajay Shriram: Thank you.

Moderator: Thank you. The next follow up question is from the line of Nirav Jimudia from Anvil Wealth. Please go ahead.

Nirav Jimudia: Yes, sir. Thanks for the opportunity again. Sir, if you can share like in terms of for the chemical business, how we are placed in terms of the renewable power currently and how the scenario could look like over next 1 or 2 years in terms of the mix between the captive and the renewables?

Aditya Shriram: So we have tied up 50 plus megawatts of renewable power. And we are very much committed to this journey of sustainability and having a larger percentage of our energy coming from renewable sources. This is in Bharuch and also we have tied up 68 megawatts of renewable power in Kota, which will be spread across multiple of the consuming plants over there. In addition, we actually consume a significant percentage of bio-mass in our power plants, which is also green power. So I think we are well on that journey and we are continuously exploring new opportunities to further enhance our tie-up for renewable, which is wind, solar power.

Nirav Jimudia: Correct. So sir, like from currently and over next 2 years, could the mix be 20%-25% of our power could be coming from renewables could be a good assumption to make?

Amit Agarwal: See, currently as a group, we are 36% of our energy is green. Going forward, we should be touching around 40%.

Nirav Jimudia: Got it. On the expanded capacity?

Amit Agarwal: Yes.

Nirav Jimudia: Got it. And the second question is on the Chlorine side. Sir, last time, when we have interacted over a call, you mentioned that like 18% of our Chlorine is getting consumed for value added products and 35%-40% is what we sell through the pipeline network. Sir, given the kind of situation currently where most of the players in the industry wants to have downstream products of Chlorine and the newer players who are also expanding, their Chlorine would be consumed mostly for their own downstream products like PVC and otherwise, could there be a situation going forward over next 2-3 years that with the Chlorine demand in the industry growing, this negative prices of

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Chlorine could start moving on a positive side. Could there be a scenario building on, your thoughts here?

Aditya Shriram: Yes. Thank you. I think directionally, what we are doing is we are trying to become more and more integrated and that helps us build more robustness into the entire business and Company and group. So with that perspective, we have been adding Chlorine downstream capacity and after our expansions are completed between our own captive consumption and our pipeline customers in Bharuch, we will be close to 55% Chlorine integrated along with our pipeline customers and they have also grown along with us as we have grown and we really value that relationship. So I think in terms of predicting the price, it is always hard to predict how the price will emerge in the years to come. But we do expect, we do hope actually that the Chlorine price overtime comes into the positive range, but we will have to see how it evolves.

Nirav Jimudia: Got it. And sir, this 55% what you mentioned including the pipeline customers, out of this 55%, how much would be required internally once all these expansions are completed, let us say, by Q1 of FY '27, what could be the proportion of captive Chlorine consumption within DCM?

Amit Agarwal: So see one is captive also, there are two ways to look at captive, just adding to what Mr. Aditya Shriram mentioned. Out of this, 55 was the component which we are consuming captively. There is another component of Hydrochloric acid because once you convert Chlorine into Hydrochloric acid, the **salability** improves, so that improves my production for Caustic. So if we add that, so that is another about from current 18% that adds to another 10%, so we will be at 28% captive. And if we add pipeline to it, then another 30%-40%, 30%-35% gets added. Now, going forward, we will be around 44% captive including the HCL and then another 35% will be through pipeline.

Nirav Jimudia: Got it. And sir, just a last clarification, the HCL what you mentioned goes for our PVC production, right internally?

Amit Agarwal: No, it is both PVC and what we sell externally.

Nirav Jimudia: Got it, sir. Thank you so much.

Ajay Shriram: Thank you.

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

Ahmed Madha: Yes. On the Fenesta side, we had a week year this year and we understand there are a couple of reasons, one is an increase in the fixed cost and second is increase in the advertisement and marketing cost. So could you please explain is the gross contribution margin is same compared to last year?

Amit Agarwal: No, even the gross contribution margin will reduce, Ahmed, given the product mix. We have uPVC windows, aluminum windows, the share of aluminum windows has been increasing and then there are doors, facades. So the product mix also is changing. So that also leads to some reduction, but that is not very significant right now. Going forward, that can also change, right? But I think what is important is also going forward as we see to look at the absolute amount of EBITDA because if the business is growing, it continue to grow at 20% EBITDA.

Ahmed Madha: Got it. And could you please comment on the competition, we understand this space is very competitive and we have two divisions, Retail and Project and in Project business, there could be high competition. So is that the case we have been witnessing over last year or so?

Vikram Shriram: The competition has been always there and yes, it will increase, but our countermeasures by backward integration of aluminum extrusion and of hardware is going to make us have a better cost position and better margins and better pricing power. So it is going to result in a higher topline also.

Amit Agarwal: And just to add Ahmed that we are now focusing a lot on more innovative products in the same category. Our focus would be to keep introducing newer products, let us say the same uPVC, aluminum so which will also be a way to keep us ahead.

Ahmed Madha: And what would be your broad market share, if you can comment on that? And secondly, what will be the current business mix between the Retail business and the Project business?

Amit Agarwal: That mix would be close to about 50-50.

Ahmed Madha: And on market share?

Amit Agarwal: Market share, in the whole window segment, we will be about 25%-30%.

Ahmed Madha: Got it.

Amit Agarwal: Industry leader by far.

Ahmed Madha: Yes, sure. Another question on the Chlorovinyl segment, the way we segment the Chemical business and Vinyl business, we see there is slight change in the composition. So if you look at Vinyl business topline as reported last year is different for FY '24 compared to this year. So if you can explain a bit how are we classifying a few products in the chemical and vinyl business and secondly, on the same question, in terms of margins, if you could give some sort of a range, so that we can understand what will be the margin for Caustic, PVC business and for the balance derivatives and chemicals business?

Amit Agarwal: See the reason for the change in numbers, vis-a-vis last year for Vinyl, which you would have taken from our investor release, is what I am assuming is because earlier, we were reporting one of our subsidiaries which was into derivatives of PVC, which is the compounding business under our 100% subsidiary, Shriram Polytech Limited because for derivative of PVC, we thought it best to show it as part of vinyl segment. The turnover of that business is close to about Rs. 150-Rs. 200 crore actually. So that is the change. And there EBITDA margin would be in the range of around, I think around 10%.

Ahmed Madha: And for the other derivative business including hydrogen peroxide, aluminum chloride, that bucket, what will be the margin range currently?

Amit Agarwal: See, as we mentioned, it is a Verbund there, it is complete integration right and there are transfer pricing mechanisms. So it is giving a margin may not be the individual margin may not be the right barometer. I think it is best to look at how the overall chemical business is fairing because there are these transfer pricing mechanisms for each of the products.

Ahmed Madha: Sure and on the Sugar business, say current sugar price is Rs. 41-Rs. 42 a KG, is it fair to assume that for the full year FY '26, our margins should be better than FY '25? Obviously this subject to other cane prices moves and the recovery is moved for next season, but your preliminary assumption will be the margins will improve in the current Financial Year?

Amit Agarwal: Assumptions, yes. What happens actually, we don't know. Ahmed, what you are saying is right. That is how it should be. But these markets don't work on fundamentals always.

Ahmed Madha: Yes, fair. We will see how it moves. And last on the CAPEX side from the balance projects which we have, what will be the CAPEX amount roughly for FY '26? And secondly, are there any timelines you have decided to enter the new business, Epoxy and Advanced Material business?

Amit Agarwal: So for the total CAPEX, because we have completed a large part of the CAPEX last year and the expenditure also has happened. So I think for next year, it should be in the range of around Rs. 500-Rs. 600 crore what is committed and as we mentioned with the call that we are looking at more opportunities and therefore this number may go up within this year itself, but that is what we have right now, which is approved by the Board.

Ahmed Madha: And Epoxy and Advanced Material?

Amit Agarwal: Yes, I am coming to that. On Epoxy and Advanced Materials, we have completed the land acquisition. So one part is there where we have completed land acquisition, we are in talks with technology suppliers for the technology, so we should have some developments in the next 1-2 months.

Ahmed Madha: And will the land parcel will be very adjacent to our new Caustic project like the new plant which we put last year and what will be the cost of land acquisition?

Amit Agarwal: Epoxy does not need a significant amount of land, but it is close to our current complex.

Aditya Shriram: And we have the environment clearances and everything in place. So we are ready to move as soon as we get final approval from the Board.

Ahmed Madha: Got it. And what will be your guesstimate for the CAPEX for the Epoxy business?

Amit Agarwal: What the Board is approved is around Rs. 1,000 crore for 80 kilotons per annum capacity, up to Rs. 1,000 crore.

Ahmed Madha: That is it. Up to Rs. 1,000 crore. Got it. Perfect. Yes, that is it from my side. Thank you so much.

Ajay Shriram: Thank you.

Moderator: Thank you. I now hand the conference over to the management for closing comments.

Ajay Shriram: Thank you. Ladies and gentlemen, thank you very much for your participation in our Earnings Conference Call. Recognizing the ever evolving and increasingly complex global economic landscape, organizations today must embrace agility, innovation, customer centricity and sustainability at their core, to sustain growth and competitiveness. At DCM Shriram, we believe long-term success starts with our people and our values which are integrity, agility, customer centricity, teamwork, openness and newness. These principles shape our culture where we foster and engage collaborative workforce ready to innovate, adapt and thrive. We actively invest in our teams through continuous learning and skill enhancement. We are leveraging digital advancements to improve our ways of working to better serve our customers. This approach ensures we remain adaptive and forward-looking, creating value and optimizing operations. Thank you very much once again. 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.