DCM Shriram Limited

Q1 FY27 Earnings Conference Call

July 30, 2026

Moderator: Ladies and gentlemen, good day and welcome to the DCM Shriram Limited Q1 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 call, please signal an operator by pressing '*' then '0' on your touchtone phone. I now hand the conference over to Mr. Siddharth Rangnekar from CDR India. Thank you, and over to you, sir.

Siddharth Rangnekar: Thank you, Rayo. Good evening and welcome to DCM Shriram Limited's Q1 FY27 earnings conference call. Today we have with us Mr. Ajay Shriram, Chairman and Senior 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. Ajit 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 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, 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 Q1 Financial Year '27 results. I shall commence with views on the industry dynamics and our strategic direction, following which Ajit will share the financial perspective.

Globally, this quarter was characterized by a complex wait-and-watch environment. The economic impact of West Asia conflict transmitted rapidly to energy markets and supply chain flows. This is embedding inflationary pressures, cementing expectations for a prolonged higher interest rate environment and tempering global growth.

On the domestic front, along with the West Asia conflict, we are navigating rainfall deficits induced by El Niño that have resulted in uneven regional distribution across key agriculture zones. This is understandably changing the agriculture patterns, straining rural consumption, and placing upward pressure on domestic food inflation. While Kharif sowing is attempting a late catch-up as July rains improved, the initial lag has created a large void in sowing. However, despite this combination of global friction and climate volatility, the broader Indian economy continues to demonstrate structural resilience. While rural markets face near-term pressure, strong urban demand and sustained public infrastructure investment and prudent macroeconomic policies continue to provide a robust anchor for the medium-term growth.

We navigated this dynamic quarter by leaning into our core strengths of deep value chain integration, stringent cost discipline, digital transformation, and execution agility. Financial prudence continues to be our bedrock. By maintaining adequate liquidity in our balance sheet, we successfully absorbed commodity shocks. Today, our strong operating cash flows are fully funding our capital investments while preserving our agility to capture organic and inorganic growth opportunities.

Our commitment to environmental sustainability remains integral to our strategy for future readiness and long-term value creation. In line with this commitment, during the quarter, we signed a definitive agreement with Serentica Renewables to source 58 megawatts of peak hybrid renewable energy for our Bharuch chemicals complex. Upon commissioning, our peak renewable energy capacity across Bharuch and Kota is expected to increase to around 176 megawatts, further strengthening our energy security, advancing our decarbonization journey, and improving long-term cost competitiveness.

Now I shall take you through the perspectives of each of our businesses.

First is Chemicals:

Globally, the chlor-alkali industry continued to operate in a challenging environment during the first quarter of financial year '27. Geopolitical developments in West Asia led to heightened volatility in energy and freight markets, impacting chemical supply chains and input costs. While demand across several end-user industries remained resilient, excess capacities in China continued to weigh on international chemical pricing across major chemical value chains.

The domestic caustic soda market remained healthy, supported by steady demand from alumina, soaps and detergents, and textile industries. The new flaker facility commissioned last year has enabled us to actively export part of our caustic soda production, improving market reach. Capacity utilization during the quarter stood at 82%. This will improve further as our downstream projects get commissioned.

Hydrogen peroxide continued to face oversupply conditions across parts of Asia despite structurally growing demand from paper, water treatment, and electronics industries. The plant has delivered a healthy operating performance with capacity utilization at around 85%.

The advanced materials value chain comprising glycerin to epichlorohydrin to epoxy, including formulations, witnessed mixed market conditions during the quarter. Glycerin markets strengthened, supported by biodiesel-linked supply dynamics and improving downstream

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demand, while epichlorohydrin and epoxy markets experienced volatility owing to feedstock movements and geopolitical developments. Our epichlorohydrin and epoxy plants are currently operating at around 70% capacity utilization each, reflecting continuous ramp-up and stable operations.

Our projects in aluminum chloride and calcium chloride at Bharuch are in the final stages of pre-commissioning, and commercial production is expected to commence during Q2, further strengthening our downstream chemical portfolio. The 68-megawatt peak hybrid renewable power project at Kota is currently under commissioning with average power injection of 25 megawatts for the month of July.

Our largest chemical site at Bharuch, Gujarat was given the Lighthouse recognition by World Economic Forum. It was an honor for us and a testimony of our journey in using digital means for efficient operations. There are only 239 companies worldwide and only 9 chemical companies in the world with such recognition.

Vinyl:

The escalation of the Middle East conflict pushed up PVC manufacturing costs as well as prices. To safeguard from rising global prices, the Government of India granted a temporary waiver of basic customs duty on PVC, a measure that, combined with strong Chinese imports, led to a surge in imports into India and, in turn, weighed on sale of domestic PVC.

On the demand side, offtake remained subdued through the quarter, weighed down by labor shortages, heatwave conditions, and cautious buying sentiment. With the onset of the monsoon, demand is expected to remain soft in Q2 financial year '27.

Against this backdrop of sustained pressure on domestic demand and realization, the government has now reinstated the basic customs duty on PVC imports. Additionally, DGFT has notified minimum import price of US$766 dollar per metric ton on suspension grade PVC for six months. These measures should support domestic PVC prices and augur well for domestic producers.

Sugar and Ethanol:

The global sugar market is expected to shift into a deficit in the year 2026-27 season, with demand projected to exceed production by around 0.7 million metric tons, compared to a surplus of around 2.5 million metric tons last year. Lower production in Thailand and Europe are expected to support global sugar prices.

For sugar season 2025-26, India is expected to end the season with a closing stock of around 3.75 million metric tons, supported by production of 27.8 million metric tons after diversion of around 3.1 million metric tons for ethanol, domestic consumption of 28.7 million metric tons, and export of 0.75 million metric tons. Current prices are around INR 4,450 per quintal and are expected to remain firm.

On the ethanol front, installed capacity stands around 2,000 crore litres, while OMC allocations are around 1,060 crore litres, with sugarcane-based feedstock accounting for a low 28%. Policy developments during the quarter signalled an intention to prepare for blending beyond E20. While these are useful enabling measures for the industry's long-term health, a clear implementation roadmap, balanced allocation across feedstocks, and periodic alignment of ethanol procurement prices with sugarcane cost will remain important.

Fenesta Building Systems:

Fenesta Building Systems continued to strengthen its position as an integrated building materials solution provider, driven by healthy volume growth across both retail and project segments, wider market reach, and continued expansion in its product portfolio. The business is setting up a facility to manufacture wooden doors. Margins continue to evolve, reflecting the changing product mix and the upfront investments associated with scaling the newer businesses and strengthening the distribution network.

Moving on, the agriculture inputs business portfolio comprises of Shriram Farm Solutions, Fertilizer, and the Bioseed businesses.

First is Shriram Farm Solutions:

The SFS business delivered a moderate growth in the top line in Q1 financial year '27 over Q1 financial year '26, despite facing multiple headwinds in the current quarter. Performance was impacted by the delayed and deficient onset of the Southwest monsoon, with rainfall remaining significantly below normal across several key agriculture regions that offset the underlying growth potential of the business.

The Crop Protection and Specialty Plant Nutrition verticals delivered strong margin expansion despite muted volume growth, supported by better realizations and an improved product mix.

As part of our growth strategy, the business strengthened alliances, launched four varieties from our in-house R&D pipeline, reinforcing our innovation-led growth agenda and creating a platform for further scale-up. In parallel, we rolled out digital marketing campaigns across strategic regions, strengthening farmer outreach and improving market penetration.

Fertilizer:

The Urea business witnessed a sharp increase in natural gas prices following supply disruptions arising from West Asia conflict. We remain focused on improving energy efficiency, maximizing urea production, and maintaining strict cost discipline. Going forward, continued geopolitical uncertainties may impact LNG availability and lead to higher subsidy outstanding.

Bioseed:

Q1 financial year '27 has been particularly challenging for the Bioseed business as the Kharif season is the main season for this business. The current season has also marked by delayed monsoon, resulting in an overall shortfall of 15% to 20% sowing acreage in an all-India basis and much higher in some of its markets. This has impacted volumes as well as margins. Further, significantly higher productivity during the seed production season of 2025-26, owing to favourable climate conditions, are putting pressure on margins as well as leading to higher inventory.

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

Ajit Shriram: Thank you. Good evening, everyone.

I will now take you through the financial performance for Q1 FY27.

Net revenues, net of excise duty, for Q1 FY27 were at INR3,564 crore versus INR3,262 crore in Q1 FY26, an increase of 9% year-on-year. PBDIT for Q1 FY27 was at INR364 crore versus INR326 crore last year, an increase of 12% year-on-year.

Chemicals:

The business delivered a robust 33% year-on-year growth in revenue during the quarter. While caustic soda volumes held steady, realizations improved with ECU prices firming up by 7%. The advanced materials portfolio, spanning the glycerine to ECH to epoxy value chain, was a meaningful contributor to this top-line performance. On profitability, PBDIT rose by 24% to INR274 crore, aided by higher volumes and better realizations in the advanced materials, though partially offset by elevated input costs.

Vinyl:

Capacity utilization stood at 100% for Q1 FY27 versus 98% last year. Revenue moderated 10% versus last year as PVC volumes fell 25% year-on-year, despite prices rising 22%. Carbide volumes and prices rose 15% each. PBDIT improved 88% to INR43 crore, driven by higher realizations, partially offset by elevated input costs.

Sugar and Ethanol:

The segment revenues for Q1 FY27 declined 2% year-on-year. Domestic sugar volumes fell 8% on lower offtake, even as realizations improved by 2%. Ethanol volumes were flat, while prices were 4% lower, a result of change in sales mix. PBDIT came in at INR22 crore against negative INR7 crore last year, largely due to a one-time provision for retrospective ethanol duty of approximately INR36 crore last year. Sugar inventory stood at 20.8 lakh quintals versus 27.7 lakh quintals, valued at INR3,907 per quintal.

Fenesta Building Systems:

Fenesta Building Systems revenue increased 22% year-on-year, led by higher volumes across both the project and retail segments. On profitability, PBDIT for the quarter grew 13% year-on-year to INR40 crore. The contribution from higher volumes was partially offset by a change in product mix along with higher fixed expenses towards setting up new revenue platforms and elevated marketing expense. The order book, up 4%, continues to be healthy.

Shriram Farm Solutions:

Shriram Farm Solutions revenue increased 2% year-on-year to INR357 crore, supported by higher realizations across all verticals, partially offset by lower volumes in the seed and specialty plant nutrient verticals. PBDIT for the quarter was higher by 22% at INR30 crore, led by improved margins across verticals.

Fertilizer:

The Fertilizer revenues for Q1 FY27 rose 11% year-on-year with realizations up 19%, while volumes stayed flat. PBDIT stood at INR23 crore versus INR38 crore last year, reflecting better margins from improved energy efficiency, though the year-ago quarter had carried a INR24 crore one-time retention price gain. Outstanding subsidy on 30th June 2026 was INR292 crore versus INR236 crore last year.

Bioseed:

The Bioseed segment saw revenue decline of 26% year-on-year, largely owing to delayed rainfall, which led to reduced demand during the quarter. PBDIT for Q1 FY27 came in at a negative INR9 crore as against a positive INR42 crore last year, on account of lower volume in corn and paddy, along with lower margins in cotton.

The company's PAT stood at INR693 crore. This includes a one-time tax adjustment of INR474 crore related to earlier years and INR79 crore on account of sale of surplus land and stake sale to form a JV in the polymer compounding business with US-based Teknor Apex Limited. Excluding these one-time items, PAT was INR147 crore, an increase of 28% over last year.

The company's net debt is INR1,649 crore as on June 30, 2026, as against INR1,481 crore as on June 30, 2025.

Return on capital employed for June 2026 came in slightly improved at 13.6% as compared to 13.2% for June 2025.

As our major growth investments transition from execution to operations, our focus is shifting towards maximizing asset utilization, preserving the value chain integration, and driving operational excellence. Supported by a strong balance sheet, healthy liquidity, and disciplined capital allocation, we are well-positioned to navigate an evolving global environment as well as to explore growth opportunities in areas of core, adjacent, as well as new businesses.

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

Moderator: Sure, thank you very much. We will now begin the question-and-answer session. The first question is from Pratik Tholiya from Dolat Capital. Please go ahead.

Pratik Tholiya: Yes. Hi, sir. Thanks for the opportunity.

Ajay Shriram: Hi.

Pratik Tholiya: So, just a couple of questions. Firstly, on the caustic soda, sir, we have seen the prices are now normalizing. So what is your expectation for this quarter, maybe for the near term and maybe for FY27? How do you see the prices moving? And what is the chlorine prices currently? I am sure it is negative, but how much is that if you could help us understand that?

Aditya Shriram: Yes, thank you. So actually commenting on the prices going forward, you know, is normally quite difficult because there are so many factors that go into determining the price, including the global situation, which is quite unpredictable, especially today with the geopolitical situation. So, we normally do not make forward-looking statements, but we do expect the prices; current ECU is in the range of just below INR30,000. So, we expect it to be in this range or higher. As for the chlorine price, currently it is in the minus INR7,000 to minus INR8,000 range.

Pratik Tholiya: Okay, sure. And sir, secondly, on your agri business, so you briefly mentioned about your performance in the SFS, but I think your performance has been pretty decent considering the overall demand environment and your peers also. So if you could just help understand on the SFS part, your profitability is higher despite a flattish top line.

And now if the monsoons are looking good, at least for July we had a good monsoon, so if monsoon remains strong in August and September, so how do you see this profitability shaping up for this Kharif season? And what is the reason driving this kind of numbers?

Ajay Shriram: I think in SFS, 2-3 things have been the focus area for the management. One is in terms of our farmer reach, it's been very strong. Second is our R&D activities are leading to newer products which give better value to the farmer. So they are also happy to buy the product and carry it forward.

And third is, I think that we have actually been able to, over the years, build up some credibility with the market, and they know that if Shriram Farm Solutions offers something, it will be good for the farming community. So, I think across the board that way it is a good situation. Our R&D focus is now the key issue which is going to be a major driver going forward, where there is a lot of stress from the management's side.

Regarding the issue of, how the future is going to hold regarding the monsoon as you were saying, you are right, July has been good, but if one sees the map of India, it has been good in pockets. It has not been across the board, that is a big challenge. And in the last couple of months, rain in some areas have been quite low, because of which the sowing of crops has been pretty low, by almost 15% to 20% has been lower sowing, which means that the demand is also a little low.

And we really don't know, based on the projection of El Niño, what is going to happen in August-September. We sincerely hope that the rain is not going to be too short, but in case we do get balanced rain or adequate rain, it will be a very positive step not only for the industry but for the economy and for the farmers, most important for the farmers as they are the ones getting, short-changed by not having the monsoon coming in properly.

So to be honest, it is very difficult to give a projection of how things will evolve because of the external parameters, but our effort and focus is very strong in terms of making sure we are supplying good products, new products, and have a good relationship with the entire farming community to provide the right products.

Pratik Tholiya: Sure, sir, got that. Sir, on the sugar business, so we have seen, you know, in almost three and a half, four years that there was no price hike on the ethanol side. You also mentioned about 2,000 crore of installed capacity. So how do you see the profitability now moving in this segment? And are we now therefore going to divert more on the grain side instead of, you know, diversion of sugar, of course because now sugar prices are also far more remunerative. So, you know, would we be operating more ethanol plants on maize and keeping sugar for the actual sales?

Amit Agarwal: So, Pratik, I think we have a defined capacity for grain, right, where we can go up to 260 KLD for grain. So we will optimize wherever we get better margins, and it is very dynamic because currently the margins in maize-based ethanol are good and therefore, you know, it makes sense to optimize grain-based to whatever extent up to 260. But then it will depend how it pans out, what the government policies are. But then we do not plan to grow our capacity in any case.

Pratik Tholiya: Okay, understood. And sir, Amit sir, just on this tax, there is a INR400-odd crore of tax reversal, I think some deferred tax asset. So this would be one-time, I am guessing, and what was this whole thing about? I mean, why did we have this?

Amit Agarwal: So this is essentially there was a difference in the way we were paying tax or filing our returns and in our books of accounts there was a difference. There were some additional gains that we were factoring in when we were filing our tax returns. However, since that gain was not determined, we were not taking into books of accounts.

Now when there is a positive order from ITAT is when we decided that we should take it into books of accounts, so it is for a period of almost six years. And this is cash. This is future cash because this is all MAT credit of INR376 crore. And we will get it over a period of time.

And what is happening as a result of that, two significant changes. One, we moved from last year 35% tax bracket to 25% tax bracket. On top of the 25% tax bracket, we have got this MAT. So effectively for, you know, let's say anywhere between 5 to 10 years, at least 5 I can see in the foreseeable future, my effective tax rate will be 19% or tax outgo will be 19%.

Pratik Tholiya: Okay, so we should build in around 19%-odd as your effective tax for at least next five years?

Amit Agarwal: In terms of the tax outflow, although in our income or P&L itself will still reflect at 25%, but cash outgo will be 19%

Pratik Tholiya: 19%. Okay.

Amit Agarwal: Because of utilizing MAT, yes.

Pratik Tholiya: Understood. Sir, that is it from my side. Thank you so much and wish you all the very best.

Ajay Shriram: Thank you.

Moderator: Thank you. The next question is from Abhinav Mandowara from Aequitas Investments. Please go ahead.

Abhinav Mandowara: Yes, so my first question was regarding the sugar business. I just wanted to understand, I know it is difficult to predict, but the next year crushing outlook and does this harvest also get impacted by rains, sugar harvest?

Amit Agarwal: So Abhinav, it is a little early to really talk about given the way the monsoon is progressing. It is too early to predict what the next year's cane harvest will look like.

Abhinav Mandowara: And what do you think the current prices are around INR40 to INR50? Do you think it could be at that price or it could reach somewhere higher considering the deficit?

Amit Agarwal: We expect it to, it is difficult to say, but it should be firm for next couple of months, yes.

Abhinav Mandowara: Okay. And next is regarding the urea business. So since the global urea prices have risen a lot and recently again the war has prolonged, so what is your outlook on urea and margins in that business?

Ajay Shriram: See, in India, any urea manufacture is governed by the Fertilizer Industry Coordination Committee rules of the Ministry of Fertilizers. So we are there where they come in and look at the details of all our elements of cost and then they work out a particular return. So frankly, the international prices do affect India as an economy because instead of buying urea which was, let's say, delivered at $450, $500 per ton, two months ago it reached $900 a ton.

So the total subsidy amount government has to allocate for fertilizer jumps up dramatically. But for domestic manufacturers, I must compliment the government where they have been quite up to date in terms of ensuring that the subsidy which is paid to the farmer through the Indian industry, that they are paying the industry quite on time. So any international price will not really affect the domestic industry.

There can be an issue sometimes of cash flow because of the higher gas prices, but that is really a pass-through again based on government policy. So otherwise domestic industry is not really impacted by the high international urea prices.

Abhinav Mandowara: Okay. That is it. Thank you.

Ajay Shriram: Thank you.

Moderator: Thank you. The next question is from Sairama, who is an individual investor. Please go ahead.

Sairama: Yes, on our focus, what do you see as the vision of our company for the next five years? Where is the focus area of the company? Is it mainly chemical business or the other segments also? Because majority of our EBITDA is coming from chemical business and vinyl business. So what is the plan of what the company wants to do?

Ajay Shriram: At a macro level, as we mentioned before, as a group our objective is to grow consistently over a period of time. We have invested a lot in terms of growing each of our businesses except two, which is Urea and Cement. All our other businesses we have invested money to grow them on a periodic basis based on the market demand.

Secondly, our focus is very strong on value-added businesses. Like we have done in our chemical business where we have got into epichlorohydrin, hydrogen peroxide, now epoxy, we are looking at aluminum chloride, et cetera. So we want to get into the value-added business, that is part of our strategy. That is the second part where it will continue growing.

Third, we have also been looking at how do we sort of give strength and growth to our business by, where possible buying or taking a shareholding in companies which are affiliated to our businesses, either as a supplier or as a buyer. So for instance, you are aware in October last year we bought a epoxy factory in Gujarat to add value to our chemical business.

In our Fenesta business, we have already taken a shareholding percentage in a company called DNV who make the metal parts for the hinges and handles, et cetera., et cetera., for our business. We have already done that over there. So, we are continuously looking at growing our businesses across the board and we are optimistic on the Indian economy.

We are bullish that with our population, with the awareness of the youth, the social media, the aspirations of our people, we are bullish on the Indian economy and we will continue growing at the rate like we have done over the last many years. Being in commodities, there are ups and downs, that is part of the business cycle. But our job as management is to be cost competitive, be world-class in our manufacturing process and costs, and have a happy customer. So that is what we are focusing on.

Sairama: Okay. In terms of cost of production, can you disclose what is the price of the power you are buying currently, like for caustic soda also? Because that determines whether you are the lowest cost producer or the medium cost producer, because so many new capacities are going to come up like from Reliance or Adani Group, they are planning for caustic and PVC businesses. So how do you see we land in that area? Are we in the middle or are we in lowest cost?

Amit Agawal: So, we are amongst the lowest cost producers and we continue to work on seeing that how do we further reduce costs. See, for us the energy is the key cost for our chemicals and vinyl business. And if you see the trend of last few years, we have had in ,2019 we came up with a new power plant, in 2024-2025.

We again had a 120-megawatt new coal-based power plant which were more efficient and we would close down our inefficient plants. And now we are looking at 176 megawatts of renewable energy, a part of it, more than half of it has already come in. So, it is like continuous journey where we keep making our power cost more and more efficient and best in the industry. That is where we are.

Sairama: Okay. Can you disclose what is the cost of power for us, per kilowatt hour?

Amit Agarwal: It is different for different sets, for renewable it is different, so I do not think it is right to give; and for each location it is different. So, I do not think it is right to give a single number, but it varies on each product and each location and each source.

Sairama: No, no, mainly for caustic business.

Amit Agarwal: Yes, so there also there are multiple costs depending on the source and the location.

Sairama: Yes, sure, sure, what is the further plan of utilizing the chlorine which comes out of this caustic business? What would be bigger PVC plant. Because bigger PVC plant further utilizes 50% something like that?

Aditya Shriram: Yes. So, you are absolutely right that chlorine integration is very crucial for the business, for the chemicals business especially in the Indian context. And over the last few years, we have actually strategically, increased significantly our chlorine integration. So, after the current projects are completed of aluminum chloride, calcium chloride, et cetera, we would have almost 50% of our chlorine which will be captively consumed.

And in addition to that, we have strong partnerships with our customers through pipelines in our Bharuch location. So, there is direct pipelines, and also, we have done some tie-ups with customers in the region as well. So, if we add those also, then almost 85% of our chlorine will be tied up once all these projects are commissioned.

Moderator: Thank you. We will take the next question from Subhankar Ojha from SKS Capital. Please go ahead.

Subhankar Ojha: I am asking about Fenesta. The order intake for the quarter was just 4%. Is that slightly on the lower side or is that what we expected around that level? And secondly, what is the growth outlook of this business?

Amit Agarwal: So see, this business has seen robust growth last year as well as in the current quarter. And we believe the robust growth will continue. The total order book is close to around about INR1,000 crore if I put all together. So I think it is pretty robust in terms of growth. Yes, you can say it is a little on the lower side, lower than what we would have expected, but it is also because of the West Asia crisis, there are, you know, people who are delaying some bit of their decisions. But we feel very strongly about the business. It is growing, it is setting up new platforms to ensure that we are not depending only on just one kind of a business to grow overall.

Subhankar Ojha: Okay, great. I missed the initial comments. Why has the overall debt level gone up in this quarter?

Amit Agarwal: So it has not gone up this quarter. That was a comparison for the entire year from June 25 to June 26. And over this period, we have done two acquisitions adding up to close to about INR450 crore. On top of that, there has been capex of close to around INR1,000 crore. So that is the reason why debt levels went up. And still our debt to EBITDA is close to about 1.1.

Subhankar Ojha: And now we do not have any major capex coming up, right? I mean, not announced anything yet. Whatever ongoing capex is happening is happening?

Amit Agarwal: Yes.

Subhankar Ojha: And , so finally, where do you see this overall net borrowing by the end of the financial year?

Amit Agarwal: It should be around the similar levels, not a significant reduction because we do have capex of around INR1,000 crore this year. And yes, there will be some reduction by about INR200-odd crore probably, but it will all depend how the sugar season pans out, how much will be the inventory. So there are multiple factors, but what we ensure, Subhankar, is that our debt to EBITDA does not breach 1.5. So we are more governed by that so that the financials remain healthy, because having suboptimal debt also means that we are not growing in the right direction. And our credit rating at this level of debt also is AA+.

Subhankar Ojha: Yes, great. Amit, thank you so much and all the best.

Ajay Shriram: Thank you.

Moderator: Thank you. The next question is from Sandeep Baid, who is an individual investor. Please go ahead.

Sandeep Baid: Good evening, sir. Thank you for the opportunity. I wanted to understand the status of the demerger plan which you had announced a few quarters back.

Ajay Shriram: Yes, so as a group and as we have discussed with our board, we are clear that we do want to work with the demerger reorganization of the businesses. Having multiple SBUs within the business, there are certain issues which have to be sorted out. So we are working on that very actively, but we are clear we will move ahead with the demerger. It is difficult to give a time frame right now because of the internal work which is going on, but we are definitely moving on it quite aggressively.

Sandeep Baid: Does one expect this to fructify in this financial year?

Ajay Shriram: You know, the process itself takes time, but objective is yes, we make the application to the government in this financial year.

Sandeep Baid: Okay. Second, I wanted to ask about the Bioseed business which has been significantly impacted due to the delayed monsoons. Now that monsoon has been decent in the month of July, do you expect some recovery in this business in the second quarter?

Amit Agarwal: See, large part of it is lost. I mean, monsoon has been decent in the month of July, but as Chairman mentioned in his opening remarks as well, that it is patchy and in our region where we sell our products or our products are suitable for that region, there the sowing has been lower than 15% to 20%. So, you know, overall monsoon might have recovered some a little bit, but still it has been very patchy, excessive in some places and still dry in a lot of places.

Sandeep Baid: Okay. Thank you.

Ajay Shriram: Thank you.

Moderator: Thank you. That was the last question. I would now like to hand the conference over to the management team for closing comments.

Ajay Shriram: Thanks.

Ladies and gentlemen, thank you for your participation in our earnings conference call.

Even as the global landscape has become more complex and unpredictable, our conviction in India's growth story and in the strength of our businesses remains unwavering.

In these turbulent times, resilience has become an essential competitive advantage. We are also leveraging digital technologies to enhance productivity, strengthen decision-making, and improve customer engagement.

Thank you once again for your continued trust and support. Goodbye.

Moderator: Thank you very much. With that, we conclude today's conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.

Ajay Shriram: Thank you.

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