



12th November, 2025

The Secretary

BSE Limited

Phiroze Jeejeebhoy Towers,

Dalal Street, Fort,

Mumbai – 400 001

BSE Code: 500645

Listing Department

National Stock Exchange of India Ltd.

Exchange Plaza,

Bandra - Kurla Complex, Bandra (E)

Mumbai – 400 051

NSE Code: DEEPAKFERT

Subject: Management Transcript of Q2 FY 2026 Earnings Conference Call

Dear Sir / Madam,

Pursuant to the Regulation 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed the Management Transcript of the Earnings Conference Call held on 6th November 2025 to discuss the financial results of the Company for the quarter and six months ended 30th September, 2025.

The transcript of the Q2 FY 2026 Earnings Conference Call will also be made available on the website of the Company i.e. <https://www.dfpc.com/>.

We request you to take the same on your record.

Thanking you,

Yours faithfully,

For **Deepak Fertilisers**

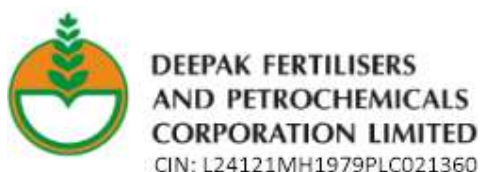
And Petrochemicals Corporation Limited

Rabindra Purohit

VP – Legal, Compliance & Company Secretary

Membership No.: FCS 4680

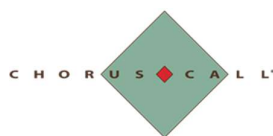
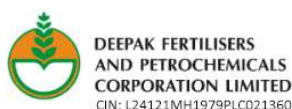
Encl: as above



“Deepak Fertilisers and Petrochemicals Corporation Limited

Q2 FY '26 Conference Call”

November 06, 2025



MANAGEMENT:

**MR. SAILESH C. MEHTA – CHAIRMAN AND MANAGING DIRECTOR
DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION
LIMITED**

**MR. SUBHASH ANAND – PRESIDENT AND CHIEF FINANCIAL OFFICER
DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION
LIMITED**

**MR. TARUN SINHA – PRESIDENT – TECHNICAL AMMONIUM NITRATE
DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION
LIMITED**

**MR. SUPARAS JAIN – EXECUTIVE VICE PRESIDENT – CORPORATE
FINANCE – DEEPAK FERTILISERS AND PETROCHEMICALS
CORPORATION LIMITED**

MODERATOR:

MR. MEET VORA – EMKAY GLOBAL FINANCIAL SERVICES LIMITED

Moderator:

Ladies and gentlemen, good day, and welcome to the Deepak Fertilisers and Petrochemicals Corporation Limited Q2 FY '26 Conference Call, hosted by Emkay Global Financial Services Limited. As a reminder, all the participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Meet Vora from Emkay Global Financial Services Limited. Thank you, and over to you, sir.

Meet Vora:

Thank you, Swapnali. Good afternoon, and thank you for joining us on Deepak Fertilisers and Petrochemicals Corporation Limited Q2 and H1 FY '26 Earnings Conference Call. From the company, we have with us Mr. S.C. Mehta, Chairman and Managing Director, Mr. Subhash Anand, President and Chief Financial Officer, Mr. Tarun Sinha, President -- Technical Ammonium Nitrate and Mr. Suparas Jain, Executive Vice President -- Corporate Finance.

We would like to begin the call with brief opening remarks from the management, following which we will have the forum open for a Q&A session. I would now like to invite Mr. S.C. Mehta, Chairman and Managing Director, to make the initial remarks. Thank you, and over to you, sir.

Sailesh Mehta:

Thank you. A very warm welcome to everyone for the Q2 FY '26 Earnings Conference Call of Deepak Fertilisers. Our earnings presentation and press release are available on our website and the stock exchanges, and I do hope you have had an opportunity to review them.

Now prima facie Q2 results, in a sense, indicate a bit of tough going, looking at the operating EBITDA margins dropping from 18% to 15%, but it is essential to go a little deeper and granular to understand the true picture and the resilience the businesses have shown in the context of the global geopolitical headwinds.

So now as we consider the granular details, we do need to keep in mind the strong headwinds from Trump's tariffs that triggered sudden and chaotic repercussions in many markets and in many countries as the world slowly came to terms with the sudden changes. Some places, the extended monsoons have also had multiple impacts, positive and negative, on the different sectors of India as well as Deepak Fertilisers businesses.

So now keeping the above in view, I'm happy to share the positive resilience shown by our TAN business with almost a 29% volume growth and our Crop Nutrition business growing at 54%, resulting into an overall top line growth of 9%. Our journey from commodity to specialty or holistic solutions stayed steadfast and now contributes to almost 22% share in our H1 revenues with Crop Nutrition leading with crop-specific NPK grades. So taking a little larger perspective, the H1 top line grew by 13% with PAT growing by 11%.

Now for the quarter, what hit us were only IPA and Ammonia. Rest of the sectors, I think, have shown very positive growth. And both IPA and Ammonia, some readjustment in the global trade winds is something that we are awaiting. So on the IPA front, as we await the realignments, our focus on specialty pharma-grade and also other cost optimizations will continue to help us.

On the Ammonia front, too, we have already begun seeing a market price correction, while our efforts to unlock some capacity and efficiency gains are underway. Also, our attractive LNG gas contract with Equinor will kick in by middle of next year to bring further positivity.

The other development that happened was that we completed a full acquisition of Platinum Blasting Services (PBS), our Australian subsidiary at an attractive EBITDA multiple. Now this is strategic in nature because it strengthens our footprint in the high potential Australian market and will also reinforce our forward integration strategy, learnings from the best practices in Australia to be brought to India.

So now DMSL is very well positioned to lead mining solutions across India to Australia. As regards to our growth projects, they are progressing steadily well despite all the challenges. The TAN project at Gopalpur is almost 87% complete and the Nitric Acid project at Dahej has reached almost 70% completion.

And both these projects are not only central to our growth and long-term value creation. But as you are aware, they are built on our 40 years of proven capabilities right from raw material, safety, health, environment, market, customer reach in comparison to anyone else.

So as we see the rest of the year pan out, the above normal monsoon will provide a very good foundation for the Rabi demand for our CropTek, the Crop Nutrition business. And the mining activities also, which will then support the TAN market will also be something that we will see an upswing post the monsoons for the coal and infrastructure activities.

The key aspect I was wanting to leave behind was that our transformation journey is definitely something that is on a clear strong path and is continuing on a strong manner. And that is somewhere where the focus on value-added products and services to our end consumers in each of our sectors is yielding better and better results. So that is something that we will see pan out in a stronger way as the second half and the next year emerges.

So with these broad thoughts, let me hand you over to Subhash Anand, our CFO, who will take you through all the detailed financial performance for the quarter and H1. Subhash?

Subhash Anand:

Thank you, and thank you, Mr. Mehta. Good afternoon, ladies and gentlemen. Thank you for joining us today for Deepak Fertilisers and Petrochemicals Limited -- Petrochemical Corporation Limited Q2 FY '26 Earnings Call.

We are pleased to share another quarter of resilient performance, underscoring the strength of our diversified business model and disciplined execution. Our strategic priorities focus on specialty product, customer engagement and operational agility are translating into tangible outcomes. Across segments, we continue to reinforce our balance sheet and maintain sharp operational control, laying a strong foundation for sustainable growth.

Let me walk you through the key financials, and operational highlights. On operating revenue front, Q2 stood at INR3,006 crores, reflecting a healthy 9% Y-o-Y growth. This was driven by a strong contribution from our specialty product portfolio in Crop Nutrition business, which now accounts for 28% of segment revenue, up from 22% previous year.

The B2C segment of our TAN business also gained momentum, contributing 14% to total revenue. For H1 FY '26, operating revenue grew at 13% Y-o-Y to INR5,665 crores. On EBITDA front, the quarter stood at INR464 crores. On a half yearly basis, EBITDA grew 2% Y-o-Y to INR977 crores. The Fertiliser segment continued its strong trajectory, delivering a robust 36% Y-o-Y growth.

While TAN maintained its momentum, the Chemicals segment was impacted by subdued performance in IPA and Ammonia, resulting Chemical segment showing 21% Y-o-Y decline. On net profit front, Q2 remained stable at INR214 crores, margin of 7.1%. For H1, net profit rose 11% Y-o-Y to INR458 crores.

On a growth project, as Mr. Mehta highlighted, the TAN project in Gopalpur has reached 87% completion, while Nitric Acid project in Dahej hit 70%. Both projects are on track for commissioning towards end of Q4 FY '26 with focused executions to ensure timely delivery. On cash flow and leverage front, in H1, we generated INR782 crores cash from operations.

Despite a capex outlay of INR870 crores, net borrowing increased only marginal to INR3,402 crores. Our net debt-to-EBITDA stands at healthy 1.74x, supported by improved operational performance and capital infusion through CCD. Net debt to equity was at 0.48x as of September 2025.

I'm pleased to inform that we have completed the full acquisition of Platinum Blasting Services at an attractive valuation of 6.7x EBITDA and with an enterprise value of INR537 crores. This strategic move strengthened our mining solutions footprint across Australia and India, enhancing forward integrations and long-term value creation.

Let me now take you through the performance of our key business segments. In Crop Nutrition business, this segment delivered another strong quarter. The manufactured bulk Fertilisers sales stood at 1.85 LMT, down 31% Y-o-Y due to limited availability of key raw materials. However, this was well compensated by trading bulk volume what we were able to import and sell.

Our flagship specialty product, CropTek recorded a remarkable 54% Y-o-Y growth, reflecting strong market acceptance and increasing farmer adoptions. On the outlook front, with a favourable monsoon, rising adoptions of CropTek and SoluteK, also a focused marketing approach, we anticipate robust demand for Mahadhan products and strong Rabi 2025 season.

In our mining chemical TAN business, the business sustained, continued to sustain its strong momentum. TAN sales volume grew 29% Y-o-Y to 137 KT with full capacity utilization. The export quota, which was enhanced in June 2025 to 50,000 metric ton a year now start showing into the results and our export now started reflecting increasing trend in terms of volume in export market.

LDAN volume stood at 18 KT, down 3% Y-o-Y due to monsoon-related disruptions in mining activity. Our B2C business grew 33% Y-o-Y, supported by deeper market penetration and product diversification. On outlook front, we expect a strong post-monsoon recovery in this demand, driven by increased mining and infrastructure activity.

Our focus remains on expanding export, enhancing direct sales and delivering value through reliable supply, product flexibility and tailored solutions for the mining sector. In the Industrial Chemicals segment, Nitric Acid volume remained steady at 70 KT, supported by stable plant operations and consistent demand across key sectors.

IPA volumes were flat Y-o-Y at 17 KT, but impacted by a sharp decline in acetone and IPA prices, the segment continued to face margin pressures due to global oversupply, a steep drop in acetone prices. Additionally, a surge in U.S. import falling antidumping duty on China has intensified competitive pressures in the domestic market.

Our specialty product portfolio continued to gain traction. PICKBRITE is showing promising results in ongoing cash pickling trials with stainless steel customers, while Cororid has expanded its presence to over 250 hospitals across 16 states.

On outlook front, while the near-term environment for IPA remains challenging, we are encouraged by early sign of price stabilization driven by global trade realignment and sanctions. We are actively pursuing opportunities in pharma-grade export and technical grade applications along with cost optimization activities to enhance competitiveness and margin recovery.

Nitric Acid prices expected to remain stable, influenced by increased import. Our strategic focus on market segment and customer-centric innovation continue to support resilience in this segment. On Ammonia front, the segment experienced a challenging quarter, impacted by global price volatility and operational constraints.

The FOB Middle East Ammonia prices averaged around \$300 per metric ton, significantly lower below the last year level, resulting in a material revenue and EBITDA impact. Higher natural gas consumptions due to start-up and shut down cycle, lower incentive income due to GST rate cuts, along with elevated natural gas rates further weigh on the margin in this quarter.

On the outlook front, Ammonia prices have rebounded above \$400 already. A planned shutdown in Q4 is expected to enhance capacity, while the NG saving from infrastructure upgrade, ongoing advocacy to strengthen incentive scheme and secure Equinor natural gas supply, we are well positioned for a robust turnaround in the coming quarters.

In conclusion, our performance this quarter reflects the strength of our diversified portfolio, the disciplined execution of our strategic road map. Each business segment is aligned with India broader growth drivers, agriculture, infrastructure, mining and health care, positioning us to deliver both near-term results and long-term value. We remain committed to operational excellence, capital discipline and stakeholder value creation.

Thank you once again for your continued support. Now I welcome your questions.

Moderator:

Thank you very much. The first question is from the line of Bhavya Shah, an Individual Investor. Please go ahead.

Bhavya Shah:

Hi. Thanks for the opportunity. My first question is regarding the TAN business. In recent months, international TAN prices seem to have gone up by 20%. So -- and domestic TAN value

has moved up by 12 [inaudible 0:18:38] any specific reason for spike in international TAN prices?

Subhash Anand: Your second part of the question is not clear. Can you just repeat it?

Bhavya Shah: So, I wanted to confirm that have domestic TAN prices moved at 12. Any specific reason for spike in international TAN prices?

Subhash Anand: We've had some challenges in understanding your question. Can you hear us?

Moderator: Mr. Bhavya Shah, can you please come closer to your handset and then speak as your voice was not audible. No, sir, you are not audible. Hello, Mr. Bhavya Shah, can you please repeat your question again. I'm so sorry, sir, your voice is not audible. I will request you to rejoin the queue again. The next question is from the line of Shubham from Asit Koticha Family Office. Please go ahead.

Shubham: Sir, can you please elaborate more on the IPA market price?

Subhash Anand: We only hear first sentence on IPA market, nothing more than that.

Shubham: What is the situation right now for the IPA market?

Moderator: Sorry to interrupt in between Mr. Shubham, can you please come closer to the handset and speak?

Subhash Anand: No, that's fine. We understood the question on IPA market. Now a couple of things which is, I say, in progress when it comes to IPA market. One, there are few sanctions has happened, okay. There are a few sanctions which has happened that has resulted some firm up of prices of IPA in the domestic market.

Second thing, a lot of this IPA disturbance is actually led by tariff, which US Trump has announced and a lot of supply because of those tariffs and antidumping on China, thus US market has started supplying it back in India. That's where a lot of import of IPA has started coming to India from US.

Now with tariffs with China getting settled; US-China and US-India getting settled, things will expect it to go back to normal level, and we expect again, back to normalcy. Now yes, it may take couple of months definitely. It will not happen immediately in this quarter. But now there are early sign of things going back to normalcy, and we expect IPA to be back in business in coming quarters.

Shubham: Okay. And sir, second question is on the capex that we do. So, we are expecting commissioning in Q4 FY '26. So how much capacity utilization are we expecting for FY '27 and FY '28 plan?

Subhash Anand: Yes. Normally, the way we expect FY '27, we expect around 70% capacity utilization. And FY '28 will be 80% plus. And after that, it will be a normal capacity utilization.

- Moderator:** Thank you. The next question is from the line of Viraj Mahadevia from MoneyGrow. Please go ahead.
- Viraj Mahadevia:** Congratulations to the management team for staying on course. A quick question is with the lower gas integration into the manufacturing next year, how much do we expect gross margins to expand by in FY '27?
- Subhash Anand:** Okay. Basically, with our new LNG contract, which will be effective from, or the supply will start from May '26 onwards. We expect the gas prices will come down. Now in terms of margin expansions, let's wait for some more time. We've still not gone and then communicated.
- But the cost saving is material in nature. It's not a small saving what we are expecting. If everything remains same where our gas prices are today, we expect significant reduction in our gas prices, basket gas prices to happen because of new contract.
- And that will bring down our breakeven EBITDA level for Ammonia much lower. So we expect this will be a significant impact in our turnaround of Ammonia business in the coming year, apart from increase in Ammonia prices for which early signs are already there.
- Viraj Mahadevia:** Understood. And once this capex underway is completed, is there any other capex planned? Or will cash flows from FY '27 be used to delever the balance sheet?
- Subhash Anand:** At this point of time, we are reaching, in fact, the current stage of capex cycle, we started a few years back. Now we are reaching towards completion of that capex cycle. Immediate, if you ask me, do we have something? No, nothing immediately. So there will be some cooling period. That's what we expect in terms of next capex cycle to kick in. But we are open any good opportunity, if it makes business case, we look into that.
- Viraj Mahadevia:** Understood. So the absence of incremental capex or any suitable acquisition, the cash flows will be used for debt paydown?
- Subhash Anand:** Yes. If there is nothing else, then definitely this will deleverage our balance sheet more and more.
- Moderator:** Thank you. The next question is from the line of Arman from Blue Sky Fintech. Please go ahead.
- Arman:** First of all, congratulations on a decent set of numbers despite this volatility. My question is just on a broader perspective as we have been hearing that India and China are getting along with talks of importing fertilisers.
- Also on a broader contour with Russia, we are talking with import of fertilisers. How the overall broader scenario you are seeing for our company if the stocks go through, what kind of outlook you have or impact you could estimate of these meetings going through?
- Subhash Anand:** Okay. Now in fact, the way we operate, our entire focus is on value-add product when it comes to fertilisers. We are in value added fertilisers in this market, whether it's our Croptek business, which is a crop-focused fertilisers or water-soluble business or even the Smartek, which is also not pure NPK, it's a nutrient-coated NPK fertiliser.

So we don't have fertilisers, which is readily comparable in the market compared to other products which are available. So we are creating our own niche space and making our journey, which is slightly more, I'd say, customized or bespoke for our kind of a portfolio. And this journey started not last year a few, but we are on this track from last few years.

It started now showing into the results and started reflecting into our bottom line. So what you're seeing in our Crop Nutrition business portfolio, actually the result of hard work or the product differentiation strategy, which we started, as the Chairman says from commodity to specialty.

This is a journey which we started a few years back, started showing into results. And we'll continue with that strategy, bringing more and more value-added product for Indian market, for farmers and creating our own space.

Arman: Just a follow-up because a few years back, some years back, we had an issue with Ammonia, right, when Russia, during COVID, I guess, when Russia dumped in India. So now what's the cost level, cost competitive level of producing what we are producing and what is being produced in Russia?

Subhash Anand: Okay. In fact, I'll just pass on to Tarun. This is basically what the competition from Russia is more on ammonium nitrate. That's a TAN business, FGAN, what we call it. That's what gets imported from Russia, which competes with our TAN business in India. Tarun, do you want to add anything -- impact of Russia..?

Tarun Sinha: Yes, yes.

Subhash Anand: Because in COVID time, we had a large impact, what is the reality now?

Tarun Sinha: Absolutely. So as Subhash mentioned, the only business in our group, which does get impacted through material coming from Russia is the DMSL business, the Mining Solutions business because Russia exports ammonium nitrate into India. And that has been a little bit controlled over the last 6 months or so of this financial year.

And hopefully, that will remain so because now government of India is slowly starting to realize that all the additional capacities of, domestic capacities of ammonium nitrate that are coming up in a very short span of time from now will actually make India self-reliant in terms of its ammonium nitrate needs over the years to come. And therefore, there is no need to import.

So why to waste foreign exchange reserves on a product which is in sufficiency in the country itself. So that good sense slowly, slowly is seeping in, in the minds of the various ministries. And hopefully, over a period of time, we will see further slowdown of ammonium nitrate imports in India.

Subhash Anand: Just to add to what Tarun says, last few quarters or few years, if we say, okay, there was a time when Russia-Ukraine war started and all of a sudden, there was a disturbance. But after that, things stabilizes. It's not the Russia import is zero, no. It's -- we are still having an import from Russia. But the price war or a price disturbance is not happening. So things are normalized and

business is going where everybody now is settled down in terms of the margin expectancy and the way things are happening.

- Moderator:** The next question is from the line of Adarsh Jain, an individual investor.
- Adarsh Jain:** Yes. Hi. My question is on ammonia plant. I think some shutdown is planned in Q4. So how much capacity can be -- I mean, can be increased for this plant in Q4?
- Subhash Anand:** Okay. We are expecting around 10% increase in capacity in this shutdown.
- Adarsh Jain:** Okay. And how long this shutdown would persist?
- Subhash Anand:** It will be a few weeks shutdown. So definitely, Q4, we have planned for that. With that, it will bring capacity expansion and some efficiency or some of the efficiency things which actions which we kept pending will get completed during that shutdown. So we'll have a far more efficient plant after that.
- Adarsh Jain:** Okay. So 10% more or less we are actually expecting capacity to be increased. Okay.
- Subhash Anand:** Correct.
- Adarsh Jain:** Yes. Another question is TAN export quota. How much we have exported till now on the quota, which was 50 metric tons?
- Tarun Sinha:** So, Tarun, again here. The export quota was removed only in the month of June, which means Q1 was a washout from an export point of view. So we started to -- and this was after a long gap of a couple of years. So as one would imagine, if any company or any business is out of the international market for a number of years, certainly to get back to the market, international market, it takes time.
- But we have made some good progress in Q3, and we have exported reasonable quantities as we used to do in the past. And sorry, in Q2, I should say, July, August, September quarter. And we are very hopeful that in Q3, it will be a higher volume compared to Q2 as well as far as export goes.
- Adarsh Jain:** So we will be able to, I mean, exhaust the quota by Q3 or it will take Q4 also?
- Tarun Sinha:** See, if it was only to meet the volumes to satisfy the quota requirements, that is not a problem. But as a responsible company, what we have to keep in mind is that as long as it makes financial sense to export compared to what we can generate in the domestic market, then so be it. So it's always that balanced decision we make, how much to export and how much not to export.
- Also keeping in mind is one of the answers I gave earlier, we have given commitment to Government of India that we are going to make India self-reliant for its ammonium nitrate demand. So obviously, domestic market is the first priority for us. So only if there is surplus left and if it can be sent out in a reasonable -- at a reasonable financial number, then we take those decisions as we go by. So it's hard to say how much number -- how many numbers of tons we will export at this.

- Subhash Anand:** No. Thanks, Tarun. I'll just add into that. Currently, we are in short supply of TAN. In fact, whatever we produce, everything is getting sold in domestic market. We don't have excess capacity available to supply anywhere else. Export -- quota and export market is important for us for the newer capacity, which is getting added. And that's where a lot of market development activity is happening currently to ensure we have that market available by the time we add up to the new capacities.
- Adarsh Jain:** And as was mentioned in one of the questions, in Q2, we operated at 100% of...
- Subhash Anand:** Correct. Definitely.
- Tarun Sinha:** Correct.
- Subhash Anand:** TAN is operating at 100% capacity. So we don't have anything left for any market. So we are doing margin...
- Adarsh Jain:** I remember, we used to -- actually, we used to run the plant at 110% or 108% capacity, I think.
- Subhash Anand:** Okay. That's not always possible to run at 110%, 105%, I call it that point of time. And even in monsoon time and that's the time when TAN business is not its peak. TAN always slows down during monsoon always. And even in that period, we're running 100% naturally, you can see the demand in domestic market.
- Adarsh Jain:** Okay. So do we get any additional margin if we export TAN or the margin same?
- Subhash Anand:** That's what we continue to explore. It's a margin maximization decisions which we dynamically keep taking wherever we find better opportunity, we'll take that market in our priority.
- Adarsh Jain:** Okay. Okay. And last question is about the joint venture -- the collaboration which we had done with Haifa from Israel. What are the updates on that front?
- Subhash Anand:** No. That's an ongoing, in fact, collaboration with them. We continue to see what are the products which we can bring from their portfolio and introduce into India. And we take the help on some of the product development activity in India. So it's a long-term collaboration which we have entered with them, and we are looking at market development in collaboration with them.
- Moderator:** The next question is from the line of Bhavya Shah, an individual investor.
- Bhavya Shah:** Hello. Yes. Can you hear me?
- Subhash Anand:** Yes. Now we can hear you.
- Bhavya Shah:** Okay. Okay. So my first question is regarding the TAN business. In recent months, international TAN prices seem to have moved up by 20%. So have domestic TAN prices moved up as well? And any specific reason for spike in international TAN prices?
- Subhash Anand:** Thank you for the question. So I was looking at in front of me actually, it is Fertecon data, and as I mentioned in one of the answers earlier that most of the ammonium nitrate coming into India

is from Russia, which means the index -- Fertecon index that applies to, in our case, is the [Baltic FGAN] index.

And if one were to look at the index rise, I'm looking at it now as we speak. So when we started Q2 in the month of July, the average Fertecon index for Baltic FOB was USD313 in July. Come September, end of the quarter, it became USD275. So it's gone down. It's not gone up. That's the first thing.

Come October, because we are now sitting in November, it has gone down further to USD246, so therefore, it's the contrary to what probably you have as an information. In other words, the international prices that apply to the Indian situation have gone down consistently. And yet, we have been able to maintain our margins.

Bhavya Shah: Okay. Understood. Okay. My second question is regarding the upcoming TAN and nitric acid capex. We estimate to spend around INR4,650 crores in capex put together. But however, our CWIP till now has been around INR2,200 crores.

Subhash Anand: Correct.

Bhavya Shah: Both the capex being around six months away from commissioning maximum, like why is there a gap between CWIP and the total capex? Can you explain this gap?

Subhash Anand: No. It's a phasing of payment. Payment doesn't happen immediately at the moment things happen. So it's in plan that way. We expect capex to get staggered. Even after commissioning, certain payments remain as a performance guarantee of performance commitment and that still remain on hold for some time even after operation gets started. So I'll not say we will be spending everything at the time of COD, no. It's a phase manual spending happen and that as per plan.

Bhavya Shah: So on a cash flow basis, how much do we plan to spend in FY '26 and FY '27? And what do you estimate to be the peak debt?

Subhash Anand: Okay. No. In fact, we -- this is something we always opened and shared with the Street. Our peak debt to go up to INR4,500 crores. That's what we expect towards the end of this year. So you can see majority of the capex will get spent towards end of this year. Some 10% to 15% will remain pending on hold, which will be paid after a certain amount of time after operations gets.

Moderator: The next question is from the line of Ranjit from IIFL Capital.

Ranjit: Yes. Hi, sir. My question is on the ammonia plant. We had the state incentives that kind of an assured payback on this particular investment. Now with the GST rate being cut, how are we viewing this and how should also one view on the returns on this particular plant?

Subhash Anand: No. Ranjit, that's right. GST rate cut has impacted the incentives, which we were getting on this plant. So with the revised rate, the incentive is much lower compared to what it used to be earlier. In fact, the reports -- the number has been computed by people, everybody knows that number.

Only thing what we intend to do, definitely, we are now seeing how can we do more cost efficiency, bring in things which makes us more efficient internally and that's where the Q4

shutdown becomes important for us. So a lot of activity what we are completing in that will help us to make us more efficient in terms of consumption of gas is concerned.

Then naturally, the gas prices with Equinor coming in will help. And then finally, ammonia prices getting firmer because the last quarter, ammonia prices were almost at the lowest of many, many quarters. So once those started going up, we do see things coming back to normal and we should start making money in PCL.

Other thing, which is important, because we do see, when we made the investment, we expected this investment will be paid back as an ultra-mega plant. So we are representing government and seeing we should not be penalized by GST rate cut.

Government should support us paying us back or incentivize, continue to incentivize in some way or the other to support this investment, but that's a standby activity. We are not barking on that. We are ensuring our internal actions make us efficient to make money in this.

Ranjit: So I believe that this would be an industry-wide issue, who would have set up based on these things. So what is the initial feedback that you have got from the government, if you can share anything?

Subhash Anand: We -- nothing so far. In fact, we are talking in the industry at this point of time. So there will be representations. Too early to, I'll say, share, these things take time. It's finally going back to the bodies and picking it up. So things take time in this side.

Ranjit: Sure, sir. And second question is, we have shared that we are again initiating exports in TAN. So any specific geographies that you are looking to tap?

Subhash Anand: Yes. Tarun.

Tarun Sinha: Yes. Sure. So, usually, the geographies of interest to us would be where we will be cost competitive in terms of ocean freight. So that would mean South Asia, Southeast Asia and Middle East, definitely. And with a bit of a stretch going up to East Africa and with a bit of a further stretch going up to West Africa on one side of the map. And then with a bit of a stretch on the other side of the map, which we target once our new plant at Gopalpur starts to operate, that would be markets like Australia.

Moderator: The next question is from the line of Shubham Dhasmana from Asit Koticha Family Office.

Shubham Dhasmana: Sir, on the TAN side of our business, how much revenue comes from top two and top five customers?

Subhash Anand: Sorry, your voice is not clear.

Shubham Dhasmana: Sir, on the TAN part of our business, how much revenue comes from top five or top two customers?

Subhash Anand: We could only hear TAN side of the business revenue and then after that, nothing.

- Shubham Dhasmana:** Sir, how much revenue comes from...
- Subhash Anand:** Can you pick up the handset? Your voice has an echo actually it's not clear.
- Shubham Dhasmana:** Sir, how much...?
- Moderator:** The line from Mr. Shubham has been disconnected. We will move on to the next participant. The next question is from the line of Ritesh Bhagwati from Alpha Plus Capital.
- Ritesh Bhagwati:** So I basically just wanted to understand what is the peak asset turn we can expect from these 2 plants that are expected to get commissioned? And by when can we reach that peak utilization? Like is it FY '28 or FY '29? And lastly, like what kind of ROCEs do we see?
- Subhash Anand:** Okay. The 3 year is a normal time when we expect these plants to reach to normal capacity utilization. So FY '27, FY '28 and FY '29. And that's what we expect. FY '29 is a year when things will be realized in terms of capacities for us.
- Asset turn for this business is roughly around 0.5, 0.6. This is what we see in asset turn. This is normal for this industry and similar we'll see for this also. ROCE is normal. We are expecting 20% plus businesses. This is what we expect in this, for the new project, and it should deliver.
- Ritesh Bhagwati:** So this asset turn you mentioned is for both the plants?
- Subhash Anand:** Yes.
- Moderator:** The next follow-up question is from the line of Arman from Blue Sky Fintech.
- Arman:** Yes, just want to have an understanding of our margin, which we told before it will be in overall 18% to 20% range. Are we still speaking for the overall year that margin will be 18% to 20%? And also for FY '27, any broad estimation for our kind of revenue growth or margins we could, see?
- Subhash Anand:** Okay. For FY '26, we expect our margins to go back to a normal range, definitely. So that's some expectations, and we are confident we should be able to go back. For FY '27, I'd say too early for us to give you estimate, but things in terms of new capacities available and expected utilization, we already spoke about. So broadly on those lines, along with the improvement of PCL business, we definitely see FY '27 to be a stepping stone year for us.
- Moderator:** The next question is from the line of Yash Gupta from Asit Koticha Family Office.
- Yash Gupta:** Sir, my question is on what's our total dependency on the top 2 or top 5 customer? What's revenue percentage we received from them?
- Subhash Anand:** It's not, I'll not say we have a very high concentration in terms of business. Each business is separate, I call it. So there is no point looking at broad question saying top 2 or top 5. So it's a diversified portfolio for each business, and we are spread across.

- Yash Gupta:** Okay. And sir, second question, we have talked about in the previous quarter about the value addition, value-added product. What's your thought now? How much we are working on it? And what's the progress now?
- Subhash Anand:** We continue to work on that. In fact, if you hear the commentary, we are very clearly saying the B2C segment, which is reaching directly to customer in our TAN business contributes almost around 14% of revenue. And in our Fertiliser business, the specialty product portfolio, which is CropTek plus, this contributes almost 35% of the revenue. So that journey continues and now we started publishing every quarter that number gets published.
- Moderator:** The next question is from the line of Nupur Gandhi from Siddhi Technologies Pvt. Ltd.
- Nupur Gandhi:** So I just wanted to understand the pricing of Ammonia. You said it was averaging around \$300 per metric ton, as mentioned in the PPT. So as of now, what is the pricing like right now currently ongoing?
- Subhash Anand:** It's \$400 plus Middle East FOB.
- Moderator:** The next question is from the line of Sheelkumar Shah from Sameeksha Capital.
- Sheelkumar Shah:** I'm just looking at your consol cash flow and there is a spike in inventories and other assets. If you can explain that.
- Subhash Anand:** Inventory, basically quarter 2 being a season to build the inventory. So this is normal. It happens as in every quarter. So especially our two businesses, one is TAN business because of monsoon, we build the inventory for next quarter and also for our CNB business, inventory gets built up. So, it's broadly impact of that.
- Sheelkumar Shah:** Okay. And ammonia, on ammonia prices, so what is driving the ammonia prices now? And do you think they are sustainable?
- Subhash Anand:** Ammonia prices, in fact if somebody is looking 10-year average, it remained \$450 higher up. So \$300 was abnormality, I call it, that's not the normal somebody should look in. So, it's getting back to the right scenario, and that's how it should be.
- Sheelkumar Shah:** Okay. And how much volume did we lose, Sorry?
- Subhash Anand:** Sorry?
- Sheelkumar Shah:** Yes. So how much volume on the Fertiliser side on the manufacturing did we lose because of shutdown?
- Subhash Anand:** We have not taken a shutdown. We are expected to take shutdown in quarter 4.
- Sheelkumar Shah:** But our manufacturing volume was down, right, year-on-year?
- Subhash Anand:** In which segment you're talking?

- Sheelkumar Shah:** Fertilisers.
- Subhash Anand:** In Fertiliser, right? No, that was down because we have -- one of the raw material was in short supply, so we cannot take production of Fertilisers for some of the grade Fertilisers could not come under production. So instead of producing, we have gone with the trading option.
- Sheelkumar Shah:** Okay. So I mean, can you help us with the details which raw material and what's the status now?
- Subhash Anand:** No, that's normalized now. So we have coverage for this quarter and coming quarters. So we don't see that shortage to hit us in this quarter or in the next quarter.
- Sheelkumar Shah:** Okay. And what impact do we see because of the expected shutdown?
- Subhash Anand:** That is quarter 4 ammonia shutdown, not the Fertiliser shutdown. So that will not impact any of the business, because we'll import and then utilize that.
- Moderator:** The next question is from the line of from Ishan Daga the Dhanvestor.
- Ishan Daga:** I just have one query on the margins front. How much is the margin differential between the specialty products and normal products? And what is the differential between the B2C in TAN and B2B in TAN?
- Subhash Anand:** It's a material difference. We normally don't give a differentiated margin portfolio that way. But if we are looking at general trend, definitely, the specialty products and the B2C products, that gives us a differentiated margin, and that's one of the margin expansion initiative which we have. More focus and more growth on this will help us to expand margin portfolio, and that will continue.
- Ishan Daga:** So what are the kind of targets internally we have set in, say, 3 years' time frame and how they will be accretive to the margins.
- Subhash Anand:** It is, we won't give you that, I'll say, color of that. But definitely, this is a focus area, strategic area for us, and we'll continue to work on converting more and our portfolio more and more towards specialty. In Fertilisers, if you see last few quarters, the way we are moving, so our CropTek and specialty product portfolio growth will continue to be, and it will be material growth. So the focus is to move more and more portfolio towards that.
- So the B2C also more and more our entire TCO journey and downstream discussion is to go in that path and change the portfolio and go more towards B2C, so this journey is on. What number it will finally will be, I'll hold on for some time and maybe at the right time, we can have that discussion. But focus is to move more and more business towards specialty and value-added product.
- Ishan Daga:** Thank you. Much helpful sir.
- Subhash Anand:** Thank you.

Moderator: Ladies and gentlemen, as there are no further participants, that was the last question. I would now like to hand the conference over to Mr. Subash Anand for closing comments. Thank you and over to you sir.

Subhash Anand: Thanks, everyone, for taking out time and making it happen. Thanks for your continued support, and I wish all of you best of health and good time. Thank you. Thanks again. See you again next quarter.

Moderator: Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us today, and you may now disconnect your lines.

For further information, please contact:

Subhash Anand President and CFO subhash.anand@dfpcl.com +91 20 6645 8797
--

Note: This transcript has been edited to improve readability



Reg. and Corp. Office: Sai Hira, Survey No.: 93, Mundhwa, Pune - 411 036, India

Web: www.dfpcl.com

CIN: L24121MH1979PLC021360

Cautionary Statement: This release contains statements that contain "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to DFPCL's future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. DFPCL undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.

