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DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED

4th August, 2025

The Secretary	Listing Department
BSE Limited	National Stock Exchange of India Ltd.
Phiroze Jeejeebhoy Towers,	Exchange Plaza,
Dalal Street, Fort,	Bandra - Kurla Complex, Bandra (E)
Mumbai – 400 001	Mumbai – 400 051
BSE Code: 500645	NSE Code: DEEPAKFERT

Subject: Management Transcript of Q1 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 30th July 2025 to discuss the financial results of the Company for the quarter ended 30th June, 2025.

The transcript of the Q1 FY 2026 Earnings Conference Call will also be made available on the website of the Company i.e. https://www.dfpcl.com/.

We request you to take the same on your record.

Thanking you,
Yours faithfully,

For **Deepak Fertilisers**
And Petrochemicals Corporation Limited

RABINDRA KUMAR PUROHIT
Digitally signed by RABINDRA KUMAR PUROHIT
Date: 2025.08.04 17:41:31 +05'30'

Rabindra Purohit
VP – Legal, Compliance & Company Secretary
Membership No.: FCS 4680

Encl: as above

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED
CIN: L24121MH1979PLC021360

"Deepak Fertilisers and Petrochemicals Corporation Limited Q1-FY'26 Earnings Conference Call"

July 30, 2025

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED
CIN: L24121MH1979PLC021360

IIFL CAPITAL

CHORUS CALL®

MANAGEMENT: **MR. SHAILESH C. MEHTA – CHAIRMAN & MANAGING DIRECTOR**
MR. SUBHASH ANAND – PRESIDENT & CHIEF FINANCIAL OFFICER
MR. TARUN SINHA – PRESIDENT (TECHNICAL AMMONIUM NITRATE)
MR. SUPARAS JAIN – EXECUTIVE VICE PRESIDENT (CORPORATE FINANCE)
MR. DEBASISH KEDIA – SENIOR GENERAL MANAGER (CORPORATE FINANCE)

MODERATOR: **MR. RANJIT CIRUMALLA – IIFL CAPITAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Deepak Fertilisers Q1 FY '26 Earnings Conference Call, hosted by IIFL Capital Services Limited.

As a reminder, all participant lines will be in a listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*", then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Ranjit Cirumalla, IIFL Capital Services Limited. Thank you, and over to you, sir.

Ranjit Cirumalla: Thank you, Preet. Good evening. Thank you for joining us on the Deepak Fertilisers and Petrochemicals Corporation Limited Q1 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), Mr. Suparas Jain – Executive Vice President (Corporate Finance), and Mr. Debasish Kedia – Senior General Manager (Corporate Finance).

We would like to begin the call with a 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: Yes. Thank you. So, a very warm welcome to all of you once again. And I hope you had a chance to review the Results that we have uploaded on the website and stock exchange.

But at the outset, I am again happy to share that in the quarter that we just closed, we have had a 17% improvement in the top line and a 22% jump in the bottom line over the same quarter last year. The net debt reduced by over Rs. 225 crores, resulting into a net debt-to-EBITDA ratio improvement from 1.72x to the 1.5x, despite the CAPEX cycle still going on.

Also, our journey from commodity to specialty continues where now almost 25% of our top line is emerging from the shift. And of course, the biggest contributor has been the crop nutrition business, where we are seeing an excellent traction.

As regards the two major ongoing projects, Gopalpur, the TAN project, there we are seeing almost 90% of the total plant and machinery is already ordered, or I would say 100% of the tagged equipment, meaning equipment, machinery, control valves, panels, packages are all ordered. Only some of the bulk items now would be balanced, which is normal in any project. And as far as the Dahej acid project goes, while 63% of the total plant and machinery is already ordered, 100% of the tagged one is already ordered.

And so, both the projects we are looking at commissioning in the Q4 FY '26. Both the projects are in a space where we have been there since the last 40 years. And in comparison to any kind of competition, we have; number one, maximum proximity to customers, and in some of the products, we are on both the coasts. So that gives us the lowest freight deliveries to our customers. We are having multiple facilities, which gives a huge assurance to the consumers because they will have a fallback kind of a thing from multiple manufacturing facilities. We have a complete ready supply chain right from all the transportation warehouses and dealers and retailer networks. Of course, there is a 40 years of solid experience right from raw material sourcing, operations, safety, health environment, all the regulatory frameworks, linkages on the sales and marketing side. And last but not the least, unique that is going to be with us is that we are an integrated player, right from LNG gas to ammonia to the building block nitric acid right up to all the finished products. So, this is going to be something which will pan out in terms of further strength to our foundational projects and products that are there.

As far as the quarter goes, I thought of sharing a few interesting insights. Now, as many of you may know, ammonia contributes or constitutes almost 75% to 80% of our key chemical variable cost of production, 75% to 80%. Now ammonia has seen a volatility in the pricing right from, say, 10% to 200% over the last five Q1 quarters, if I might take it that way. And yet, our contribution margin in the downstream of our market determined key products, that is technical ammonium nitrogen acids has hovered around 40% plus, and our consolidated EBITDA margins have hovered around 18% to 20% over the last five Q1 quarters. Now what it tells very clearly in terms of these actual facts that the business model, the businesses have a very strong resilience and robustness, which is evident from some of these financial figures.

The second insight I might want to share is that our plant OPE, OPE is operational efficiencies, have now improved from 78-odd percent to almost 86%, and some plants over 93% over the last five years of hard work. And as per global benchmarks, this sits in what they would call it as a very efficient operations category. So the manufacturing setup and facilities are also on a very strong wicket.

The third insight I might share is that with over 25% of our revenues now emerging, thanks to the move from commodity to specialty. The specialty shift has given us price premiums from 15% to almost 40% over the old commodity pricing.

So net-net, the above all of this confirms and validates for us that the three major strategies that we have been working on over the last, I would say, five years, namely number one, that we grow in the area of our expertise where we have the expertise over the last 40 years. Second strategy that we need to look at, backward integration as a risk mitigator. And third, most important, that we get close to the end consumer based on not just products, but tech superior services. All these three strategies get validated that we are in the right direction and that it will deliver good shareholder value quarter-on-quarter or year-on-year.

So with these, I would say, broad insights, let me hand you over to our CFO, Subhash Anand, who will take you through the details of the workings of the quarter and as we see things pan out. Subhash?

Subhash Anand: Thank you, Mr. Mehta. And good afternoon, everyone. Thank you, all of you joining us today to discuss the financials and operational performance of Deepak Fertilisers and Petrochemicals Corporation Limited for Q1 FY '26.

We are pleased to report a strong start to the fiscal year marked by disciplined execution, improving operational efficiency and a healthy financial performance. Our strategic priorities are translating into tangible progress and we continue to strengthen our foundations for long-term sustainable growth.

Let me now take you through the key financial highlights for the quarter:

Operational revenue stood at Rs. 2,659 crores, a robust 17% increase Y-o-Y, driven by broad-based growth across segment. Notably, our differentiated specialty product portfolio in crop nutrition business contributed 45% of revenue and the B2C segment in TAN accounted for 16%, underscoring the success of our market focus approach.

On EBITDA, operating EBITDA reached Rs. 513 crores, up 10% Y-o-Y and 7% sequentially. Among our strongest Q1 result, EBITDA margin improved to 19.3%, a 130 basis points increase Y-o-Y, reflecting improved product mix and disciplined cost management.

On profitability:

The net profit grew 22% Y-o-Y to Rs. 244 crores, with PAT margin of 9.1%. While the PAT declined sequentially 12%, but that was due to Rs. 37 crores after-tax reversal booked in Q4 of FY '25. If we adjust to that, the PAT is largely flat and that reinforces our underlying earnings spend.

Coming on segmental performance:

Fertilizer segment delivers stellar Y-o-Y growth of 125%, driven by higher value-added products and favorable market dynamics. On the chemical front side, the profit declined 9% Y-o-Y due to pricing softness in IPA and ammonia. The rest two verticals has shown improvement or almost at a similar level of profitability.

On balance sheet and CAPEX:

We invested Rs. 377 crores in CAPEX during this quarter. We have successfully reduced the net debt from Rs. 3,305 crores to Rs. 3,078 crores. Our net debt-to-EBITDA ratio improved to 1.5x from 1.72x in March '25. The net debt-to-equity remain comfortable at 0.43x.

Let me share one of the legal update which happened just couple of days back:

In our Mahadhan Agritech Limited, we received a favorable ITAT orders ruling for assessment year 2016-'17 to 2021. The ITAT deleted all additions made by the income tax department, eliminating tax demand totaling Rs. 581 crores. Corresponding penalty order of Rs. 479 crores are expected to be withdrawn, providing significant regulatory clarity.

On segmental highlights:

In our CNB, crop nutrition business, the segment posted another strong quarter. Manufactured bulk fertilizer sales reached 1.8 lakhs metric tonnes, up 3% Y-o-Y. Croptek, our specialty bulk products saw 73% Y-o-Y growth, demonstrating growing farmer adoption. Specialty fertilizers like pencil water soluble grades recorded 21% Y-o-Y and 99% quarter-on-quarter growth, respectively, supported by sharp market penetration.

Talking about outlook for our CNB business:

With a favorable monsoon, increasing adoptions of high-value solutions like Croptek and Solutek, and a sharper marketing, we anticipate strong momentum for kharif 2025 season.

On our mining chemical business:

The sales volume rose 7% Y-o-Y to 146 Kt, supported by full capacity utilization. LDAN volume declined 15% Y-o-Y due to early monsoon impacting mining activities. B2C volume grew 15% Q-o-Q, down marginally 2% Y-o-Y on account of lower LDAN offtake as we just talked about early monsoon impacting activity.

In terms of outlook:

We expect Q2 to be seasonally muted due to monsoon. However, the enhancement of export quota to 50,000 metric tonnes per year is a strategic positive, positioning us for growth in H2. Our focus remains on differentiated high-value offering to mining and infra customers.

Coming to industrial chemicals segment:

The nitric acid volume reached 74 Kt, growing 15% Y-o-Y and 3% Q-o-Q. IPA volume surged 27% Y-o-Y and 51% Q-o-Q, benefiting from plant upgrade completed in Q4. The continued softness in IPA pricing is a key factor weighing on the margins of our Industrial Chemicals segment this quarter.

On outlook:

While we foresee some pricing pressure in IPA and nitric acid due to seasonal and inventory led dynamics, our growing specialty portfolio and targeted customer segmentation efforts position us to weather these short-term challenges effectively.

On our projects of Dahej and Gopalpur:

We continue to advance our strategic CAPEX project. The combined investment of Rs. 4,661 crores across Dahej and Gopalpur project. Gopalpur TAN project is at 80% complete stage and Dahej nitric acid project is at 57% complete. We are firmly on track to commence commercial operation by end of FY '26 and with tight control on timeliness and execution.

In summary:

Q1 FY '26 demonstrates our continued resilience and agility in a dynamic market environment. Our integrated strategy anchored in innovations, operational excellence and customer centricity is delivering consistent performance across all business lines.

Each of our segments aligns strongly with India core economic growth pillars, agriculture, mining infrastructure and pharmaceutical, providing us the robust platform to create enduring value for all our stakeholders.

We deeply appreciate your continued trust and support in our journey. I now welcome any questions you may have.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Yash Gupta from Asit Koticha Family Office. Please go ahead.

Yash Gupta: Sir, my first question is on the TAN value addition business. How meaningful is the TAN value addition business for us? Where do we see ourselves in the next two to three years with this value addition services?

Subhash Anand: Okay. Currently as we just informed, the 16% of our total revenue comes from B2C segment. In terms of how things are going to span out, Tarun, would you like to add?

Tarun Sinha: Sure. So, thank you for your question. In terms of value-adding business for the technical ammonium nitrate portfolio, as we have been talking about in the previous investor calls as well, we pursue a model which is called as total cost of operations model, which is really the value for the end consumers. And these end consumers being the mine owners, the mine operators, mining contractors; and in the infrastructure sector, different kinds of projects where rock excavation takes place.

So this model was started about one and a half years ago roughly from now. And in simple terms it's about how can we help these end consumers optimizing and potentially reducing the cost of rock extraction or cost of mineral extraction, if it is a mine. That's the value-added model at a high level that we are pursuing. It has got a combination of specialty products. It's got different kinds of technological interventions, it's got people capability, so on and so forth, which we have been building over a period of time.

And the important part that I would like to underscore here in this value-added part of our business is the proof of concept. This total cost of operations that we have embarked upon has been proven in the industry in different kinds of mining conditions, in different kinds of minerals deposits as well. So that's one good news. And now we are working on a plan to scale it up going forward, which will require further capabilities to be built, further investments to be made, so on and so forth. That's where I will leave it at this point in time. But certainly, it's moving in the right direction.

Subhash Anand: Yes. Our initial phase was more to build or, I would say, prove ourselves on a proof of concept, which we did successfully. Now is the time for us to look how do we accelerate and take it to the next level, and that's where we are in our journey. Hope it clarifies.

Yash Gupta: If you can throw some light on the EBITDA margin, like suppose like in the normal business of the TAN, our EBITDA margin are this much. And if we are going with the value-addition services that our EBITDA margin for that particular service is this much. It will be better help us to understand.

Subhash Anand: No. In fact, as Mr. Mehta spoke in his address, any specialty product or B2C segment do help us to have a price premium. And so this business also, we do have a differential margin portfolio to our normal TAN business to specialty or a B2C business. And that differentiation, we expect to continue because that's where we are adding value and we expect that to go further up, not come down. Because we were at a proof of concept, more we go in commercial, it will improve further.

Yash Gupta: Okay, sir. Sir, second question is on the Gopalpur project. We expect it to achieve like 75% of our capacity by FY '27, so how we are going to achieve this new capacity? Have we done any tie-up as of now?

Subhash Anand: No, it does not need a tie-up, actually if you ask me. This business, so far, India is short, there's more demand than supply. So the additional capacity, what we expect will help us actually to be more self-sustained as in India. And then yes, there are many activities currently which we are picking up to ensure we have the right marketplace to fulfill or to go down in this and then place this material. Tarun, you would like to add more on this?

Tarun Sinha: Yes, sure. So just adding up to what Mr. Subhash Anand mentioned, right now, as many of you would be aware, who are tracking the market closely, roughly, we see annual imports of ammonium nitrate to the tune of 400,000 tonnes, 4 lakh tonnes. Now obviously, that's the first thing to replace when these capacities are coming up. So that's the first point how these additional domestic capacities will be used up.

At the same time, the domestic market is projected to grow at a CAGR of anywhere around 6% to 7%, which in simple terms would mean every three years, roughly every three years, close to 250,000 to 300,000 tonnes of additional demand getting created. If you combine these two, the import substitution to the extent I talked about in the quantities that I talked about and the extra demand creation which is taking place in India, there is no need to be location concerned.

And the other advantage we have with at least Deepak's Gopalpur plant is it's on the East Coast. It is the only ammonium nitrate plant in the country on the East Coast at that scale. There's another satellite plant of our own only in Srikakulam on the East Coast. So therefore, due to the locational advantage, as Mr. Mehta also pointed out, of having ammonium nitrate plants on the West Coast as well as on the East Coast of India, it will give us a very unique position in terms of optimizing the logistics cost, cost of delivery to our customers. And that will further help in capacity utilization. So if you combine all of this, we are reasonably placed from a longer perspective.

Yash Gupta: Sir, but if we talk about like 4 lakh metric tonnes we import overall in the India, so are we price competitive in terms of what's imported landed cost and what we are planning to sell?

Tarun Sinha: As we talked earlier in the very first question, although it was from a different caller I think, but it was about value. So, at least Deepak does not have a business model which competes on price. We have a business model which competes on value and that's what we will continue to do.

Yash Gupta: Okay, sure. Thank you, sir.

Moderator: Thank you. The next question is from the line of Adarsh Jain, an individual investor. Please go ahead.

Adarsh Jain: Yes, hi. Thank you very much. Well, my question is related to the export quota of TAN, which was recently increased to 50,000 metric tonnes. So what was the earlier quota? And I mean, were we able to utilize the earlier quota in full?

Tarun Sinha: Yes. Thank you. If I can take that question, Subhash, with your permission. So, a great question again. So the previous quota was 2-0, 20,000 tonnes, which was valid till December 2024, that was fully exhausted. That is the first part of your question. And the new export quota which we have got from Government of India, which is 5-0, 50,000 tonnes, it is per financial year at this stage. And once we start delivering those numbers, we are reasonably confident that eventually

Government of India will remove this quota system completely as far as the exports of ammonium nitrate is concerned.

Adarsh Jain: Okay. So this 50,000 metric tonnes quota is allotted to Deepak or every manufacturers of India?

Tarun Sinha: Technically, it is to Deepak because Deepak is the only exporter of ammonium nitrate as we speak.

Adarsh Jain: Okay. And one more question related to Australian subsidiary. I think before some time, we had bought some additional shares from their stake actually, I mean, we had bought some additional stake in the Australian subsidiary from the local institutions in Australia. So, what are we doing there? I mean, how much revenue we are generating from there? And what is the plan of scaling up that Australian business?

Tarun Sinha: Shall I take that? Yes. Thank you for that question as well. So you are right, a few months back, we were a 65% shareholder in our Australian subsidiary company and the name is Platinum Blasting Services. A few months back we acquired 20% additional shares of that company, which has brought us to 85% as we speak. Certainly, it's a move by Deepak in the right direction when we earlier talked about the value-driven total cost of operations-driven business model that we are rolling out in India. This enhancement of shareholding in the Australian subsidiary is also a move in the same direction as far as the Australian market goes for us, where we will be playing a much more pronounced, I would say, role in Platinum and accelerating the growth of that subsidiary company in the Australian market.

And secondly, by virtue of increasing our stakes in the Australian entity, it allows us to have exchange of knowledge or transfer of knowledge, intelligence, technology because Australia is a much more advanced country compared to India when it comes to mining. So there's a lot of other benefits to be gained through our Australian subsidiary by way of this shareholding enhancement by us. That is for the Indian market.

Subhash Anand: And in terms of overall number, yes, there is a qualitative benefit what Tarun spoke about. We get a lot of knowledge coming from our Australian entity. And currently, the TCO model, what we are looking in India, yes, we get a lot of knowledge benefit coming from that entity. And then financially, this entity is profitable, do contribute in a decent amount to our bottom line. So strategically it's the right fit for us. And that's what prompted us to enhance our holding in that entity.

Adarsh Jain: Okay. So, I mean, are we exporting TAN from here to Australia?

Tarun Sinha: Yes, there is a plan to do that. Once we have our Gopalpur plant on the East Coast up and running, then if you visualize the world political map, it will be closer from India East Coast to

Australia compared to currently the only plant that we have on the West Coast of India. From there to Australia is a long shot. So the answer is yes.

Subhash Anand: And currently we do not have any surplus capacity in TAN. So even if we want, we cannot because of demand supply short. But yes, there is a plan.

Adarsh Jain: Got it. Thank you.

Moderator: Thank you. The next question is from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead.

S. Ramesh: So if you are talking about your Australian subsidiary, can you share what is the investment and the cost acquired just additional 20% and what is the size of the company in terms of revenue and profits?

Subhash Anand: The last year if we talk about the total revenues of the company is around Rs. 600 crores approximate.

S. Ramesh: And how much was the profit last year EBIT or EBITDA?

Subhash Anand: See, we do not in fact share profitability specific, so you need to wait for that number. Yeah, and in terms of acquisition, the total entity value at which we acquired was approximate about --

Subhash Anand: I think about Rs. 80-odd crores, somewhere in that range.

Subhash Anand: That 15%.

Subhash Anand: Yes, we will check back and get back to you with that. But that's the sort of magnitude.

S. Ramesh: 20% at Rs. 80 crores, right, so Rs. 400 crores.

Tarun Sinha: Around that. Yes, do not hold me to that number because I have to check that.

S. Ramesh: Roughly. So is there any debt in that entity?

Subhash Anand: Small debt is there in that entity, not very high.

S. Ramesh: And what is the value of the 65% investment in your balance sheet?

Subhash Anand: No, I do not have that value of that number. But if you see the total valuation on 15% equity if I go with the number, it's roughly around Rs. 500 crores, Rs. 550 crores that is a total equity value which has come in.

S. Ramesh: So 15% equity. You said 65% shareholding?

Subhash Anand: No, no. That's the value of the company. I am saying 15% acquired value is around Rs. 75 crores, Rs. 76 crores. That's what we have paid for 15% share. So you can do reverse computation and see the total equity or EBIT enterprise value for that company.

S. Ramesh: Okay. So you are saying some 65% has gone up to 80%. Earlier I thought it was 85%. So 65 plus 15, 80%?

Subhash Anand: Now it is 80% holding --

Subhash Anand: 85%.

Subhash Anand: Sorry, 85%, 65% plus 20%, so 85%, yes.

Subhash Anand: And the value of that 20%, we have got the number Rs. 77 crores.

Subhash Anand: That's what I am saying Rs. 77 crores.

Subhash Anand: Rs. 77 crores. I was saying Rs. 80 crores ballpark, but that's the number.

Subhash Anand: So equity value of around Rs. 400 crores, that's what we are paid for that entity to acquire the estate.

S. Ramesh: So this is the equity value? Okay. Rs. 80 crores for 20%. Fine. Understood. Okay. So now if you see the B2C mining revenue, it is flat. Is it because of monsoon and do you expect that to improve in the next nine months?

Subhash Anand: Do not expect this number quarter-on-quarter to improve because this is a proof of concept and we are moving in that direction. The ramp-up will take some time. So it's not a number which every quarter needs to be tracked. But directionally it gives where the company is focusing and how it's moving. So slightly mid-to long term you will continuously keep seeing things moving in this direction.

S. Ramesh: Okay. So I have two more thoughts. One is, given that you have a larger share of the higher margin business where you are seeing margins under pressure now if you go in the first quarter, so how do you see the margins in the chemical segment moving in the next one, two years?

And secondly, on the TAN business, can you share what is the current absolute demand in India and the current capacity? And how do you see the capacity addition in the next two to three years? Because Coal India is talking about backward integrated capacity addition by '29, and that does raise some concern about the Coal India demand for the entire industry. So if you can give your thoughts on the capacity addition and particularly that of Coal India? And secondly, how do you see the margin profile in the next one, two years?

Subhash Anand: Okay. In terms of industry capacities coming, let Tarun give more insight.

Tarun Sinha: About the Coal India plant, yes?

Subhash Anand: Yes, Coal India.

Tarun Sinha: Okay. See, I do not want to go out of TAN in trying to answer what Coal India might be doing. That's the first thing I want to put on record. They are our customers at the end of the day.

Secondly, I am sure the way things are panning out, there are think tanks in the government who are also looking at this thing whether Coal India should have its own ammonium nitrate plant or not. See, the critical thing is, it's not important whether it's ammonium nitrate plant or something else. Where this all started from is, see, India has got abundant coal reserves, as we all know. So that means there's a lot of carbon we are sitting on as a country. On the other hand, as a country, we import huge amount of carbon in the form of coal, natural gas, crude oil, so on and so forth.

This is what prompted the policymakers in our government some years back, how is it possible that we on one hand we are importing so much of carbon, on the other hand we are sitting on world's third largest carbon reserves. This is a complete contradiction in terms of how it should be. So that stemmed this whole thought process that, okay, how can we put India's carbon, which is the coal reserves, to different usage. And that's where NITI Aayog started to do some work seven years back and they came up with various initiatives.

One of the themes they came out with is what is called in India Today as coal to chemicals, which means starting with coal that we have in India, how can we produce different kinds of chemicals. And that theme then got further evaluated and there is a long list of chemicals which can be produced through coal gasification process. Now coal gasification technology for Indian coal itself is not proven commercially at this stage, it's work-in-progress. But that's how it all started, that's where it is.

So, today somebody might be thinking I will start from coal and produce ammonium nitrate. But that's not the only thing. At some stage, people may realize that India has a deficit of many other chemicals, which can be produced through coal gasification process, which India is currently importing all those chemicals. So why you do that? So now all this is work in motion.

I am not, of course, in any of those government committees. But I can definitely say this with some comfort and confidence that these things will be looked at by the government over a period of time as to how best to put this Indian coal to which kind of use. No point creating assets and products which we already have enough of, rather focus on producing things which we have deficit of. That's where government will intervene at some stage is my view.

S. Ramesh: Sir, just to get things in perspective, then are we to assume that the definite capacity additions will be Deepak Fertilisers and GNFC and Chambal, and you are not in the camp that believes that Coal India project will make progress, although being announced in parliament and they have set up a GD and they are talking about executing by '29. So that's a very large capacity they are putting up, 6 lakh tonnes, and that is about 60% of current consumption. So for an investor that's a huge overhang.

So, is there any discussion between you and the government to suggest that it is possibly not in the best interest of the industry and you expect to see the reconsideration? Or are we to assume that you will be able to grow despite that capacity coming up, how should we look at that?

Tarun Sinha: So first thing, as I mentioned earlier, first of all, we are not sitting in any of those government committees or think tanks who are making these policies. Hence, we are not in dialogue with government or anyone else on this matter. We are purely going by rationale how the industry will look at things, what to produce, a thing which is already in sufficiency in the country to produce more of it even if it is not required or to produce other things, which is possible to produce from coal gasification, which country has a deficit of. Somebody has to answer that question at some point in time. Deepak is not the one who will answer that question.

S. Ramesh: Okay. So if you take the private industry capacity addition, what would that number be in the next two years? And do you think the 6%, 7% CAGR is enough to help everybody operate at say 85%, 90%? What is the kind of data you can share on that?

Tarun Sinha: Yes. The answer is yes because as we talked earlier, there will also be some exports, which will be taking place from India. So, the sort of capacity utilization numbers that you talked about has a combination of everything, the answer is yes.

Subhash Anand: Yes. And couple of things I will just add in to what Tarun just spoke about. The new capacity which is coming up towards end of this year, I call it, it is not that it will become operational from day one. Neither we nor anybody else will have 100% capacity utilization immediately. So the capacity utilization will get built up for everybody. And so the CAGR of 6%, 7% additional demand also will keep coming.

As Tarun spoke about, three years put together add to around another 300,000 tonnes additional demand in this. If we see a current shortfall of capacity and additional demand which will come in three years, we will again be reaching to a net-net short capacity for India is concerned. So it's not a question of oversupply if somebody is looking midterm. It's again a question of demand supply getting balanced and we continue to be in the same space.

And then, yes, other things which are important for us, which your question was margin protection, we are continuously working on margin expansion, various initiatives on margin expansion. TCO downstream journey is one of that, which Tarun spoke about because that's what help us margin expansion. Export is another thing, doing more and more export and seeing how can we protect our margin.

Other things, with Gopalpur coming in place, we will be among the largest producer of TAN, not just in India, but one among the world, I call it. The size and scale and efficiency what we will have will definitely give us a competitive advantage. So that's what some of the few things which we know will help us to sustain, maintain or expand the margin in the near future or in the coming time.

Tarun Sinha: Thank you very much. I will join the queue. Wish you all the best.

Moderator: Thank you. The next question is from the line of Niraj Mansingka from White Pine Investment Management Pvt. Limited. Please go ahead.

Niraj Mansingka: Yes, thank you. A few questions. One, what was the CAPEX completed in rupees crores for both the projects? And second is, what is your view on the outlook of ammonia demand supply on the global situation? I understand there's an Indian market, but as well as global how you see the panning out of that? And thirdly, on the fertilizer, some specialty fertilizer has been export custom China. Any impact on Deepak Fertilisers because of that?

Subhash Anand: Sorry, can you repeat the question?

Niraj Mansingka: CAPEX of each, how much amount has been spent till date on both the project? Ammonia outlook that you see globally and specialty fertilizers curbs of China, how can it positively or negatively impact Deepak?

Subhash Anand: Okay. Ammonia, you say ammonia supply at this point of time, there is no shortage of ammonia at this point of time, I call it that way, when it comes to overall demand supply of ammonia is concerned. Ammonia prices are short. We continue to maintain that at this point of time if somebody is looking ammonia prices, the ammonia price is running at almost at a low of many, many years average. In fact, this is one of the lowest ammonia prices currently what we are seeing -- or what we have seen in last quarter.

So two things what we expect, globally ammonia demand will catch up because a couple of things which normally happens with ammonia in H2. Some of the plants, Europe, both were shutdown, and that's already started. And on top of that, the gas prices demand supply also changes globally in Q2 or in H2. So that brings the ammonia prices up in H2. And that will happen or that's what is expected to happen, I call it, in terms of ammonia pricing is concerned.

Demand supply, currently, I do not see there is much challenge on demand supply of ammonia. Ammonia is available. It's more of a pricing which is more important and that's what we need to keep a watch on. So far, we are concerned for our PCL or ammonia profitability is concerned. In terms of total CAPEX done so far --

Niraj Mansingka: Cumulative CAPEX for Gopalpur.

Subhash Anand: So we have done roughly around Rs. 1,700 crores CAPEX so far.

Niraj Mansingka: Can you give an individual number if possible?

Subhash Anand: Not at this point, I do not have it right now in front of me. We can give you offline. You can reach out to one of us.

Niraj Mansingka: Okay. And what is the view on the China specialty chemical export curbs?

Subhash Anand: China basically fertilizer export curbs, that's what it was rather specialty, I call it. Now there are two things which has happened with that curb coming in. A lot of specialty fertilizers, which comes into India comes from China. So with that ban happening, the demand or the supply has moved out from China to other countries like European country, including Israel and other countries.

Finally, it has increased the cost for everybody because most of the supply of specialty is from outside India, not in India. And that cost has been passed on. So net-net there's no impact to profitability is concerned. But the cost of buying what it used to be earlier when it was coming from China has gone up the moment supply has moved out from China to other countries.

Niraj Mansingka: So the related is, how much percentage we are buying from China for your Smartek?

Subhash Anand: Not much Smartek or Croptek. It's more of a specialty chemical, that's what most of the specialty chemical has some share of traded volume which comes from China.

Niraj Mansingka: Okay. So the impact is the traded volume is just a higher number because of higher realization because of pass-on, but is that the right way to look at it?

Subhash Anand: Yes. In fact, traded volume, not the bulk I talked about, specialty if we talk about, overall specialty volume what we do, do have some traded element part of that and that has gone up or that has moved out from China to European countries.

Niraj Mansingka: Okay. And is there any inventory gain sitting on this specialty or is not meaningful?

Subhash Anand: Yes, not meaningful.

Niraj Mansingka: Okay, great. Thank you very much.

Moderator: Thank you. The next question is from the line of Shubam Dashmana from Asit Koticha Family Office.

Shubam Dashmana: Hello. Thank you for taking my questions. So sir, when we created the new plant and going to start in Q4 FY '26, are we expecting some kind of loss in the quarter or two due to low volumes?

Subhash Anand: No, no, we do not expect loss in that quarter because it only expected towards end of FY '26. So nothing specific impact is visible for that quarter. The only thing is, yes, it will have a low capacity utilization in the initial time, but that will be for a couple of quarters is expected.

Shubam Dashmana: Okay. And sir, what would be the beginning point for the move about the plant? And my second question is, there used to be exclusive TAN export from Russia, so are we seeing any of that in this scenario?

Subhash Anand: Breakeven is not a question in terms of these projects are concerned, because the kind of a margin this project has. So we will not be seeing that's a concern for us at this point of time. So for TAN from Russia is concerned, Tarun, you would like to take about?

Tarun Sinha: So what was the concern? Can you elaborate your question regarding Russia, then hopefully we will be able to say?

Shubam Dashmana: No, so before the conflict, Russia even contract and there was a supply of TAN from Russia to India.

Tarun Sinha: Yes.

Subhash Anand: Okay. Now let me start and then Tarun can add to that. Basically, there was a time when Ukraine war started, and since Russia comes under a lot of restriction, so there were lot of import. India being the market, so a lot of import happened from Russia to India during that time. That had an impact, but that was more FY '24, that's what the phenomena which was seen.

If we go back and see last one, one and a half years or last five quarter, primarily, barring I say recent phenomena, but otherwise if we see import in India of TAN is now broadly spread. It's not just only focused on Russia, if we see. It had a mixed pie from other country also. Of late again, yes, Russia pie has gone up, but that seasonal pie keeps switching from one to another. But if we are looking slightly longer five, six quarters, now this pie is broadly distributed among four, five countries, that's the way it used to be.

Shubam Dashmana: Okay. Thank you for taking my question.

Moderator: Thank you. The next question is from the line of Harsh Shah from Seven Rivers Holdings. Please go ahead.

Harsh Shah: The question is while the crop protection segment did pretty well in --

Subhash Anand: No, again your voice is bad. Not able to hear.

Moderator: Thank you. The next question is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

Maitri Shah: Hello. Good afternoon. This quarter we had a really good margin improvement Q-o-Q, so do we expect our EBITDA growing from quarter-to-quarter or will it stay in this range for the rest of the year?

Subhash Anand: What's the question in fact? Your question is not clear, can you repeat the question?

Maitri Shah: Yes, I was asking on the EBITDA margin is 19.3%. Are we going to grow quarter-to-quarter on these, or are we going to remain stable in this range for the rest of the year?

Subhash Anand: No, in fact if you see our last few quarters, now we are in a range. We are currently between 18% to 20% range, because our business is a mix of three businesses and each business has their own profitability and the seasonality. So it moves within the quarter depending on which business is contributing more. But we are confident we will be able to hold our range what we have maintained so far.

Maitri Shah: So can we expect a better margin? So last year we clocked in about 18.7%, so a growth on that, is that possible?

Subhash Anand: Keep fingers crossed. We all want to do it better. Let's see how things go. But our range, that's what I say, we are keeping a range and we will continue to be in that range. That's what our endeavor is.

Maitri Shah: Okay. And on the top line, so two plant additions are coming at the end of the year. For this year, what sort of growth are we expecting in our revenues and with additional two new plants?

Subhash Anand: This year will not be a major impact because both plants are expected towards end of this year. So you will see impact coming in FY '27 for us, not this year.

Maitri Shah: What sort of capacity utilization are we targeting from the 2 new plants and how will the growth pan out in '27?

Subhash Anand: We do see somewhere between around 70% capacity utilization in first year, that's what our number or our estimated despite our time. We already talked about or given the number what capacity addition which we have. So it's a simple math after that for anybody how things will pan out.

Maitri Shah: Okay. Thank you. That is it from my side.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Vasuki India Fund. Please go ahead.

Deepak Poddar: Hello. Sir, I would like to congratulate the team first for the excellent set of numbers. My question is on our Gopalpur plant. So can you give me a ballpark figure that what kind of revenues would be achieved by next year on 70% or 80% utilization as you said?

Subhash Anand: No, just simple, I just spoke about the capacity addition is around 3,80,000. You take 70% capacity utilization and you have per tonne pricing we publish every quarter. So a simple math can help everybody.

Deepak Poddar: Yes, I understand. Secondly, this quarter, the nitric acid prices were in pressure despite that we were able to achieve a good number over there. Do you see any growth from nitric acid prices in a few quarters or will it remain stable? What's your view on that?

Subhash Anand: Nitic acid is not under pressure, nitric acid pricing. It was IPA pricing which is more in pressure actually if I talk about. And we have spoken about even in our earlier communications also last quarter. IPA is going through a difficult cycle. H2 was very good for IPA and after H2, every quarter-on-quarter we are seeing a IPA pricing getting further soften. And this demand supply gap of IPA route, quantity is not an issue, demand is there, but it's a pricing which is more challenging and that we expect to continue for some more time.

Deepak Poddar: That's all from my side. Thank you for your time.

Moderator: Thank you. The next question is from the line of Chirag from Keynote Capital. Please go ahead.

Chirag Maroo: Yes. Thank you for the opportunity. Sir, my first question is, is there any progress on the IPA that we were creating for semiconductors?

Subhash Anand: Not right now. We are still in our, I would say, drawing board and trying to evaluate various options, what is the right way for us to go. So, you need to wait for some more time till we make some concrete plan and come back and share with you.

Chirag Maroo: Sure, sir. Sir, second thing I wanted to know, we have planned to procure almost 25 Btu annually. Will that suffice the requirement of the ammonia plant that we have on the West Coast, 629,000 capacity?

Subhash Anand: Okay. You are talking about ammonia supply, right?

Chirag Maroo: Yes.

Subhash Anand: Or natural gas?

Chirag Maroo: Yes.

Subhash Anand: The natural gas contract what we have is enough or more than enough what we need for our TCL or ammonia plant. So we do not have any shortfall or any further requirement of natural gas to be tied up. Our current contract is taken care for that.

Chirag Maroo: Just for better understanding, could you give me a ballpark number like how much tonne or TBtu of natural gas is required for 500,000 tonnes capacity of ammonia?

Subhash Anand: Just give me a minute. I will tell you broadly, okay, broadly we need around 20 TBtu that are requirement what we have at Taloja plant, PCL plant.

Chirag Maroo: Okay. Annual requirement is 20 TBtu?

Subhash Anand: Yes, that's approximate requirement what we have. So that's the reason we are saying the contract what we have is good enough for us to meet all requirement.

Chirag Maroo: Fair enough. Sir, next question is related to the pricing of ammonia which is going on today. At what price of ammonia do we do a breakeven on a beta level and PBT level?

Subhash Anand: We have shared in fact in past around 300, 325 Middle East FOB, we will be at EBITDA breakeven, and around 425 we are PBT breakeven.

Chirag Maroo: Fair enough. And sir, last question from my side. Just wanted to check, do we have any supply contracts on the east side of India where the Gopalpur plant is expected to come? So do we require any ammonia on that TAN?

Subhash Anand: No, ammonia will be imported ammonia for Gopalpur and we are already in process of tying it up because ammonia, as I spoke earlier, ammonia quantity is not a challenge. So that will happen.

Chirag Maroo: Fair enough. Thank you so much, sir.

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

Ranjit Cirumalla: Thanks, everyone, and thank you once again for joining us for Deepak Fertilisers and Petrochemicals Corporation Limited Q1 FY '26 Earnings Call. We look forward to engaging with you further in the coming quarters ahead. Thanks, everyone.

Moderator: Thank you. On behalf of IIFL Capital Services Limited, concludes this conference. Thank you for joining us. And you may now disconnect your line.

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Note: This transcript has been edited to improve readability

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