



4th February, 2026

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

Subject: Management Transcript of Q3 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 January, 2026 to discuss the financial results of the Company for the third quarter and nine months ended 31st December, 2025.

The transcript of the Q3 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 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

Q3 FY '26 Conference Call”

January 30, 2026



DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED
CIN: L24121MH1979PLC021360



MANAGEMENT: **MR. SAILESH 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. AAKASH MAJI - IIFL CAPITAL**



Moderator: Ladies and gentlemen, good day, and welcome to the Deepak Fertilisers Q3 FY '26 Earnings Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aakash Maji. Thank you, and over to you.

Aakash Maji: Thank you, Mike. Good evening, everyone. Thank you for joining us on the Deepak Fertilisers and Petrochemicals' Q3 FY '26 Earnings Conference Call. From the company, we have with us Mr. Sailesh Mehta, the Chairman and Managing Director; Mr. Subhash Anand, President and CFO; Mr. Tarun Sinha, President, Technical Ammonium Nitrate; and Mr. Suparas Jain, Executive Vice President, Corporate Finance.

We would like to begin the call with opening remarks from the management, following which we will have the forum open for an interactive question-and-answer session. I would now like to invite Mr. Sailesh Mehta to make the initial remarks. Thank you, and over to you, sir.

Sailesh Mehta: Thank you. My voice is clear, right?

Moderator: Yes, sir. You're loud and clear.

Sailesh Mehta: Okay. So very good afternoon to everyone, and thank you once again for joining us for the Q3 FY '26 earnings call of DFPCL. Our earnings presentation has been shared with the stock exchange and is also available on our website, and I do hope you have had a chance to look at it. So as you would have seen, Q3 was a challenging quarter, and it got shaped by extended rains, geopolitical uncertainties and certain degree of price volatility. However, what differentiates DFPCL today is our ability to navigate some of these volatile cycles with a greater degree of resilience.

Over the past few years, we have increasingly transformed our portfolio, further strengthened our operating model, substantially enhanced our customer engagement approach, and all of that has supported building this resilience.

Now, let me begin with a brief overview of our financial performance. For the year-to-date FY '26, revenues grew by 12%, driven by a healthy momentum in our Crop Nutrition and Bulk businesses. And adjusted for the onetime tax credit in the previous year, PAT did decline 4%.

Our net debt-to-EBITDA ratio today stands at 2.27x, fully aligned with our ongoing capex cycle, which is in its last leg of execution. And it is going to be laying the foundation for our future growth and enhanced competitiveness.

Having said that, at the undercurrent level, there were 2 or 3 aspects that impacted our results in a predominant manner. The first one being unseasonal and heavy rains. Now, what it did was it slowed down the mining activity in the country, and that impacted by slowing down the requirement of technical ammonium nitrate, one of our key products.



And for us and the industry, it also brought in a certain kind of a constraint in terms of nitric acid usage because nitric acid goes to feed into ammonium nitrate. So there was a dual impact emerging out of extended monsoon season, softness in the technical ammonium nitrate space and softness in the nitric acid space.

Now, added to this, we also saw an increase in the ammonia prices globally. And that brought in the raw material price increase for both technical ammonium nitrate and nitric acid. So it was a bit of a double whammy.

Now, if this were not enough, normally, the rains would have been good for the fertilizer sector, for the crop nutrition business, but the timing and the continuance of the heavy monsoon impacted the Kharif crop and a lot of sufferance at the farmer level. And in our Q3, actually, the farmers were cleaning away the fields from the Kharif crop, which because of heavy rains got impacted, and they were getting ready for the Rabi plantation. So this major ripple effect, which is just like a black swan event impacted all the 3 of our businesses.

Having said that, now, as we see things, it is broadly behind us. And with now the normal weather emerging, mining is expected to pick up to its normal levels, and the resultant demand for technical ammonium nitrate and also the resultant demand for nitric acid should pick up. With the good water table, we are expecting the Rabi season to also be a very good supportive season for the crop nutrition and fertilizer business.

Now, our other product, IPA, coincidentally also during this period, got impacted due to much lower propylene prices globally, but not available in India at those lower prices. And this again impacted in terms of softening of the IPA prices. However, as per the ICIS Asia Pacific pricing insight analysis report dated 27, 28 Jan, there again, we are seeing a slow improvement in the IPA prices that is being seen. So in summary, if I look at the operations, I would somewhere see 3 things that we continue to firmly believe in and we see validation. Number one is that the basket of products that is from gas to ammonia to nitric acid to the downstream, the basket of products is giving us a good risk mitigator to be able to bring the resilience.

The second thing that is getting validated quarter after quarter, which is that the strong alignment with the India growth story that all of our 3 businesses have, that has always supported us in terms of ensuring that there is no demand destruction.

And the third is that our continued drive from commodity to specialty or being more and more segment focused and wherever possible combining products plus services, this transformative model is certainly appearing to be in the right direction.

On the project front, the project execution is going on in full steam. And again, that despite all the challenges, we are forging ahead with now almost 91% completion of our Gopalpur technical ammonium nitrate project and around 79% completion of our Dahej acid project. So as I look ahead, the next quarter and mainly the year ahead, we will certainly see, I would say, at least minimum for half of the year, the TAN Gopalpur project and the acid Dahej project contributing to the bottom line.



So this will be a major addition that we are foreseeing. The year is also going to see a partial advantage emerging out of our 15-year long-term LNG contract with the Norwegian giant, which will be somewhere supporting the good, I would say, gas pricing.

So with that note, let me hand you over now to our CFO, Mr. Subhash Anand, who will take you through the detailed financial performance of the quarter and be available for any clarification that you may want to seek. Subhash?

Subhash Anand:

Thank you, Mr. Mehta, and good afternoon, everyone. Thank you for joining us for Deepak Fertilisers and Petrochemicals Corporation Limited Q3 FY '26 Earnings Call. It's always a pleasure to update you on our performance and share how we are progressing on our key priorities. At DFPCL, our focus continues to be what drives long-term value, strengthening our specialty product mix, staying close to our customers and ensuring agility across the organization. Despite the volatility in the external environment, our teams have maintained strong operational discipline and prudent financial management, keeping us on track for sustainable growth.

Let me begin with the financial performance. As Mr. Mehta stated, for Q3 FY '26, consolidated operating revenue stood at INR2,830 crores, reflecting a 10% Y-o-Y growth, led primarily by CNB business. On YTD basis, revenue was INR8,495 crores, up 12% Y-o-Y, demonstrating healthy demand despite extended monsoon, geopolitical uncertainty and supply chain disruption.

Moving to the segment-wise performance. In Mining Chemicals, Q3 volumes were largely flat Y-o-Y due to extended monsoons and softer coal demand. The bright spot was our B2C segment, which continued its strong momentum with 26% Y-o-Y growth. And on YTD basis, total TAN volume grew 11% Y-o-Y. In IPA, volume declined 26% Y-o-Y, largely due to planned shutdown in quarter 3 and weaker sentiments from correctness in acetone prices.

YTD volume remained stable. In nitric acid, volume was steady with a marginal uptick, though pricing remained under pressure from excess imports and downstream dumping from abroad. YTD volume increased 4% Y-o-Y basis. Turning to our Crop Nutrition, CNB revenue grew 26% Y-o-Y in Q3. However, delayed Rabi sowing and heavy monsoon impacted the uptake of Croptek and our specialty product.

With raw material cost inflation affecting margins, even so specialty fertilizer and Croptek contributed 30% of CNB revenue, up from our previous quarter, an encouraging shift towards a more value-centric mix.

Coming to profitability, Q3 EBITDA came in at INR353 crores, a 27% Y-o-Y decline, driven by higher raw material costs, inadequate subsidy support in fertilizers, a weaker realization in IPA and nitric acid. TAN remained steady. And in ammonia, higher pricing supported delivery, though the GST reduction on the incentive income impacted the profitability.

On YTD basis, EBITDA stood at INR1,330 crores, down 8% Y-o-Y, primarily due to softness in IPA and ammonia with CNB and TAN helping cushion the overall impact. Adjusted PAT for Q3 was INR141 crores, down 34% Y-o-Y after normalizing for onetime INR40 crore tax credit



in Q3 FY '25. YTD PAT was INR599 crores, down 4% Y-o-Y. Shifting to product mix and balance sheet. We continue to reshape the business towards high-value solutions-driven offering.

Specialty product contributed 33% of CNB revenue and B2C accounted for 16% of mining chemical revenue. On the investment front, YTD capex is around INR1,495 crores, largely directed towards Gopalpur TAN and Dahej-II nitric acid project. Net debt stands at INR4,021 crores with a net debt EBITDA of 2.27x, in line with our planned capex cycle. Both key projects are progressing well and expected for commissioning in Q1 FY '27. They will materially enhance competitiveness and margin resilience once operational.

Looking ahead, while some near-term volatility may continue, we are beginning to see improvement in a few areas. In Mining Chemical, Q3 softness came from lower coal demand, extended monsoon and higher channel inventory. However, the early sign of recovery are already visible in Q4.

Our focus remain on strengthening direct sales, expanding regional warehousing, scaling exports and deepening our TCO-based customer engagement model. In our Pharma and Specialty Chemical, IPA sentiment is likely to stay muted in the near term due to weak acetone prices and elevated inventory.

Nitric acid prices will remain stable amid excess imports and new capacity. We are responding by sharpening our application-led segmentations and strengthening solution-based customer engagement, which will help to improve the overall nitric acid business. In our Crop Nutrition, favorable reservoir levels and healthy farmer sentiment position us well for Rabi 2026.

Our farmer activation program continued to deliver strong engagement on the ground. With our major strategic projects nearing completions and our portfolio steadily shifting towards high-value solutions-led offering, we expect earning visibility and margin stability to strengthen meaningfully in the medium term.

Thank you once again for your continued support. We now welcome your questions.

Moderator: We have the first question from the line of Niraj Mansingka from White Pine Investment.

Niraj Mansingka: I had few -- 2 questions. One is on the -- can you give us some color on the new upcoming TAN and ammonia projects? And any impact that can have on your -- our India's demand-supply equation? And secondly, how much can be the savings from the LNG long-term contract once they start?

Subhash Anand: Okay. Just a clarification, when you say TAN upcoming projects, you're talking about our Gopalpur project, right, not the industry?

Niraj Mansingka: No, no, I'm talking of other like Chambal and other government companies also signed ammonia projects. So how will the demand-supply equation in India change? And what is -- yes.

Subhash Anand: Okay. I understand. Let me pass on the questions to our President, Tarun Sinha. Tarun?

Tarun Sinha: Thank you, Subhash. Just to check, am I audible?

Moderator: Yes.

Tarun Sinha: Okay. Thank you. Thanks for your question. This question has been asked in the past also. So we see the situation like this from our point of view, the demand growth in India, which is driven by mining and infrastructure largely for our products, for TAN products, is likely to be in the range of 6% compounded average growth rate over the course of next 5 to 6 years at least that we can see.

That's the first point, which means that every 3 years or so, 2 to 3 years or so, a fresh demand -- additional demand creation of around 2.5 lakh tons of TAN will take place. So that's the first point. So the demand creation is quite good.

On the other hand, the country imports at this point in time close to 4 lakh tons of ammonium nitrate, which will have to slowly reduce with the domestic capacities coming in. So if you add these 2, the demand growth rate and the imports, which will get substituted, we are looking at quite a reasonable market getting created to accommodate these capacities in the coming years. That's on the TAN part. On the -- there was also this question on the nitric acid part as well, I think.

Subhash Anand: Yes.

Tarun Sinha: You can take it, Subhash.

Subhash Anand: Let me take that second side. On ammonia side, the question basically -- or you want first -- nitric acid, basically, there is no new further capacity getting added. Our Dahej-II plant is expected to come in -- sometime in -- towards end of quarter 1. And the way we have planned, we have -- almost 70% of the capacity is already tied up with long-term CNA capacities tied up.

And seeing the current situation, we haven't seen a demand shortage for our nitric acid business, whatever -- in fact, we have always remained short of DNA for a long, long time. So we are confident -- for being able to place that additional capacity, which will be available in the marketplace.

Coming on ammonia business, yes, some -- we have our new -- Equinor contract is coming in place from next year quarter 1. That will give us a, I'd say, decent cost saving in terms of gas prices are concerned and will bring the overall breakeven levels significantly down from where the ammonia currently or PCL is currently operating.

Just to give a broader sense of numbers, I call it, currently, with the revised GST reduction, which has happened in October towards the end of -- towards September end, our breakeven EBITDA is almost around USD430 FOBME, at this point of time at the current gas prices, which will come down substantially in the coming quarter once we have an Equinor contract getting in. And recently, the ammonia prices has firmed up. So that has supported PCL turnaround in terms of -- our PCL was almost at breakeven level in last quarter. I hope that probably gives the answer.

Niraj Mansingka: So just related only, the USD 430 FOBME would fall down to how much on a like-to-like basis?

Subhash Anand: You need to wait for that specific numbers, but it's a significant reduction, not...

Niraj Mansingka: Can you give a range? Because it will be easy for us to slightly understand the financials in longer term.

Subhash Anand: It's a double-digit reduction, definitely. It's not -- it's more than -- it's in double digit, I call it that way.

Niraj Mansingka: In percent terms, could you give something? Was it 10%...

Subhash Anand: That's what we're saying -- I'm saying the percentage reduction is in double digit, not in single digits. Yes.

Niraj Mansingka: Okay. I thought double digit in dollars. Okay.

Subhash Anand: No, no, percentage reduction is in double digits.

Moderator: We have the next question from the line of Shubham Dhasmana from Asit Koticha Family Office.

Shubham Dhasmana: So sir, I wanted to understand the reason behind acetone price volatility? And what is your outlook for the IPA business for the whole year?

Subhash Anand: Okay. The IPA business price volatility is, I call it, severe at this point of time. If we just talk about number, the price correction or rather the price reduction in this year is almost around 20 -- roughly around 22%, 23%. That's the kind of a price correction which IPA business has seen this year. And various reasons, I call it, primarily driven by softer prices of acetone in the market and also a lot of imports, which is coming.

We haven't seen a pressure on our demand side. In fact, the volume which we were selling, we are able to hold on to volume. In fact, we have sold more volume compared to last year. But pricing pressure, which is there in IPA business, expected to continue for some more time, although the slower recovery has started, I call it. But we don't see immediate quick turnaround of IPA prices happening in a quarter or 2. It will take some time to come back to a normal.

Shubham Dhasmana: Okay. And sir, I wanted to understand the TAN business. So how much revenue comes from around top 5 or top 3 players in the TAN business? How much concentration risk are we having in that segment?

Subhash Anand: In fact -- sorry, we don't share customer-wise profiling of TAN business. So -- that's very, very clear. But yes, if you talk about, our market share is almost around 40% what we hold in this business. And any customer you talk about in TAN business, we are supplying to them. So they know -- almost every customer is covered by us. I can call it that way.

Shubham Dhasmana: Okay, sir. No top 5, top 10 revenue...

Subhash Anand: Depending on explosive business market share, their buying also broadly will be in a similar line from us also. I call it that way.

Moderator: We have the next question from the line of Pratyush Kamal from Incred Equities.

Pratyush Kamal: So I have concern regarding all the 3 segments which Deepak Fertilisers is working into. First, regarding the TAN segment. So there are a few things which I'm seeing in the back end when I'm analyzing the data and when I'm looking at the industry. First thing is regarding the China, increase in the export of China as far as ammonium nitrate is concerned. So in January, the share of ammonium nitrate exports from China used to be 7%.

It has increased to about 30% between January and December. And it is playing its role perfectly well in terms of decreasing the ammonium nitrate spreads also. Even after ammonia prices increasing to a level of \$450 to \$500 from \$350, the ammonium nitrate prices was not increased.

So it means that there is a bit of supply glut, which I'm seeing in ammonium nitrate export market. Also, if I talk about the domestic market, sir, so domestic market demand definitely is not increasing. In fact, it has shrink by 1% YTD, if you compare in terms of Y-o-Y basis. In Q3, it has decreased by 5%. So in place of increasing the demand, the coal demand is getting decreased.

And if you talk about the supply of ammonia domestic supply, it is getting increased by about 500 KTPA in FY '27 by Chambal and GNFC. So -- and current demand would be about 1 million ton, if 500 -- and total demand would be 1.5 million tons. Total supply domestic would be 1 million ton. And if 500 KTPA additional supply comes off, then definitely, there would be no place for anyone to sell the ammonium nitrate in the India market?

So how do you -- and definitely, there is export cap also for ammonium nitrate. And if there would be a supply glut in the global market, it becomes difficult for us to supply it to other places also?

So how do you come across that problem? And what's the response which you have for this problem, which I'm currently seeing in the back end?

Subhash Anand: Okay. I'll just start with, and then, I pass on to Tarun. Now, Pratyush, you need to see industry not with 1 quarter lens, you need to see slightly longer horizon and see how India energy and consumption or a coal consumption is going to go.

Yes, you are right, coal consumption or coal production has come down in the last quarter. And the reason was, as articulated earlier also, the extended monsoon, which normally get over in September, got extended for a longer time, and that has impacted coal production and so the TAN demand.

If we look from a -- I'll say, from a 1 quarter perspective, most of your comment may be right. But are we looking 1 quarter business? No, this is a long-term business. And when India look at the energy requirement, long-term energy requirement, demand projection, there are no reasons to believe the India coal production is going to come down. The industry, all the projections, all the long-term projection, all the right pieces, if you pick it up, it's showing the demand for coal is going to go up around 4% to 5%.



If that is a scenario, the TAN demand will grow. So that's definitely one thing. Second thing is, if I talk about, yes, there is an additional capacity getting added. We are coming up with our plant in Gopalpur. So the competitor also is coming in that segment.

But adding capacity is one thing. Is the production or the license capacity or the capacity, which is getting added, will that be available for sale in the very first year? No, it's not going to happen. There is a ramp-up phase for everybody. So if you see that perspective, the demand with 4% to 5% growth and the available capacity, India may still be short supply or may just be balanced.

So in those scenarios, we don't see a challenge where we see -- we will not be able to place this material. And then, there are inherent advantages -- Tarun, if you want to touch upon.

Tarun Sinha: I think you've covered everything. If there's any question unanswered of yours, I'd be happy to.

Subhash Anand: I'll just give one more color. The place where -- or as in the location where our plant is coming, we are coming very near or at the heart of mining activity. So we are pretty confident we will be able to place our material much better. And with the kind of a reach, market reach and experience in this industry or in this place which we have, that gives us a confidence. We have a plan in place, and we should be able to ramp it up.

Tarun Sinha: And just on the export quota because that was another one. So we have had a very fruitful discussion with the concerned ministries just a couple of weeks back on this topic. And I think there is a fair amount of realization that now India is not short of ammonium nitrate because of the additional capacities that are coming in. And it has enough product to feed the mining industry and the infrastructure industry. Hence, there is a very strong case for reviewing this 50,000 tons per year of export quota.

And if things goes as per the plan based on the way the discussions have gone by, this quota may also get removed eventually.

Pratyush Kamal: Okay, sir. So there is a follow-up question regarding the same since -- definitely, since sir has mentioned that definitely there would be no ramp-up in the first year itself. But if you look at the total capacity addition, it is on a tune of about 900 KTPA, right, 500 by Chambal and GNFC and approximately 386, 350 by you.

So even if they run by 50% utilization rate, it means that about 450 additional KTPA would easily cover up the entire India market. And when you talk about the global exports, definitely, there's an opportunity.

Even if the quota is opened up, the ceiling is opened up of 50 KTPA, and if you are ready to export to the global market, it becomes very challenging and difficult for Indian player to sell the ammonium nitrate exports, especially in a situation where -- since I mentioned the Chinese export is increasing continuously from the last 5, 6 months at least.

From 7% market share in January, it has increased to about 30% in December -- in October, December. So it means that definitely, there would be a supply glut and you would be competing with all the major players, be it China -- Chinese, Russian or Bulgarian.



So do you still think that there is an export opportunity of ammonium nitrate in the global market? After seeing the margin crash in Q3, even if the raw material prices -- ammonia has increased from \$350 to \$450, the ammonium nitrate prices have not seen any jump. In fact, it has become stagnant. So how do you tackle that?

Subhash Anand: Okay. Pratyush, I'll again come back to same. If you look at industry with 1 quarter phenomena, you'll always have a short-term view, which may not align with the long-term -- the way industry is.

Second thing, if I talk about your GNFC capacity is coming in FY '28, not in FY '27, so it's not everything, 450, what you are counting, is there in FY '27. It's not going to be available in FY '27. Third thing, I call it, industry is growing. Even 4% to 5% growth means adding 100,000 tons every year in demand. By the time GNFC comes in, industry moves from 1.5 to 1.7, 2 years from now.

With that, 3 years from now, all the capacity what we are talking at this point of time will not be good enough to even meet India demand after that. Export, yes, I'll not say exports, one need to take it with a broad brush. From India, not every market is servable profitably. So one need to know which market, what is the right place, where it's a profitable market. And that's what we are focused on.

We are not saying we'll export nitrate -- TAN to every place, every country, every market. No, that's not our goal. We are looking at focused market, and that's where the export development is going on.

Pratyush Kamal: But sir, in your own guidance, you have said that coal demand would grow at a rate of 5%. And if you say that the TAN demand would be increasing from 1,500 KTPA to 1,700, it means that we are estimating a demand increase of about 16.6%, right? So how -- like again, so the math isn't matching itself. That 5% growth of coal, would it lead to 16% growth in the TAN demand?

Tarun Sinha: Tarun here. Let me again try to clarify some of your points. So first is -- and I'll repeat some of the points which I mentioned in the very first question. I'm not sure whether you were there at that time. Hence, I'm kind of repeating.

The first is today, there is about 4 lakh tons of import, which is substitutable. That's a ready-made demand available in the country for the domestic producers. Second, every 2 years to 3 years' time period -- let's say, 3 years, every 3 years, 2.5 lakh tons of additional demand because of the mining and infrastructure growth is likely to take place. So in 2 to 3 years from now, we are looking at 4 lakh tons of import substituted plus 2.5 lakh tons of fresh demand created, 6.5 lakh tons, 2 to 3 years from now. GNFC plant comes after that.

By the time GNFC plant comes, as Subhash was saying, the demand will continue to grow. So therefore, those capacities will start to get utilized. At the same time, the exports of TAN, which currently we have seen, should see a little bit of uplift in volume also because of the reason Subhash was talking, and we are very selective in where we export. We're not like China. So, therefore, if you combine all of this, this is how the numbers stack up over a 3- to 5-year period. And the capacity...

Pratyush Kamal: Got it, sir. And how about the isopropyl alcohol? Because the prices have come down from INR1,37,000 per ton to about INR85,000, INR90,000 per ton. And in that case, like your correct situation is that you are making it through the propylene route. Acetone would be cheaper, which your competitors are doing.

So you definitely face that margin pressure also. And when the realization is coming down -- has continuously come down in the last 12 months, how do you see it ramping up? And about the -- again, nitric acid front, nitro derivatives, something has always been a concern from China. So how do you tackle the industrial chemical side in that case going forward?

Subhash Anand: Okay. Pratyush, I think -- let me answer it, and then, you need to leave a space for others also to speak. Otherwise, 1 hour we will have to hear you only. But let me give you IPA. In my opening commentary, I was very clear, there is a correction in prices, and we expect softness to continue for some time.

We don't expect overnight things are going to change. No, it's not. It's a cyclic business, that also a reality. There is a time when prices start going in other direction. And when the phenol prices start getting firmed up, acetone availability gets challenged or the prices become firmed up, and so the IPA prices goes up. There is a cycle.

Currently, cycle is in -- at a bottom, I call it at this point of time. We are seeing IPA prices broadly now at a level where it's there, it's for some time now. It's not every quarter we are seeing further reduction. It's broadly remaining at that level. Now, the cycle needs to turn. Will it turn in 1 quarter, 2 quarter? We need to wait.

We are, in fact, in commodity business when it comes to IPA. It has a cyclic process, and things will move back. In coming time, once the demand-supply gets corrected, overall geopolitical issue, which has created these tensions, once it's opened up, the demand-supply will get balanced, and these prices will come back. But yes, it will take some time. We ourselves are not seeing IPA is getting corrected in 1 quarter. No, it's not.

Pratyush Kamal: Okay, sir. And about nitric acid?

Moderator: Sorry to interrupt you, Mr. Kamal, request you to kindly come back in the queue for follow-up questions.

Pratyush Kamal: No, it's the same question. It was the same question regarding nitric acid.

Subhash Anand: So nitric acid is 1 quarter phenomenon. It wasn't import -- excess imports happened in last quarter. Normally, nitric acid, otherwise, is short in demand. We don't have the issue of demand side of nitric acid. If you see nitric acid remains stable for a long, long time, even it's just 1 quarter when we have seen softness in nitric acid prices.

Again, since TAN was soft, a lot of nitric acid goes in TAN. TAN softness impacted the nitric acid demand and so the prices. Once TAN demand is okay, we don't see a nitric acid business having a challenge. That's a short-term phenomenon. That's not going to be long-term phenomenon.

Moderator: We have the next question from the line of Kushal Shah, an individual investor.

Kushal Shah: My first question is from explosive exclusive manufacturer that we did purchased. I want to know the strategy behind that acquisition. Is it more of a production ramp-up? Or is it more of an acquisition from point of view of technology gain? And any capex that we are looking or any amount of money we are trying to infuse in that exclusive manufacturer?

That's my first question. And second is on the line of Deepak Mining Solutions and Deepak Fertilisers demerger. We have been saying it since, I think, 2023 or 2024, and we are in 2026, and we are yet to see any updates on that front.

Subhash Anand: Okay. Let me give second answer first, and then, I'll pass on to Tarun. Now, on the demerger, there are 2 aspects. Demerger per se in a separate entity happened last year. We have created a separate entity, which is DMSL, and the business of mining chemical moved out of MAL and gone to DMSL.

So the restructuring of entity has happened. If you're looking -- yes, the listing of subsidiary, yes, that is, I'd say, as a part of our plan, we are -- in fact, when we went with the restructuring, the focus is very clear. We need to have a very clean entity structure, so each business can draw its own growth charter and see how do they take business to the next level. To achieve that listing also is one of that, I'll say, roadmap. Timing is we haven't yet -- say, we have taken a decision and we have firmed up the timing, no.

We are still -- I say we're yet to decide when are we going ahead with the process of listing. So we need to wait for some more time until we firm up our plan and then share with the external world. Tarun, you want to talk about explosives?

Tarun Sinha: Sure. So I think your first question was about -- something about explosives acquisition. Is that correct?

Kushal Shah: So it was about -- I'll repeat myself. It was about an explosive manufacturer that we recently acquired. I want to know the kind of strategy we are playing with that. Is it more like production ramp-up? Or is it more like a tech acquisition? Or -- and are we looking forward for infusing any amount of money in that explosive manufacturer?

Tarun Sinha: Okay. So first is we have not yet acquired the company. As you mentioned -- I think you said you have acquired. The answer is no, we haven't. What we have done is we have signed an agreement to acquire.

So that's the first clarification. And the acquisition will be subject to certain due diligence and conditions, precedents, as we say, being fulfilled, after which if everything goes to our satisfaction, then the transaction will go through. And that would mark the acquisition. So that's one clarification.

Now, if that goes through under that assumption, what's the purpose of that? The purpose is basically for us to -- for DMSL to produce differentiated value-adding kind of products to help



enhance our journey in the mining industry as a solutions provider and also help in terms of our export business.

So one example of that could be we could look at bundling those newly produced products along with our technical ammonium nitrate and provide a comprehensive bundled offering to the international markets, and to some extent, also assist our Australian subsidiary, which is known as Platinum Blasting Services. So that's the kind of overall view we have at this stage.

Kushal Shah: And whether that manufacturer is placed in India or is it outside the India?

Tarun Sinha: Based in India.

Kushal Shah: And the last question, could you please throw some light on how our steel picking solution that we recently launched, I think PICKBRITE is the name, is performing?

Subhash Anand: Sorry, come again?

Kushal Shah: We had a steel picking solution. I think the PICKBRITE is the brand name. I just wanted to know how that is performing in the market.

Subhash Anand: Okay. That is still in ramp-up stage, I call it. It's an early stage where we are working with a couple of manufacturers, and then, I'll say, take it up from -- you call it from a ramp-up stage to commercialization. So still not reached to a level where it has a meaningful, or I'll say, sizable contribution to our overall scenario. But yes, this is one of the product on which we are working, and then, once it's there, it will be a differentiated product in our nitric acid business.

Moderator: We have the next question from the line of Chirag from Keynote Capital.

Chirag: Sir, my first question is related to the Fertilizer segment. As I'm able to see that our volume growth was stable for the quarter and the realization has improved. However, there has been a significant dip in the margins. So do you want to say that this is purely because of the increase in price of phosphoric acid, which you had tried to pass on to the customers? However, the pass-on was not that much due to the ability for us to charge higher, as there was an extended monsoon. This is the reason behind that?

Subhash Anand: Two reasons, Chirag. Yes, one reason very clearly, this is a sizable cost increases, which has happened on raw material side. And subsidy was not in tune with the increases, the size of increases which happened, impacting the overall profitability of that. Second, if you see the growth in overall revenue, which has come, it has come in primarily from, I'll say, low end of the product. Since the monsoon was delayed and erratic, actually, that gave us only just a month to place the product of -- our value-added product, which was Croptek and specialty.

So the mix has changed in last quarter, and that's another reason for us with the lower profitability what has come in. The one was raw material costs, not compensated by subsidy; second, erratic rain and delayed rain, finally restricted our ability to push the -- or I'll say, place the full value-added product, which -- normally which happens in this business. So both reasons

was there in the last quarter. Now, with this quarter, with Rabi back in place, we hope now things will be back in place.

Chirag: Fair enough. Fair enough. Sir, my second question is related to the IPA segment, which you have mentioned. I couldn't understand the reason behind the plant shutdown. If you could just repeat that once again?

Subhash Anand: It was an annual planned maintenance, which we need to carry it out. So it was nothing to do with anything specific. There was a planned shutdown, which happened -- maintenance shutdown.

Chirag: Okay. And sir, third thing I wanted to understand that we have an ammonia plant with ourselves, too. So any increase in price of the ammonia is actually beneficial for us, as it helps us to make the plant breakeven to an extent, right? So even after increase in ammonia prices -- I just wanted to understand why there was a reason our margins significantly took a hit in our Chemical segment.

Subhash Anand: Yes. Normally, if you say mid- to long-term, ammonia prices get passed on in the end product, whether it's a TAN or whether it's other nitric acid product. But it's always -- there is always a time lag. It doesn't happen immediately with ammonia price movement. So what price increases what we have seen in ammonia in last quarter, if it remain at this level for some time, then we will see the correction happening in end product.

And that's the time when the real benefit come out. Otherwise, it's a shift from one basket to another basket or one segment to another segment until the end product prices gets corrected in line with ammonia.

Chirag: Okay. So will it be fair for me to assume that in TAN, specifically, there was no margin correction -- there were no margin impact; however, the impact was majorly into industrial front?.

Subhash Anand: I will -- okay, yes, if you're looking at combined ammonia and TAN together, then yes, TAN price increase -- while ammonia price increases impacted TAN stand-alone margin, but both put together, margin was same. And nitric acid, yes, has seen a price -- cost increases because of ammonia coming to them.

Moderator: We have the next question from the line of Mukta Chandani from Arihant Capital. Please go ahead. Ms. Chandani, could you kindly come closer to the microphone? Your voice is not very much audible.

Mukta Chandani: I wanted to know regarding mining chemical business. I can see B2C revenue share stood at 15% this time. So if you could just throw some light on long-term targets, it would be great.

Subhash Anand: B2C mining.

Tarun Sinha: Okay. So Tarun here. Thank you for your question. So one thing which -- the way we are looking at B2C is in the -- we now start to call it as a downstream business of DMSL because I think



earlier in the call, there were some -- there was one question on DMSL as an entity and things like that. So as an entity, DMSL has got its own upstream and downstream businesses.

Upstream business is largely TAN and supported by its own ammonia, as was answered in the previous question from now. And the downstream is the B2C part, which you are talking. So first, I wanted to clarify, not just for you, but for all the callers. And the way we measure downstream is through that model, through that B2C model, we connect with -- directly with the mining companies, the end consumers. So there are various ways we do that, and there are different go-to-market models that we adopt for that.

But that's where I would like to leave it at. It's growing. It's growing in its own way, driven by the mining -- the growth in mining and infrastructure. And our share is slowly, slowly improving there.

Having said that, as we will have the new TAN facility in Gopalpur in a few months from now, again, the mix will look a little bit different because we've got a range of products coming in Gopalpur also to market. So what we will have to see is not downstream as the overall mix in the revenue, but in terms of absolute numbers, whether it's growing or not. And the answer is yes, in absolute number, it will be growing in line with the market growth.

Subhash Anand: And just to add to Tarun, our strategy -- or just now or just a couple of questions back, we talk about acquisition in explosives. So that also is part of our downstream journey, how do we take that downstream journey and speed up that journey in that. So all actions are in place, we want to make that business grow and then meaningful for us. So we are working in that direction.

Moderator: We have the next question from the line of Sheel Kumar Shah from Sameeshka Capital.

Sheel Shah: My question is on the fertilizer side. So I could see that our trading business revenue has significantly increased, probably for 2Q and this quarter as well. So what is driving that? I mean, is it going to continue for 4Q and probably next year as well? And what type of margins do we make on this trading side? Yes.

Subhash Anand: Okay. The strategy in our fertilizer business is simple. I call it -- our focus is to grow specialty and crop-focused business. And that's how we are looking Croptek and specialty's growth happening in overall side. We have a limited manufacturing facility, but it's fungible.

So our priority will always be dedicating our manufacturing facilities more and more towards Croptek. At the same time, we have a brand. We have a market presence. So if we see a demand, we will look at trading route to fulfill that demand of Smartek and other products. So that's the strategy, which we'll continue to take.

Yes, specialty products do have a margin profile, which is, I'll say, elevated compared to rest of the profile. But at the same time, when we are looking at traded versus manufacturing, even if we go with trading, we see we maintain a right margin profile even with that journey, and that's what the focus will continue to have. Our strategy is to focus on Croptek and specialty and grow that in a big way. For us, trading is an opportunity. We'll keep looking that way.

Sheel Shah: So I mean, do you mean that when you say trading, it's like a B2B of whatever manufacturing we have done of Smartek or Croptek products or it's like getting products from somewhere and probably importing and then selling to the market?

Subhash Anand: No, we do -- it's not a plain vanilla product what we import and sell. Even if we import, we have our own process, which we need to apply to make a customer -- a product which is differentiated and which match to our product differentiation and quality. So we follow that route. But yes, we do -- if we see an opportunity and if manufacturing capability is not good enough, we are open to looking at that opportunity through trade route and then doing a few processes in-house to make it the right product for our quality levels and for our customer level.

Sheel Shah: Okay. So do you think this to continue in 4Q and probably 1Q as well?

Subhash Anand: We are -- that's what I'm saying that our focus is more on Croptek and specialty. That's our priority. But this is an opportunity business. We are in market. If we see a demand, we'll continue with this journey.

Moderator: We have the next question from the line of Dev Mehta, an individual investor.

Dev Mehta: So yes, I have one question with respect to our forward integration in the TAN business into explosives. So are we directly competing one of the largest mining explosive manufacturer in India?

Tarun Sinha: Yes. So our business model is likely to be quite different from the existing players in the explosives industry in India. And the main difference will be the offering that we will make to the mining companies, mining contractors, infrastructure projects.

And that will be that our proposal and our offering will be more on the outcome-based, more on the solution-based rather than on the product sell based, which means eventually, we will be guaranteeing some KPIs, some deliverables to the mine owners, mine operators, mine contractors, which others are not doing. And that's the very big difference in our business model compared to what currently prevails in the country.

Dev Mehta: Okay. And sir, the second question is the \$430, \$450 savings, which was mentioned, was at EBITDA level? Breakeven, breakeven, I mean, the \$430, \$450...

Subhash Anand: That's EBITDA level.

Dev Mehta: So in our previous con call, sir, it was mentioned as \$350. So why is there so much difference?

Subhash Anand: There are always, I'll call it, 2 things which one need to see. One is the gas prices, where it is. Second is with GST reduction or lower GST rate, the incentive has come down. So that impact also now got factored in.

Dev Mehta: Okay. So sir, this much difference, it will have approx. -- almost \$80 if we -- because for calculation purposes, what should we take as a sustainable basis for savings amount? Because when we take \$350, then we are breaking even at a very low level considering the ammonia



prices have reached \$500. So there is a \$150 of savings we can see here. So if you can just guide me through that.

Subhash Anand: In fact, if you see, the incentive benefit itself, which 9% local sales tax coming down to 2.5%, itself is sizable on the overall volume, and that's what the impact is. Now, what we are seeing basically, currently -- current, last quarter, Middle East FOB was around \$420, \$430. At that, we were almost at breakeven last quarter.

But that was at a gas price, which is prevailing today. Now, with a new contract coming in, we do see a substantial gas prices reduction, and that will bring our breakeven down in double-digit percentage terms, I'll say, at this point of time. So that will bring the overall breakeven much lower and will make the PCL profitable.

Dev Mehta: Okay. And sir, last question, with respect to our TAN business only, if we are looking for forward integration, so are we looking at any potential acquisition in the smaller explosive companies to get all the licenses in place, so maybe if we can intend to sell products in future, we can do the same?

Subhash Anand: We are not -- we have all options open. We'll see what is fit for our strategy, and we'll keep doing those steps. As Tarun spoke just a few times, we had one acquisition in pipeline for which we have done a communication, not yet concluded, but the opportunity, if it comes and if it makes a business case, we are open for that.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Subhash Anand, President and Chief Financial Officer, for closing comments.

Subhash Anand: Thanks, and thanks, everyone, for taking out time and having a conversation. Look forward connecting with all of you. I understand we are not able to take all the questions because of time constraints. So in case you feel, please do reach out. We'll be able to answer those questions on a one-on-one basis or any further clarification. But thanks, everyone. Look forward connecting again next quarter. Thank you.

Moderator: Thank you. On behalf of Deepak Fertilisers, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.



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Note: This transcript has been edited to improve readability



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