



1<sup>st</sup> June, 2026

The Secretary  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400 001  
BSE Code: 500645

Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza,  
Bandra - Kurla Complex, Bandra (E)  
Mumbai – 400 051  
NSE Code: DEEPAKFERT

**Subject: Management Transcript of Q4 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 29<sup>th</sup> May, 2026 to discuss the financial results of the Company for the quarter & year ended 31<sup>st</sup> March, 2026.

The transcript of the Q4 FY 2026 Earnings Conference Call will also be made available on the website of the Company i.e. <https://www.dfpc.com/>.

We request you to take the same on your record.

Thanking you,

Yours faithfully,

For Deepak Fertilisers  
**And Petrochemicals Corporation Limited**

**Rabindra Purohit**  
**VP – Legal, Compliance & Company Secretary**  
**Membership No.: FCS4680**

Encl: As above



**DEEPAK FERTILISERS  
AND PETROCHEMICALS  
CORPORATION LIMITED**  
CIN: L24121MH1979PLC021360

# “Deepak Fertilisers and Petrochemicals Corporation Limited

## Q4 FY '26 Financial Results Conference Call”

May 29, 2026



**DEEPAK FERTILISERS  
AND PETROCHEMICALS  
CORPORATION LIMITED**  
CIN: L24121MH1979PLC021360



**IIFL  
CAPITAL**



### • **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 – TAN BUSINESS – 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 SERVICES**

**Moderator:**

Ladies and gentlemen, good day and welcome to the Q4 FY '26 Financial Results Conference Call of Deepak Fertilisers hosted by IIFL Capital Services. 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 this conference call, please signal

an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aakash Maji from IIFL Capital Services. Thank you, and over to you, sir.

**Aakash Maji:**

Thank you. Good evening, everyone, and thank you for joining us on the Deepak Fertilisers Q4 and FY '26 Earnings Conference Call. Today, we have with us Mr. Sailesh Mehta, Chairman and MD of the company; Mr. Subhash Anand, President and CFO; Mr. Tarun Sinha, President of the TAN business; and Mr. Suparas Jain, Executive VP, Corporate Finance. We will begin the call with opening remarks from the management team, followed by an interactive Q&A session. To begin, Mr. Sailesh Mehta will share views on the operating performance and the growth plans of the company, followed by Mr. Subhash Anand, who shall take us through the financial performance.

I now invite Mr. Mehta to share his opening comments. Thank you, and over to you, sir.

**Sailesh Mehta:**

Thank you. Is my voice clear? Thank you. So a very warm welcome, rather hot welcome with this peak of summer to everyone and thank you for joining us today. Our earnings presentation and press release were available on the stock exchanges and our website. And I do hope you have had an opportunity to review them. So as usual, what I will do is share some undercurrents and insights. And then, of course, the detailed financial analysis would be shared with by Subhash and the team. And of course, they are available for all question and answers also.

So as we saw Q4 pan out, we also, like companies in India and globally, had to operate in a very challenging environment, thanks to Mr. Trump. We saw a sudden impact emerging from sudden shortage of LPG and the refineries were also pushed hard to not reduce the supplies of LPG, and that impacted an LPG cut, which is propylene, which supports our IPA business. We also saw LNG cuts that impacted our Fertilisers and Chemicals businesses because LNG vessels got stuck, as you're all aware.

Fertiliser prices went shooting through the roof, and we saw an inadequate and delayed subsidy coverage from the government. Somewhere we saw even skilled labor for our projects impacted by LPG shortage for cooking besides a lot of them vanishing due to the West Bengal and other state elections. We also saw China bringing an export ban on some of the critical products.

And conversely, we also saw India bringing in a ban on exports of ammonium nitrate. Now considering these multiple challenges, I think we have navigated fairly well. As we see things panning out now and the positive trends continuing over Q1, we are now seeing that there has been some respite we have got, thanks to the Petroleum Ministry providing us some help to source LPG propylene. But we're still having some challenges because they have indicated refineries, which are far away from us. So the landed costs are higher, but that is something we are navigating.

On the LNG front, while there has been an improvement on the gas front, I'm really happy to share that our maiden cargo from our 15-year contract arrived just a few weeks back. And frankly, I might share that any relationship and such long-term relationship is truly tested during

a crisis. And I'm truly happy and grateful to share that our Norwegian suppliers bent over backwards to ensure that the LNG supplies don't get impacted, thanks to the war holdups and all.

Also, while Q4 saw a long-ish planned shutdown for our ammonia plant to also bring in some efficiencies and capacity improvements, and that brought in an impact of around INR70 crores in Q4. But as we speak today, the plant is performing very well, and we are seeing not only an improvement in capacities, but also efficiencies. So as now we are seeing the real benefits emerging of our value chain, that is, LNG to ammonia to the complete downstream, that is now gradually coming alive.

As far as our Crop Nutrition business goes, we did try to push for even higher premiums so that some of these higher costs could be passed on. But somewhere the subsidy support was not adequate to bridge this runaway raw material price hike. Also, as the government held the fertiliser prices, the urea and DAP prices to the farmers in view of the state elections, it put a little lid on how much premium we could charge on our NPKs.

Yet the quantum of premiums gives a very strong validation to us that the enriched specialty smart fertilisers that we have brought in have truly crossed the mindset of price boundaries in view of the superior value proposition that they give in terms of better yields and better quality produce.

I might also share that while we do hear about the El Nino impact likely to pull down the rains somewhat, we are still tracking for granular details and reports. Since broadly, we have gathered that the impact could possibly be lesser in our crop geographies, but we'll need to wait and see the granular weather reports to come up.

Now while the project execution is going strong, we do have a little time realignment due to severe shortage of skilled contract manpower, which we face with various states going in for elections and suddenly, there was a severe shortage with West Bengal, Tamil Nadu and other elections and also some impact that emerged because of lack of cooking LPG. But now we've again bounced back to full-fledged, full steam working.

On the other side, we completed the acquisition of an explosive unit and are now moving forward on our planned strategy from product to holistic solutions for our TAN and Mining business. As we see the Gopalpur TAN facilities, we will be uniquely placed as we come into production because our TAN facilities will be based on stable and consistently available produced or imported ammonia and not based on constraints of government surplus ammonia policies for urea ammonia plants. Our Gopalpur facilities are advantageously placed in the midst of the key mining geographies in the East, and we would enjoy good freight advantages.

**Moderator:** I'm sorry to interrupt, sir, your voice is not clear now. Okay, sir, please go ahead.

**Sailesh Mehta:** Gopalpur facilities are placed in the midst of key mining of the geography...

**Moderator:** I'm sorry to interrupt, your voice is not clear. I'll just call you back. Ladies and gentlemen, the management has been connected. Please go ahead, sir.

**Sailesh Mehta:**

Okay. my voice is clear, right? Okay. So as I was saying, as far as Gopalpur goes, that our TAN facilities at Gopalpur are going to be based on stable and consistently available produced or imported ammonia and not based on the constraints of the government surplus ammonia policy for urea ammonia plants. Our Gopalpur facilities are advantageously placed in the midst of the key mining geographies in the East and would that way enjoy good freight advantages. Having TAN facilities in the West and East will give our customers a strong risk-mitigated supply consistency while allowing us to supply from the best freight economic zone.

The group is having 9 nitric acid plants, 4 ammonium nitrate plants, global best technologies and 45 years of customer relationships. These strengths obviously can't be easily replicated. And lastly, with our unique porous prills, the mining knowledge base, BMDs for the last mile connectivity to the mines, we will enjoy unique selling propositions for the premium segments of the market.

So all in all, as I see it, we are finding very strong validation on our strategies of, number one, the investments we have made in the value chain. So now it will pan out very clearly right from the 15-year LNG contract, the world-class ammonia plant, the downstream capacities that we have added in terms of fertiliser, acids, ammonium nitrate. And last but not the least, the very strong strategic drive that we have brought in from commodity to holistic solutions. So all of these we are going to see unfolding in the next year, obviously, supported with the larger tonnages coming out of the 2 projects. So this is broadly the way we see things panning out.

I now would invite Subhash to share with you the financials and the logics and of course, help you on all clarifications and questions. Subhash?

**Subhash Anand:**

Thank you, Mr. Mehta, and good afternoon, everyone. Let me take you through the financial performance and highlights the key drivers across business segments. At the consolidated level, we delivered revenue growth of around 12% for the full year with revenue at INR11,506 crores. For the quarter, revenue stood at INR3,011 crores, reflecting continued volume-led growth in Mining Chemicals and Crop Nutrition, along with a sequential recovery in Industrial Chemicals. On profitability, our full year EBITDA stood at INR1,684 crores, while Q4 EBITDA came at INR354 crores.

If I step back and look at the full year picture, it was a story of 2 halves. In the first half, we saw a strong performance across businesses, supported by relatively favorable pricing and operating conditions. However, the second half was more subdued. This was largely due to sharp increase in input cost in Fertiliser business, particularly phos acid and sulfur, whereas the pass-through to customer and the corresponding subsidy support lagged the cost escalation.

At the same time, we also saw pricing pressure in Chemicals segment, especially in IPA, which further weigh on margin during the second half. It is also important to note that Q4 includes the impact of planned ammonia shutdown with a one-off effect of around INR75 crores. Adjusting to this, the underlying operating trend is more stable, and we are beginning to see early sign of sequential movement.

At the PAT level, full year profit stood at INR739 crores. After adjusting the one-time tax credit in the previous year, the decline is around 18%, largely driven by margin compression, partly offset by lower finance costs.

Let me now briefly touch upon the performance across businesses. In Mining Chemicals, the business delivered a strong recovery during a quarter after a softer Q3. Volume were up 12% Y-o-Y basis and 27% sequentially with a full year growth of around 11%. The B2C segment continued to scale well, now contributes around 16% of the revenue compared to 13% last year. This is an important structural shift, improving both realization and customer engagement and will remain a key driver going forward.

In Industrial Chemicals, performance remained mixed, but with improving trend, nitric acid volume shows healthy growth during the year, while IPA performance were impacted by weak price and lately constraint in RGP availability, which continue to limit volumes. However, now we are seeing an early sign of recovery in both TAN and Industrial Chemicals segment with improving spread supported by tighter global supply conditions and lower import.

In Crop Nutrition, the quarter was challenging. The business impacted by lower farm gate prices, elevated channel inventory and sharp increase in input cost. Importantly, there was also a lag in subsidy realignment, which affected margins during the period. Despite this, Croptek delivered resilient performance and the overall product mix continued to improve. Specialty and Croptek now contributes around 33% of segment revenue, up from 30% previous year, which is a very important structural level lever for improving margins over time.

On the balance sheet, capex during the year around INR1,569 crores as we move closer to the completion of our key growth projects. As a result, the net debt stood at INR4,824 crores and net debt to EBITDA is around 2.86x. This reflects the final phase of our investment cycle and is aligned with the capacity creation underway.

On a project growth or on a project progress, both our key projects are now in advanced stage. Gopalpur TAN project is around 95% complete. Dahej nitric acid project is around 86% complete. The cumulative CWIP on both the project is around INR3,050 crores. However, if we see a total spend, including GST and advances, total cumulative spend is around INR3,800 crores. Commissioning is expected in Q2 FY '27, and both projects remain within the approved capex envelope. These assets will significantly enhance our capacity, cost competitiveness and operating leverage going forward.

Another key milestone during the period has been commencement of supply under our long-term LNG contract with Equinor with the first shipment already received in May. This strengthens our ammonia value chain by improving supply security, cost visibility and integration advantage, which will support margin stability across downstream businesses. In addition, we have completed the acquisition at DMSL, which strengthened our mining chemical platforms and enhance our ability to deliver integrated value-added solutions to customers.

Let me now summarize. We have delivered strong revenue growth despite operating in challenging environment. Margins were impacted by input cost inflation, pricing pressures,

certain one-off factors, but we are now beginning to see clear sign of improvement. Going forward, we expect quality of earnings to improve, supported by 3 key levers: tightening global supply conditions, which are helping to improve spreads, better cost visibility and stability from our long-term gas arrangement.

And a stronger business mix with higher contribution from Specialty products and B2C segment. In addition, the ramp-up of new capacities in the coming quarters will provide further support to growth and operating leverage. So overall, with these levers coming into play, we are confident of progressively stronger performance in the coming period. Thank you.

We would now be happy to take your questions.

**Moderator:** Thank you. Our first question comes from the line of Rohit Sinha with Sunidhi Securities. Please go ahead.

**Rohit Sinha:** So first question is on the TAN volume side. This quarter, we did, I think, one of the highest volume on a quarterly basis. Although in last 2 quarters, there was some subdued numbers. So is this a new run rate for us? Or is there some backlog sales also in this quarter, which led to higher volume?

**Tarun Sinha:** Okay. Thanks for the question. This is Tarun Sinha: speaking. The reason for a slightly better performance in Q4 on volume terms compared to Q3 is demand strengthening. And as you know, as we get to the last quarter of the financial year in India, all the mining companies, particularly have their targets of mineral production and rock production to achieve. So that provides the impetus to the explosives demand, which then leads into the TAN volume. So that would be the primary reason, I would say, for better volumes in Q4.

This trend is likely to continue. Although we are getting into a soft season, as you know, we are getting into monsoon. So Q2 is cyclically and seasonally weaker in terms of demand, but we don't see any long-term demand destruction for any reason.

**Subhash Anand:** And currently, the volume, what you are seeing is from our existing capacity. Once Gopalpur come in, then definitely the new normal volume will be much higher where we are currently.

**Rohit Sinha:** Got it. Sir, in terms of realization, if you could highlight how much benefit we have seen in this quarter or how much is expected to be coming in the Q1 as I believe still considering the kind of volume, revenue is slightly lower as what we have seen, the kind of prices prevailing in the market?

**Subhash Anand:** Let me start and then Tarun will add into this. Yes, and as you can see on the international market, the prices of FGANs are firming up, primarily led by disturbance or distractions in the -- because of war in Russia, Ukraine, some of the export got banned. And some of the volume got, I'll say, since the import quantity in the country got restricted on top of that, FGAN prices started getting firm up. So that is getting reflected on our realization or getting -- is visible at this point of time.

- Rohit Sinha:** Basically, I mean, what sort of realization would be there prevailing currently, if at all you can disclose?
- Subhash Anand:** No. In fact, it's a published number. I say if you are looking at FGAN prices, it's a published number and every month, prices are going up. March FGAN international FOB was somewhere around \$300 -- somewhere around \$400 this thing. It has further firmed up during this quarter. So prices are firming up, although most of the time, domestic prices broadly go in line with international prices, but correlation is not always one-on-one, but broadly trend remains similar, I call it.
- Rohit Sinha:** Got it. Secondly, sir, on the Equinor supply side, I mean as we have received the shipment, so just wanted to understand kind of how long we are secured in terms of natural gas supply from this shipment?
- Subhash Anand:** Now we are fully secured. When I say fully secured, the way we have contract -- we have a minimum take-or-pay contract currently with our existing local supplier. On top of that, we have got now 15-year long supply. So we don't see actually any shortage of gas at this point of time. And not just for next couple of months. We have a few more shipment parcel already lined up in this year. So it's not the first shipment, and it's not the last shipment. Every -- with a gap of a few months, we are getting new parcel. So we are comfortably placed in terms of gas supply is concerned.
- Rohit Sinha:** Got it. Got it, sir. One last question before I join in the queue. From the nitric acid side, could you throw us some color on specialty grade nitric acid products that we are working on and how we are progressing and what kind of opportunity we have in this?
- Subhash Anand:** We are working on some of the -- I'll call it, some of the special customer grade nitric acid product. But they are in early stage at this point of time. Most of them in, I say, commercial trial run stage, not yet fully commercialized. So in terms of contribution, very, very small. But definitely, they are the one which as a team, we are focused and we are trying to take it to a commercial stage and then it ramp-up can happen. But currently, it's too early on those products to contribute meaningful in our overall portfolio.
- Moderator:** The next question comes from the line of Shubham Dhasmana with Asit Koticha Family Office.
- Shubham Dhasmana:** Sir, for acetone or IPA prices, what are our expectations, let's say, for next 6 months? And what could be the driving factor for the price recovery in your opinion?
- Subhash Anand:** Sorry, your voice is not very clear. If you can repeat the question.
- Shubham Dhasmana:** So for acetone or IPA prices, what are our expectations for next 6 months? And what could be the driving factor for the price recovery in your opinion?
- Subhash Anand:** Okay. Now if you're asking current IPA prices, it's already very, very high. And reason for that is the polypropylene is not available or the government restriction because of LPG shortage. So the prices have moved up. Is IPA available? Limited quantity of IPA available at this point of time because of RGP limited availability.

So will the price will remain elevated for some time? Yes, price will remain elevated for some time before the situation becomes normal and then we'll have to see what will be the normal IPA prices once things go back. Will it come back to a similar level? Unlikely, but the new normal is expected post that.

**Shubham Dhasmana:** Okay. And sir, for our TAN new plant, what are the capacity utilization numbers are we expecting for the full year FY '27?

**Subhash Anand:** Okay. The way things look like -- and since we are in TAN business and operating across various geographies at this point of time on TAN, we don't expect us will take much longer time to ramp up and reach to a, I'll say, good capacity utilization level. We expect by end of this year, we should be at least touching 90% to 95% utilization on a TPD basis. It will be a gradual uptick, but yes, we should be able to reach there.

**Moderator:** The next question comes from the line of Kushal Shah, an individual investor.

**Kushal Shah:** So my first question is in terms of percentage of HDAN and LDAN that we are going to produce from Gopalpur facility and our current facility, and it is in the light of the fact that we are oversupplied as far as HDAN is concerned. And also as an investor raised a question in the previous quarterly call. But as far as LDAN is concerned, I think we are undersupplied, and please confirm if that is a concern?

**Tarun Sinha:** Thank you for the question. Again, this is Tarun Sinha: answering this question. One of the benefits we have across our TAN plants, whichever location you look at, is all our TAN plants are fully fungible in terms of the product mix, which means all plants, whether 3 production lines in Taloja, in Srikakulam and the new one coming up in Gopalpur, they can produce any kind of product mix in solid and liquid form. And within solid, any mix between high density and low density.

So this benefit is passed on to the market because we produce to market needs. It is not inward or an internal decision that this is the ratio of the products that we will produce in different plants. We are here for customers and the market needs. So we keep changing gears in terms of the product mix as and when the market needs change. That's how we look at it. That's how we plan things going forward. So there is no particular number or ratio anyone can give at any point in time in terms of the product mix.

**Kushal Shah:** And my second question is on the lines of that we acquired an explosive manufacturer. Could you please tell the long-term strategy of the company with respect to that particular explosive manufacturer?

**Tarun Sinha:** So this acquisition, as our Chairman mentioned in his opening speech also, is consistent with and a very big enabler to the transformation strategy of DMSL, which is the mining solutions, mining services entity of the group in the sense that the business model that we are evolving in DMSL is that of being able to provide the productivity improvements in the mines and the quarries and the infrastructure projects. Simple definition of productivity improvement is cost of mineral extraction, cost of rock extraction. So how can we impact that through a solution.

For that, we need full range of products under our control. And that comes from -- that's one of the things we achieved from this acquisition as we build upon this journey of being able to have a full range of products to take it to the mines and end users to provide those solutions. So that's the strategic fit of this acquisition in the overall transformation journey of DMSL from being a traditionally AN producer and supplier to a holistic mining solutions provider.

**Moderator:** The next question comes from the line of Sheelkumar Shah from Sameeshka Capital.

**Sheelkumar Shah:** Yes. My first question is on the margins. So how should we look at chemical margins because of better integration benefits and this gas contract kicking in?

**Subhash Anand:** Okay. If you're looking at total, I'll say, segment as a Chemicals, then yes, the margin improvement will happen because Equinor contracts do give us a benefit in terms of overall input cost. However, the way we look in the business, each business has been seen separately based on IPP transfer pricing, not based on cost plus. So each business on its own will show the profitability and Equinor gas contract benefit will finally flow into our ammonia business, which is PCL. But if you're looking holistically, the margin improvement is certain and that will get reflected in our consolidated chemical portfolio.

**Sheelkumar Shah:** Any quantification would help, if you can.

**Subhash Anand:** No. That's the information. You'll be able to see once we come up with next quarter results, partial reflection will be visible there.

**Sheelkumar Shah:** Okay. And my second question is on the cash flow. Our receivables and inventory days have gone up significantly during the year. So how should we look at that?

**Subhash Anand:** Okay. This is basically, as Chairman also spoke, fertiliser business has gone soft. The rabi season was not -- I'd say, towards the end of rabi, we have seen uneven rain and then farmers getting impacted. Currently, the inventory is slightly higher in the trade. Channel inventory is slightly higher. So that's what is leading to higher inventory as well as receivables in our fertiliser business.

But now reaching to kharif season, the actual pull is going to start from next, I'd say, any time now, we have reached to a state. So this is a temporary buildup for our Kharif season. Maybe next month or 2, we'll be back to normal and this elevated working capital will not be there.

**Sheelkumar Shah:** Okay. And if you can give us a capex guidance for FY '27 and possibly...

**Subhash Anand:** FY'27, definitely capex continues to be because we have 2 ongoing projects, which need to get completed, both Gopalpur and Dahej. And there is a capex spending. I have already shared overall project capex for that is around INR4,650 crores. And currently, total capex spend is including GST and advances is around INR3,800 crores. So there is almost INR800 crores to INR1,000 crores capex spending, including maintenance.

So this year will be an elevated capex. Next year onward, we should back to a normal capex because our current period of investment will coming to an end. And before the next phase starts,

it will be a normal maintenance capex, and that should be in line with what you have seen in the last couple of years, not significantly different.

**Moderator:** The next question comes from the line of Parth Kotak with Plus91 Asset Management.

**Parth Kotak:** Most of my questions have been answered. Sir, a couple of questions. One, on the demerger front, any expected time lines? Are we expecting to do it this year?

**Subhash Anand:** No, not immediately. In fact, we yet to take a call in terms of form and shape and timing of subsidiary listing and demerger or listing, I call it, not demerger, how and when it has to happen. So we'll come back once we have more clarity. But yes, we are committed and we'll walk that path.

**Parth Kotak:** Sure. Sir, just second question. In the opening remarks, you mentioned that we have adequate supply tied down for ammonia for Gopalpur. So if you could probably give us some details on where the supply is coming from? I mean, how have you tied up the capacity, that would be helpful.

**Subhash Anand:** Okay. Now a couple of things when we say ammonia. Currently, if you see, we ourselves produce almost 500,000 plus ammonia from PCL. We also trade in ammonia, a large quantity of ammonia is being traded by us, which means we import and we sell. We do have an expertise of ammonia. That's what we claim, I call it or we can claim that we are in this business for long.

I'll say there's no disconnect in terms of we saying ammonia has been tied up. We have a contract in place or we know from where the source is in place. Since we have -- we are already in importing and selling ammonia for us, some more additional quantity need to buy and supply into that plant. So that's not a challenge for us. And that's why that's what gives us the confidence we are ready for Gopalpur ammonia supply.

**Parth Kotak:** That's great to hear, sir. So going by your guidance, I'm assuming there is no Strait of Hormuz risk for procurement of ammonia. And just to add to that, do we have like a long-term contract for ammonia as well? Or it's just like being traded on spot?

**Subhash Anand:** At this point of time, long-term contract, no, I call it, but we have a contract with not one, but a number of suppliers and that supply is continuous supply. It's not we buy one-off. So every month, we continue to buy. So that contract holds good. But yes, once we reach near to the formal, if we need -- if we feel there's a need for long-term contract, we are ready and that can be done. So there is no show stopper for that.

**Moderator:** The next question comes from the line of Ritesh Bhagwati with Alpha Plus Capital.

**Ritesh Bhagwati:** So my first question was on the Chardham Chemicals that we have acquired. So like we have paid around INR120-odd crores for 100% stake. Now can management just walk me through in terms of the valuation breakup, like what are we paying for it exactly? Is it the licenses, the assets, technology, order book? And also, if you can give some guidance as to when this particular stake will get operational and what sort of revenue and EBITDA we can see over the next 1 or 2 years?

**Tarun Sinha:** Thank you. A lot of questions in a single question. So Tarun Sinha: again here. In terms of the valuation, without getting into the numbers and the breakup, you're right in terms of the overall number. But what it is made up of is it's the value of the land. It is the value of the licenses. It is the value of some plants and equipment. It is the value of the location of the facility, which is the proximity to the market.

And last but not the least, it's the get-to-market speed through this acquisition compared to if we were to put up a greenfield site. So all these factors have been taken into consideration for the valuation, and that's the number you talked about. So that's the answer to the first part of your question.

In terms of how are we going to set it up, our plan is to bring this facility to Deepak standards. So there will be a project team, which is going to be formed very soon, and they will work on the upgradation of the facility. Also, we will add a number of new plants to this facility to capitalize on the license capacity that we have invested in. And then once we are ready with all of this, there will be a point in time. We will update all of you when we are ready to roll the products out in the market.

And again, these products will go out in the market, not as products, not as commodities, but they will go in the form of holistic solutions, which is what I was talking earlier. These products will be supplied in a way and provided to the mines and infrastructure segments in a way that the products and associated solutions are able to improve the cost of rock and mineral extraction of the end consumers. That's the business model, and that's what this investment is aimed to achieve for us.

**Ritesh Bhagwati:** Okay. That's a great understanding that you have given. Lastly, on the CCDs that we have issued for DMSL, like that INR800 crores. Now I just want to understand like who holds these CCDs, like, is it some third party or is it some promoter or related entity? And also, I just want to understand as to what is the conversion price, the ratios and what sort of trigger terms that we have finalized for that? Because what I want to understand is what is our stake eventually if such conversion happens?

**Subhash Anand:** No, the CCD was issued last year in quarter 1 actually. And that CCD was issued as a mix of third party as well as a promoter entity participated in that. The split was INR500 crores was issued and subscribed by third party and INR300 crores by promoter entity. Since they are CCD, so it has a fixed conversion ratio. No, it has a fixed conversion ratio. The number of shares are fixed at this point of time because this is how the CCD can be structured. And issuance is post roughly around 30 months when the conversion date is due. So it's just 12 months so far. So we still have time before the issuance gets converted.

**Moderator:** The next question comes from the line of Adarsh Jain, an individual investor.

**Adarsh Jain:** My question is related to both the projects which are coming up now in Q2. Earlier, this was scheduled to be commenced from -- I mean, Q4 '26, but then it got delayed by 1 quarter and now it is again delayed by one more quarter. So do we see, I mean, further delays in implementing - I mean, starting both the projects further?

- Subhash Anand:** Currently, if you ask, are we expecting any further delay? No, definitely no. Even this quarter delay, which got delayed from Q4 to now -- or from Q1 to Q2 was not led by any major factor. It was more led by nonavailability of skilled workforce because of various factors which came and got impacted or got affected. We could not see a progress which ideally should have happened. And that's what has pushed us. There's nothing else otherwise, which is there, which we see this project can be delayed or can push this further. No other reasons are visible at this point of time.
- Adarsh Jain:** Okay. And what was the last year -- last financial year revenue for Chardham Chemicals, which we have acquired. Before that, I could see there was no revenue for -- before that -- I mean, for 3 years, there were no revenues coming from the operations. So for last year, was there any revenue from Chardham?
- Subhash Anand:** No, there were no revenue. As Tarun spoke, we are actually going to revamp this facility and bring it up to Deepak standard and then revenue will flow from here.
- Adarsh Jain:** Okay. And do we see significant amount of allocation again for ramping up the capacity?
- Subhash Anand:** In terms of capex, you are asking?
- Adarsh Jain:** Yes, yes. In understand this.
- Subhash Anand:** No large capex expected for ramping up this facility or bringing it up to our standard. No major.
- Moderator:** The next question comes from the line of Meet Vora with Emkay Global.
- Meet Vora:** I had a couple of them. First was on PCL. So what would be our current gas cost, including contractual and spot from the existing mix? And also, how will this change with the Equinor contract?
- Subhash Anand:** Okay. We don't share a very precise gas cost and pooled gas price. But definitely, Equinor will give us 2 things very clearly. One, supply security or supply surety, which definitely was a challenge in the current environment. Second, it will give a cost optimization or cost benefit because of long-term contract and the way current gas prices are, the benefit is definitely there. And even the long-term rate averages as we see, we do see the benefit continue to flow from here. How much it is? Yes, that's an information still not available for public or in the public domain. We'll come back once we feel this is the right time for us to share.
- Meet Vora:** Sure, sir. So basically, what I was trying to understand, based on the current gas cost, even if we take Henry Hub or linked contracts, which is available in the country in public domain, our ammonia breakeven or anyone who is manufacturing ammonia in the country breakeven should come to around \$550, \$600, whereas the current ammonia price is between \$900 to \$1,000 or maybe slightly more than that in domestic market. So is it fair to assume that the spreads of converting gas to ammonia currently would be around \$450, \$500.
- Subhash Anand:** Okay. Without specifying on numbers, but assumption is right. The ammonia price currently is trading at much elevated level. In fact, the last published number itself was almost around \$800

Middle East FOB. So that's the prices at which ammonia already trading. And with gas prices of Henry Hub broadly, yes, we do see a significant spread in the current market environment, which ammonia will have.

**Meet Vora:** Correct. So till the time these prices sustain, it should be fair to assume because we would be manufacturing somewhere around 125,000 tons kind of ammonia per quarter. So till the time these prices remain elevated, we can make roughly around INR450 crores, INR500 crores of EBITDA per quarter. What would be the current assumption?

**Subhash Anand:** I will not go with the number. But yes, our margin in ammonia business will be significantly better than what we used to discuss or what we used to talk about.

**Meet Vora:** Correct, sir, because there were a lot of questions around the investment done in the ammonia plant. And I think this is the current situation where the ammonia investment is justified. So based on current spreads, we can recover more than 30%, 40% of our ammonia investment in this year itself.

**Subhash Anand:** You are right, and this is the basis -- when we put in a business case for ammonia, we knew ammonia is a volatile commodity. And there will be a time when ammonia, having a manufacturing facility will give a much higher spread. And there will be time when we'll squeeze on margin in terms of ammonia. So these are the business cycle and business cycle will play both on positive, negative. This point of time, we are in a, I'd say, up cycle and definitely right time for ammonia business to turn around and to make money.

**Meet Vora:** Correct, sir. Then I think just if you have any estimate of your debt number because I think the ammonia plant will help us repay significant debt, which is there on the balance sheet. So any estimate around FY '27 and what we look at the debt number?

**Subhash Anand:** Not yet, I won't give a debt number at this point of time because we do have 2 capex going on. So we may need to balance it out and see where the debt number will be for this year.

**Meet Vora:** Okay. Okay. And second question was with regards to the TAN supply from Russia. Actually, we have seen disruptions in the last couple of months because of the war prevailing over there. And we have seen actually blasts in a few plants, which used to manufacture ammonia and ammonium nitrate. And this has also led to a sharp increase in TAN prices. So just wanted your broad thoughts, how do you view the situation in the current context? And what is your expectation? Do you expect this to normalize in, say, 1, 2 quarters or it may take a longer period of time for the supplies to resume from Russia?

**Tarun Sinha:** Thanks for the question. Tarun Sinha: again answering this question. So you're right, there was a temporary ban imposed by the government of India on export of ammonium nitrate and fertilisers for some time.

**Subhash Anand:** And also Export ban by Russia.

**Tarun Sinha:** And also Export ban by Russia. And then that ban -- so that caused a little bit of slowness in terms of product availability from Russia. Also, as you rightly said, one or a couple of their

plants were impacted because of some safety security reasons. So that also caused a little bit of disruption, I would say, in the supply chain from there. The ban has been removed earlier this month by government of Russia. So some supplies are expected to resume from Russia, although the cost levels and price levels will be different.

Having said that, as capacities are getting created in India through the fresh investments, one of them being Deepak's in Gopalpur, there is a very strong, I would say, very strong case that Government of India might be thinking that once India becomes completely self-reliant for its ammonium nitrate needs, then maybe a different approach to imports will be looked at. So that's the latest I can share with you. But of course, things will evolve as we go along.

**Moderator:** The next question comes from the line of Nishita Shanklesha with Sapphire Capital.

**Nishita Shanklesha:** I just wanted to understand with the capex that we are doing and now our ammonia backward integration turning around, what is the growth that we see in FY '27? And if our margins will be in the similar range that we did in FY '26 or there's a possibility for them to get better?

**Subhash Anand:** Okay. I'll not give specific numbers on margin. But in the current environment of global supply tightness and also with Equinor gas availability or gas surety and the cost advantage which we have, we do expect improvement both on growth as well as on, I call it, on our margin front. Growth will be led both value-driven as well as volume driven.

When I say value driven because in the current environment, price has gone up or realization has gone up. So that will get reflected on revenue growth. Volume growth will come more with the new capacity when it gets added, both Gopalpur and nitric acid. So that will give us a large volume growth coming in this year.

**Moderator:** The next question comes from the line of Rohit from Sunidhi Securities. We move to the next participant. That would be Yash from Asit Koticha Family Office.

**Yash:** Sir, my question is on the TAN business. What could be our utilization level for FY '27 and '28 for the Gopalpur facility? And along with that, there are some news that as Coal India is our largest client, Coal India is also working on this TAN capex. So what's your thought on it?

**Subhash Anand:** Okay. Now on Gopalpur utilization level, I already spoke about this year ramp-up will be there, and we expect by end of this year, we should be -- we should be in the range of 90% to 95% on a TPD basis. So the utilization level will reach to its optimum level. And next year, we should see a full capacity utilization or almost similar capacity utilization from exit level. So that's how the number or the expectation what we have. Coal India, Tarun, you would like to.

**Tarun Sinha:** Sure. So regarding the question about Coal India's ammonium nitrate plant, it's all in the public domain. So I don't think I need to elaborate too much on that. One can just read it. But since you have asked, so Indian coal is very rich in ash content. And there is no coal gasification technology available currently in India to produce syngas through gasification of this high ash content, Indian coal.

That technology is currently being developed by Coal India through some joint ventures, through some alliances. We do not know at this stage. We are not privy to that information, how far is the progress and how long it might take to develop that technology. And then, of course, as things progress, there will be more clarity, which will emerge and it will come in the public domain. So I mean, these questions are better asked in Coal India's conference calls rather than in Deepak's calls.

**Yash:** Okay, sir. Second question on the Specialty Chemicals business. What's your outlook on the Specialty Chemicals segment over the medium term, particularly in the context of the current pricing and the environment demand? What factor could be like critical for us for the margin to recover towards the historical level?

**Subhash Anand:** You're talking about fertiliser business, right?

**Yash:** Yes, sir.

**Subhash Anand:** Okay. Now we are committed, and that's what we continue to say. Our business focus is very clearly grow our specialty business in fertilisers. And we continue to work in terms of different -- I said, on different dimensions when it comes to specialty business. One, keep looking and introducing new product on specialty side, and that's the R&D divisions what we have in the company, works to develop those products, also keep looking in-sourcing those products from our JV partners. So that's the strategy.

Second, we are also looking on key market or key focus market where we know these products can help us to grow faster where the farmer adoptions will be very fast. And that's a focus. Very clearly, the way we look both working with R&D to improve product portfolio and also getting deeper into geographies will give us significant very high growth compared to the overall fertilisers.

The pie of Specialty will keep going up compared to the overall revenue share. And definitely, you would have seen the margin profile of Specialty business and subsidized business is different. So more share coming from specialty will help us to do a margin upliftment. And that's the strategy on which we are working, and we'll continue to work on that.

**Moderator:** Ladies and gentlemen, we would take that as the last question for today. I would now like to hand the conference over to the management for their closing remarks.

**Subhash Anand:** Thanks, everyone, for taking out time and extending your support to Deepak. I wish all of you best of health and good time. Look forward to connecting with you again in between the calls or during the next conference call. Thank you. Bye-bye.

**Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of IIFL Capital Services, that concludes this conference call. 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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