Deepak Nitrite Limited

Q4 & FY26 Earnings Conference Call

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Moderator: Ladies and gentlemen, good day, and welcome to the Deepak Nitrite Q4 & FY26 Earnings Conference Call. At the outset, I would like to clarify that certain statements made or discussed on the conference call today may be forward-looking in nature, and a disclaimer to this effect has been included in the investor communications shared with you earlier. The results documents have been shared with you earlier and have also been posted on Company's website. As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this call is being recorded.

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

Ranjit Cirumalla: Thank you. Good afternoon, everyone, and thank you for joining us on Deepak Nitrite Q4 and FY26 Earnings Conference Call. Today, we have with us Mr. Maulik Mehta, Deputy Managing Director of the Company; Mr. Sanjay Upadhyay, Director, Finance and Group CFO; and Mr. Somsekhar Nanda, CFO of Deepak Nitrite Limited. We will begin the call with opening remarks from the management team, followed by an interactive Q&A session. To begin, Mr. Maulik Mehta will share views on the operating performance and the growth plans of the Company, followed by Mr. Sanjay Upadhyay, who shall take us through the financial and segmental performance.

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

Maulik Mehta: Good afternoon everybody, and a warm welcome to all of you on Deepak Nitrite's Q4 and FY26 Conference Call. Our results documents were shared with you earlier, and I trust you've had the opportunity to review them. I will cover the key operational, strategic and financial highlights for the quarter and year ended March 2026. Mr. Upadhyay will subsequently take you through the detailed financial review, following which we'll be happy to address your questions.

The global chemical industry continued to operate in a challenging environment during FY26, characterized by persistent global challenges and uneven recovery in demand. The environment further intensified in the fourth quarter due to the war in the Middle East, following which the industry witnessed unprecedented disruption in established supply chains, challenges to logistics and freight with the blocking of the Strait of Hormuz, leading to volatility in prices of crude oil as well as related feedstocks. Concurrently, as logistics disruptions persisted, both suppliers and buyers identified new opportunities by swiftly adapting and securing alternative channels.

While global demand conditions remain mixed, domestic demand in India continued to witness relatively stable momentum across several end industries, including automotive, infrastructure, pharmaceuticals, electronic, polymers and other downstream sectors. Consequently, integrated and reliable manufacturing companies such as Deepak with a strong operational capability were able to capitalize on emerging opportunities arising from the evolving global supply chain landscape.

In this demanding environment, Deepak Group has demonstrated a remarkable agility in the face of adversity, delivering strong operational and financial results for the fourth quarter of FY26.

During quarter 4, consolidated revenues stood at INR2,127 crore compared to INR2,202 crore in FY25 and INR1,983 crore in Q3 of FY26. EBITDA for the quarter stood at INR383 crore, reflecting strong sequential growth of 74% over Q3 and 13% on a year-on-year basis. Profit before tax and exceptional items stood at INR301 crore, while profit after tax stood at INR220 crore, registering a growth of more than 120% quarter-on-quarter and 9% year-on-year. EBITDA margins improved significantly to 18% during the quarter under review compared to 11% in Q3FY26.

Our quarterly performance was underpinned by stable volumes and favorable pricing, alongside enhanced plant fungibility as we pivoted towards high demand products, customers and markets. Furthermore, continuous plant process refinement and cost optimization initiatives, coupled with deeper supply chain integration have fortified our competitive positioning and sustained growth momentum across business segments. Our domestic to export revenue mix stood at 86:14 reflecting the resilience of our domestic franchise while continuing to maintain meaningful engagement across export markets.

For FY26, consolidated revenue stood at INR7,947 crore, while EBITDA and PAT stood at INR1,041 crore and INR551 crore, respectively.

Coming to the segmental performance. Advanced Intermediates witnessed a healthy growth trend during Q4, boosted by stable domestic demand and a favorable pricing environment, neutralizing the impact of slower exports caused by global logistics disruptions. Revenues for the quarter stood at INR708 crore compared to INR654 crore in Q4 FY25 and INR652 crore in Q3 FY26. EBIT improved substantially on a sequential basis to INR34 crore compared to INR15 crore in Q3 FY26. Profitability drivers included an optimized product mix and superior realizations relative to input costs. Our deepened integration continues to provide a competitive edge through an increased raw material self-sufficiency and reduced supply chain vulnerability.

The Phenolics segment delivered strong performance during the quarter despite geopolitical disruptions impacting supply of critical feedstocks. Revenue from operations for Q4 stood at INR1,429 crore, while EBIT stood at INR287 crore compared to INR239 crore in Q4 last year and INR145 crore in Q3. EBIT margins improved to 20% during Q4. Performance was supported by stable plant operations, improving spreads across the portfolio, downstream demand recovery and a disciplined procurement strategy. Ongoing process optimization and debottlenecking initiatives continue, and they will improve operational flexibility while strengthening our domestic market leadership position.

During FY26, we witnessed successful commissioning, stabilization and ramp-up of Deepak Chem Tech's nitration and hydrogenation facilities at Dahej. These projects enhance raw material security, reduce external dependency, improve structural cost competitiveness and strengthen our positioning as a deeply integrated chemical manufacturer.

Our long-term growth remains anchored in value chain integration and specialty chemical expansion. We witnessed a steady progress of our multipurpose agrochemical intermediates and MIBK, MIBC projects, which are scheduled for commissioning in Q2 FY27. Ours and India's first fully integrated polycarbonate facility execution is on track. For this project, Chem Tech

has entered into a strategic long-term agreement with Praxair India to establish a dedicated on-site HyCO plant at our Dahej facility. Under this 'Build-Own-Operate' model, Praxair India will manage the dedicated on-site infrastructure, allowing us to maintain a sharp focus on the polycarbonate resin project, significantly enhancing execution visibility and reduce upfront investment and supply chain resilience.

Against the backdrop of heightened geopolitical tensions, we continue to strengthen our competitive position through disciplined execution and focused cost leadership initiatives. During FY26, we undertook a comprehensive cost optimization program aimed at improving product yields, enhancing energy efficiency as well as increasing manufacturing productivity through digital technological initiatives.

While geopolitical and macroeconomic uncertainties may continue creating near-term volatility across global markets, we believe the industry is gradually moving beyond the most disruptive phases of the cycle.

I would now like to hand over the call to Mr. Sanjay Upadhyay, who will take you through the detailed financial performance and key operational updates for the quarter and full year under review.

Sanjay Upadhyay: Thank you, Maulik. Good afternoon, everyone, and thank you for joining us today on our earnings call. I'll take you through the highlights of the financial results for the quarter and year ended March 31, 2026.

During Q4 FY26, domestic revenue stood at approximately INR1,835 crore, while export revenue stood at INR292 crore, resulting in domestic to export revenue mix of 86:14. For the full year FY26, domestic revenue stood at INR6,791 crore, while export revenue stood at INR1,156 crore.

For the quarter, Company reported consolidated revenue of INR2,127 crore compared to INR2,202 crore in Q4 FY25 and INR1,983 crore in Q3 FY26. Performance during the period was supported by stable domestic demand and improved realizations across established product categories.

EBITDA for Q4 stood at INR383 crore compared to INR339 crore in Q4 FY25 and INR219 crore in Q3 FY26. EBITDA margin improved significantly to 18% during the quarter compared to 11% in Q3 FY26. This was underpinned by strategic combination of proactive feedstock procurement, improved core product realization and the structural margin benefits of backward integration and by-product valorization.

PBT before exceptional items stood at INR301 crore, while PAT for the quarter stood at INR220 crore, reflecting growth of 9% year-on-year and 120% quarter-on-quarter. Earnings per share for Q4 stood at INR16.11.

For the full year FY26, consolidated revenue stood at INR7,947 crore, while EBITDA stood at INR1,041 crore and PAT stood at INR551 crore. Please note that revenue and PBT excludes

dividend income of INR91 crore in FY26 and INR98 crore in FY25, along with one-time land transfer gain of INR13 crore in FY25.

The Board has recommended a final dividend of INR7.5 per equity share for FY26, reaffirming our commitment to delivering consistent shareholder value, continuing to invest in strategic growth and long-term value creation.

Now coming to segmental performance. The Advanced Intermediates segment recorded healthy operational momentum during Q4 FY26. Revenue for the quarter increased to INR708 crore compared to INR654 crore in Q4 FY25 and INR652 crore in Q3 FY26, reflecting growth of 8% year-on-year and quarter-on-quarter basis. EBIT improved to INR34 crore compared to INR15 crore in Q3 FY26. The business recorded stable volume growth during the quarter, along with pricing gains for end products supported by improving demand across key end user applications. The Company continues to focus on portfolio optimization, product expansion and cost efficiencies and deeper customer engagement to strengthen long-term competitiveness within this segment.

The Phenolics segment delivered strong gains during the quarter despite continued volatility of feedstock and global supply chains. Revenue from operations for Q4 FY26 stood at INR1,429 crore, while EBIT stood at INR287 crore compared to INR239 crore in Q4 FY25 and INR145 crore in Q3 FY26. EBIT margins improved significantly to 20% during the quarter. Performance was supported by improving spread across the portfolio, stable downstream demand and integrated manufacturing benefits. Ongoing process optimization and debottlenecking initiatives continue to strengthen operational flexibility, cost competitiveness and market responsiveness.

Operational excellence and cost discipline remain key priorities during FY26. The Company continued its focus to process optimization, energy efficiency initiatives, manufacturing productivity improvements and digital transformation programs across manufacturing locations.

Finance costs for Q4 FY26 stood at INR19 crore, reflecting borrowings associated with ongoing growth investments and strategic expansion projects. Depreciation and amortization expense stood at INR63 crore following capitalization of newly commissioned assets.

The Company's balance sheet remained healthy and resilient, supported by prudent capital allocation and disciplined financial management, providing adequate financial flexibility to support future growth initiatives. Consolidated net worth stood at INR5,869 crore, providing adequate financial flexibility to support future growth initiatives.

Now coming to growth initiatives and outlook. Near-term industry conditions are expected to remain influenced by geopolitical developments, Chinese supply dynamics, U.S. tariff policies and feedstock volatility.

Against this backdrop, the Company remains focused on strengthening integration, expanding it into value-added downstream chemistries and enhancing differentiated capabilities across high potential product segments.

Strategic investments in polycarbonate project and downstream chemistry expansions continue progressing in line with the planned timelines and are expected to support product diversification, import substitution and margin improvement in long-term growth.

Supported by a strong integrated manufacturing platform, diversified portfolio, disciplined execution and resilient balance sheet, Deepak Nitrite remains well positioned to navigate near-term volatility while creating sustainable long-term value for the stakeholders.

With that, I would now request the moderator to open the forum for question-answer session, please.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Sanjesh Jain with ICICI Securities.

Sanjesh Jain: First, on the nitric acid, can you just help us understand in this quarter, what was the utilization? Did we achieve the margin profile we were looking at? I know this is not the right quarter, but are we on track to get that INR90 crore, INR100 crore of EBITDA addition for the nitric acid, which we planned earlier? That's my first question.

Maulik Mehta: Okay. Sanjesh, thanks for the question. So in Q4, while we did start the plant, we were unable to run it on a consistent basis because of some technical issues that took place during the quarter under review. We're working along with the technology supplier and the equipment supplier to address these. So once the plant is under stable operations, we do anticipate the kind of target that we're looking at. But during this quarter under review, we were roughly at about 45% of utilization. And hence, for the balance, we had to secure nitric acid from the market in order to ensure that our products continue to be manufactured and sold.

Sanjesh Jain: Got it. That's clear. My second question is on the Phenolics side. I know it is a very volatile and a difficult quarter. But just wanted to understand on the raw material availability that is propylene, how much of our capacity right now are we running? And what's the scenario on the propylene availability? Are we able to run the plant at full or we are still running suboptimal because of the availability of raw material? And on the spread, again, some of the listed players did highlight that there is a significant difference in the price of Phenolics product in China market and Indian market. Should it sustain for a few more quarters before we converge? Or you think that conversion will happen much sooner than what we think? So colour on that will be really helpful.

Maulik Mehta: So Sanjesh, just a clarifying question. You're referring to Q1 or Q4?

Sanjesh Jain: I'm referring to Q1 and a little color on the Q2 also will be really helpful.

Maulik Mehta: Okay. So first of all, I'll just highlight that in Q1, in the first part of April, when there was a concern about feedstock availability, we also preponed the annual maintenance. So both of those were kind of addressed within that same period of time, I think it was about 10, 11 days. And what we have done in any case, in the meanwhile is, we have enough of the intermediate product so that we were able to continue to supply to the market. So our plant efficiencies, which are a factor of feedstock as well as operational capabilities continued relatively unhindered. So we

expect that Q1, our productivity and our efficiencies will continue to be in the same improving trend as they have been quarter-on-quarter. Q4 to Q1 will also have some marginal benefit. And I want to highlight that because this is also a product where there is global availability, I don't want to comment on this principle of ergodicity where we assume that the next month is going to be a factor of the last month. So given that, I want to share that our profitability will continue to remain healthy, will continue to be on an improving trend as compared to Q4. And we have enough feedstock as well as finished product to be able to cater to India's growing requirement. So I don't anticipate a challenge on that front because of propylene or anything like that. Wherever possible, we have ensured that we have secured all our relevant raw material and wherever relevant, we have ensured that we are able to pass through our cost increases. Nonetheless, we will see that during this quarter and the next quarter, we are remaining very close to our customers, engaging with them on a regular basis so that wallet share, and market share always remains something that we maintain.

Sanjesh Jain: Okay. That's quite clear, Maulik bhai. One last question from my side. Any comment on MIBK/MIBC commissioning? When can we expect that or do you think this is not the right time to start a new plant and probably you would wait for another quarter to see how the industry uncertainty settles and then we go for the new product?

Maulik Mehta: Basically, we're finishing with the mechanical completion of the plant and we will soon be getting into the pre-commissioning cycle as it may be. And at some point, maybe perhaps at the tail end of Q1 or the early part of Q2 is when we will be looking at commissioning of the asset because the asset is commissioned along with a couple of other plant assets as well. So we kind of remain on track with that.

Moderator: The next question is from the line of Nirav Jimudia from Anvil Wealth.

Nirav Jimudia: First of all, congratulations on improved set of numbers this quarter. First question is on the standalone business. So given the kind of capexes what we have announced, the one for the fluorinated molecule of INR220 crore that was announced, which was supposed to start operations in Jan, plus some 6, 7 new products which you have told us that have already started production and they are at the various stages of customer approvals. So how do we see FY27 specifically from the standalone business point of view, given these new products? And (b), given the kind of raw materials what we use for the standalone business like ortho-xylene, ammonia, sulfuric acid, AHF, how have we secured it in terms of the availability of these key raw materials and demand for some of our products which are specifically custom-made for the export markets. So if you can share your thoughts here, that would be very helpful.

Maulik Mehta: Sure. So Nirav, I'll answer both your questions. First question was with regards to new products. So the 6, 7 new products as well as the fluorinated molecules, etc., we've already started the manufacturing for the commercial scale validation batches. And those are already either supplied to customers, and we've received positive feedback or in the process of being transported to customers. So in all of these, as we said earlier, we anticipate commercial production on a regularized basis from Q3 onwards because this will reach our export customers towards the end of Q3 in time for their CY 2026 requirements. So we remain broadly on track. We are constantly engaging with customers, updating them about the current possibilities, and they are also

appreciating this transparency. So far, I do not anticipate any concern on those, including the fluorinated molecule as well as the non-fluorinated molecules. Now with regards to the volatility on the feedstocks, such as, as you mentioned, ortho-xylene or toluene and others. So what happened was that in the beginning of Q4, I was tracking what was taking place in the Middle East. And in the end of January, early February, what we noticed is that you are having multiple U.S. aircraft carriers kind of converging on a location, but in a pincer movement. Now generally, this is a rare occurrence. And generally, in the past, whether it is the first gulf war, second gulf war or in the case of 2008 or whatever, it has actually preceded a significant volatility in prices. So from that perspective, we took the very unusual call of securing raw material. We chose to buy it at every dip. You can appreciate that this was a risky move in the beginning of quarter 4, which is a few months away from the end of the financial year. So we targeted to buy in every dip. So we actually entered the end of Feb and Q1 with a much higher stock of critical feedstock, whether it was on high seas or whether it was with local suppliers, products such as benzene, products such as xylene and toluene and all that. We ended up with a much larger inventory than we would traditionally have had in Q4. So this was because we saw an unusual movement and we did not actually anticipate a hot war, but we did anticipate volatility. And that position has held out quite well for us, whether it is in Q4 or in subsequent quarters. Going with this perspective, we anticipate that the Company has a reasonable inventory of feedstock at enviable prices until we see a stabilizing, perhaps at the end, maybe Q2 or maybe halfway through Q2.

Nirav Jimudia: Perfect. And so, can we assume that with this kind of raw materials, what we have secured in Q4, some benefit would have come in Q4, but most of this should come in Q1 impacting positively our standalone numbers?

Maulik Mehta: I can say that our Q1 looks on track for numbers, which are better than Q4, whether it is on standalone or on a consolidated basis. So we anticipate Q1 to be better than Q4, which was, of course, better than Q3.

Nirav Jimudia: Got it. And sir, in terms of the products, what we have in the domestic market, like DASDA, which was under pressure for, I think we have also filed antidumping duties and on the sodium nitrate, which also you have updated last quarter regarding the U.S. tariffs, plus the anti-chain, I think, which is also now looking better in terms of its application in the agrochemicals. So, apart from the stuff what we have mentioned, is there any green shoots in any of the products, what I just mentioned, on where we can see some improved performance also coming in FY27 for us?

Maulik Mehta: There are some green shoots, and I will resort to once again mentioning safe harbor here. But what has happened also, which was actually announced in December 2025 is that China will administer significant constraints on certain key chemistries, including production, storage and transportation. So there, we find that there will be some uptick in the demand as well as the profitability for nitration products. Some of the products that you've mentioned are linked to the nitration chain, where Deepak continues to have a significant global market share. So we anticipate that these will have a bit of a tailwind. Now meanwhile, there is also some degree of a headwind, but it is a global headwind, not limited to India or Deepak, which is in the sulfur downstream. So whether it is the availability of sulfur, the cost and the price of sulfuric acid, SO2, Oleum, etc., those are places where there will be a heightened cost. But like I said, the

important thing is to check what the delta between international prices and Indian prices are. And there, if we are able buy to maintain par for the course, we anticipate no significant net impact to the Company and the benefit as it comes from nitration chemistries, which Deepak has a considerable market position as well as a technological strength.

Nirav Jimudia: Perfect. Sir, last question from my side. In terms of the Phenolics business, like we have already alluded the confidence in terms of the improved performance in Q1. So is it because our IPA business should do well in Q1 given the kind of the competitor who produces IPA through propylene route and we through an acetone route, where propylene availability currently is a challenge for most of the players in India. So if you can share your thoughts here with respect to IPA and also if you can share the production numbers for phenol for FY26, that would be very helpful.

Maulik Mehta: Thanks, Nirav. I appreciate the questions, but I continue with my position of not going into details on production numbers. What I can say is that whatever is the Indian requirement for IPA, Isopropyl, Deepak Nitrite and Deepak Phenolics in that continues to remain the largest capacity, which is able to service the market for all the specifications, including pharmacological grade. So from the perspective of our ability to supply, that remains unconstrained. From the perspective of saying what are the margins, frankly, we look at it only on the perspective of an integrated margin approach because our assets are cost competitive. Our product quality is of the best nature. And finally, how much we make will be a balance of what the margins are in terms of the intermediates as well as the FGs. As I also mentioned, we will also be looking in the next couple of months at producing MIBK and MIBC. So we expect to have a good healthy mix of downstream as well as upstream.

Moderator: The next question comes from the line of Arun Prasath with Avendus Spark.

Arun Prasath: My first question is on the Phenol spreads. Typically, Phenol is a very well traded commodity across the high seas. So when we are seeing this preferred differential spread between, say, China and India, this could be either because of the local players in China stocking and restocking or say, a Phenol is not able to or not in a position be transported because of the say container issues. So that is the reason we are seeing an issue or should we expect this to get back to the normalcy post the crisis? Or are you seeing this triggering some kind of a chain reaction where, this could put the Phenol in the path of cyclical recovery?

Maulik Mehta: Okay. So Arun, it's not possible for me to comment on the spreads of other companies and other countries. What I can say is that Deepak continues to operate with a high degree of productivity efficiency and is able to ensure that it is able to create the margin that you are seeing. And I've also already qualified that we anticipate Q1 will be somewhat better than Q4, and also be better than last year's Q1. So keeping that in mind, let me put it this way, there's a lot of factors at play. Even though we're seeing that plant capacities all over the world are being constrained because of their own operating costs. We are also, at the same time, seeing volatility in currency, in freight times, freight costs and material movement from port to customers' plant. So in all of these cases, all I can say is that having a domestic supplier of high-quality products is a game changer for domestic consumers who don't need to be blocking in the kind of working capital that they would need to if they were importing with the kind of geopolitical risks that they are

seeing. So at this time, I can confidently say that Deepak being a domestic supplier is something that our customers depend on to be able to aggressively work on their downstream expansion activities.

Arun Prasath: Understood. One follow-up to that question is that do we see domestic buyers, especially in the Phenol market, back to ordering at the regular intervals or they are still resorting to the need-based buying?

Maulik Mehta: So answer to this question, to be honest, Arun, is mixed. In a lot of cases, it has kind of resorted back to a normalized buying pattern. In some cases, they have not, and by and large, this is because of other factors such as availability of products or availability of gas and other inputs. So it is not just about the demand supply of their own products, but it is their manufacturing environment. So what is important for them is to know that Deepak is always there, always ready and always able to supply at a moment's notice. So this is one thing that they just never need to worry about. That gives them a lot of support and that allows them to park their working capital where it is needed most.

Arun Prasath: Understood. My second question is on the status of where we are in terms of nitration and the second hydrogenation plant. Is the plant ramping up well and running as per the level of utilization that we thought of initially? And second, on your answer to the nitric acid utilization of 45%, is this the average one or this is the exit utilization at which we are currently operating?

Maulik Mehta: So on your first question on nitration and hydrogenation, those plants are already commissioned and they are operating with the right productivity and efficiency as expected. With regards to nitric acid, what we had as a situation is when we were operating, we were operating at full utilization. But as I mentioned, we did encounter technical challenges due to which the plant has been under repair and maintenance in line with our technology there and equipment present. So, this is primarily our CNA plant, our concentrated nitric acid plant is operating normally.

Arun Prasath: Understood. On the nitration and hydrogenation, any way you can quantify where we are in terms of utilization?

Maulik Mehta: No, those plants are fully operational. They've been commissioned, I think, at the end of Q2 or early Q3. So those are okay. There is a positive contribution and if there is a constraint, it has been with regards to the availability of nitric acid where the prices have been substantially higher, where we've been constrained to buy from the market because of technical challenges, other than that all our plants are in line and operational.

Arun Prasath: Understood. One question on polycarbonate. We have mentioned that the commissioning target of 2028, this is only pertaining to PC resin or to the entire Phenol and BPA production blocks as well?

Maulik Mehta: So what I've mentioned, which Mr. Upadhyay has also clarified, is that the answer is at this moment, the same for the integrated. However, we've clarified that the PC resin plant will happen independently. It may happen alongside. It may happen with a mismatch of a few months. And the Phenol expansion will happen in line with the commissioning of the propylene supply. So

our capex includes the ability to have this in a slightly disjointed manner. So what we are anticipating is that perhaps they will all happen on track. Perhaps there will be maybe a quarter or so of mismatch, but all of the assets that we put in place as they are operationalized, they should be able to run at a high degree of plant productivity. In line with that, we've already been working to see how we can start compounding and supplying our polycarbonate compounds to customers in India as well as outside of India. So we anticipate that to also reach its capacity in line with our resin plant.

Moderator: The next question is from the line of Tushar Raghatate with Omega Portfolio Advisors.

Tushar Raghatate: The receivable days has increased. Just wanted to know a specific reason to that. Secondly, in the Advanced Intermediate business, do you see a major growth in that for FY27 going forward because the business seems to be very underutilized compared to the historical numbers?

Sanjay Upadhyay: So what you are seeing as underutilized is actually the realization which has gone down, not that the capacity had gone down. Capacity, we are running full, but it was the realization which was lower as compared to earlier years. With regards to the outstanding number of days, in some cases, we have changed the model, because today we are passing through a very volatile situation, and we do not want to risk our outstanding. So, instead we have gone into a dealership and CSA model. That is helping us in at least securing our outstanding. So these are the reasons for this.

Maulik Mehta : I'll also share that the new products that we have talked about, whether it is in Chem Tech or in Deepak Nitrite, the new downstream products which are in the ag chem space and outside of the ag chem space also. They are all significantly margin accretive. Therefore, in FY27, we expect a stronger margin profile, even for the standalone business, compared with FY26. We are also working towards a return to what we consider normalcy a couple of years ago. So FY27 will be this period where you will see an improving trend.

Tushar Raghatate: Fair enough. And sir, due to the anti-involution stand of China, do you see any realization improvement in standalone businesses?

Maulik Mehta: Like I said whether it is because of the anti-involution stand or critical hazardous chemistries, etc., or the global demand improvement, whatever you want to call it, we do anticipate an improvement in the margins as well as the gross numbers as we progress into FY27. That is on the base of existing product portfolio as well as new products.

Tushar Raghatate: Fair enough. Sir, one of the player in India, providing intermediate to the global plant, they said that in the agrochemicals, the volumes are increasing, but the prices are not in favor. Do you see the same happening in your agrochemical part of the business?

Maulik Mehta: This is, again, very nuanced, and it depends on the chemicals, it depends on the feedstock availability, it depends on the margin profiles. So generally, what we are witnessing is that the benefit will be unevenly distributed between integrated players and non-integrated players. So players who have occupied a larger number of positions on the supply chain will be able to

benefit from this improvement in the volumes and with a general degree of de-risking in the margin portfolio.

Moderator: The next question comes from the line of Rohit Nagraj with 360 ONE Capital.

Rohit Nagraj: First question is on the Phenolics part of the business. So after the maintenance over the last one month or so, are we operating at optimal utilization of the plant?

Maulik Mehta: Just to clarify, the maintenance was only in the beginning of April, maybe for about 10 days or so, not for the month of April. And we are operating at this moment, at high efficiencies. So we do not anticipate a constraint from plant or from feedstock availability.

Rohit Nagraj: Sure. And the second question is, we have said that we have certain low-cost raw material. Have we passed on the entire pricing increase which has been witnessed in the market? Whether the prices have been adjusted to the current RM prices? And an allied question to that, given that the final product prices for our Advanced Intermediates as well as Phenolics business, both have increased, so have we witnessed any demand side contraction in the domestic or exports market?

Maulik Mehta: Okay. Thanks, Rohit. So just to clarify, we were able to secure feedstocks on dips, which we did very judiciously. So going into the end of Q4 and into Q1, we are in a good position. In terms of passing on the same price increases equivalent to the market conditions, that is an ongoing exercise. What we do is we balance out that as well as market participation and wallet share. So what we are seeing is that, by and large, that has been a good work done by the business teams, keeping on constant engagement with customers as well as ensuring that plant productivity is at a high degree. Now with regards to demand volume, as you can anticipate, demand volume for our products fluctuates based on availability of other co-products as well as their own production cycles. Keeping that in mind, what I can say is that we continue to have a significant wallet share across the board. I don't think that there has been any significant disruption in terms of wallet share and ensuring that we are engaging with customers. What we're giving them is a good degree of certainty, that Deepak stands there. Even if it is at market prices or whatever, they don't need to work hard to use up their foreign exchange to block import parcels because Deepak is there.

Moderator: The next question comes from the line of Archit Joshi with Nuvama IE.

Archit Joshi: First question on the Phenolics bit, knowing that there's a lot of fluidity, the dynamics are evolving in the global trade. But have we assessed a scenario wherein some of the European capacities or maybe Taiwanese or South Korean capacities are overshooting their cost curve in a scenario where energy costs are rising, feedstock prices are rising and let's say, if the situation persists for a fairly bit longer, and knowing that we are in a cost competitive scenario, should we see a position wherein some of these capacities might be ousted from the system? So that would be my first one, Maulik.

Maulik Mehta: Thanks, Archit. So, Phenol, it's like an ocean. So water just flows wherever it can. So while there is a disruption, you will have some capacities going offline, some capacities being idled temporarily, some capacities being taken down for maintenance, sometimes in Europe,

sometimes in the Far East, some places like China, you will have commissioning of some capacities, whatever it is. One thing is fact that India, in all of this, remains a positive dynamic in terms of growth, in terms of consumption. And ensuring that there is availability of products such as Phenol is key for our customers. Whether they import it and deal with the kind of volatility that they would face, in terms of the amount of time that it takes, the exchange gain or loss and the working capital blockage, what we are focused on seeing right now is our ear to the ground and focusing on optimal plant utilization efficiencies there and ensuring that we are as close to JIT as possible. So our customers are able to focus on their own expansion activities. So I see that there is consolidation also on one side, geopolitical volatility also on the other side. Our job is to be able to exude a sense of stability.

Archit Joshi: Sure. Understood, Maulik. The second one is on the proposed overhauls in China on these nitration plants. I believe it was supposed to get triggered on 1st of April or 1st of May. But I think this was more specific to the region of Shandong, where I think there is almost 30%, 35% of nitration capacities. And we had seen in the past that products like DASDA and thus by far our OBA portfolio had benefited back in 2019 when there was an explosion or a ripple in the supply chain because of these issues. Are we referring to that when you made this comment about certain tailwinds that we might foresee in the nitration portfolio? And as such an action already taken place where some of these Chinese plants who are asked to automate using DCS and all have not done so and the tailwind is already seen or is prevailing?

Maulik Mehta: Okay. Thanks, Archit. To clarify, my comment was not linked to one or the other province because this is a general CCP guideline with regards to the chemistries as well as the safe material movement as well as the transport, which includes, of course, also product at port and transport over oceans. So it is an all-encompassing audit, and it is an all-encompassing compulsion, which is not also limited to only things like DCS. Now like I said, this is something which can be considered as a tailwind, not specifically linked to A product or B product like DASDA. And again, it is not just nitration, but nitration has been a problem child in China again and again because a lot of plants operate without safety standards, whether it is at storage or production. Given that this is a structural tailwind for companies like Deepak who do it in a responsible manner.

Archit Joshi: Maulik, my only point being is that have we started seeing these developments on ground in China, irrespective of which province is it? I just wanted to know how are we backing our comment on this tailwind part? Has it already started happening is what I wanted to know?

Maulik Mehta: It has already started happening.

Moderator: The next question comes from the line of Vidhi Shah from C. R. Kothari & Sons.

Vidhi Shah: Regarding the Polycarbonate project, by when do we expect to commission this? And how will this be funded?

Maulik Mehta: So we've clarified earlier, and we are, by and large, remaining kind of in line with that, and we are expecting it to be commissioned by June 2028.

Vidhi Shah: Okay. And what will be the funding source for this INR5,000 crore or something?

Sanjay Upadhyay: So, the total project, what we have announced is around INR11,000 crore. The funding is for all the projects together. We have tied up with the banks for debt. It will be in the ratio of 60-40. We have already started putting in equities here. Bank funding is already in line. And once we put in 25% of equity as per the bank condition of 40%, we'll start drawing from the debt. So funding is not an issue. We are generating enough cash and bank loans are also tied up. So as and when required, if at all required, we'll approach the market.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Sanjay Upadhyay: Thank you so much. Thank you all for joining us on this call. In case of any further clarifications are required, you can get in touch with our investor relationship team, Mr. Somsekhar Nanda or Mr. Gopal Thakkar. Thank you once again.

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