5th November, 2024

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

Subject: Management Transcript of Q2 FY 2025 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 October, 2024 to discuss the financial results of the Company for the quarter and six months ended 30th September, 2024.

The transcript of the Q2 FY 2025 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

GAURAV
UMAKANT
MUNOLI

Digitally signed by GAURAV
UMAKANT MUNOLI
Date: 2024.11.05 12:36:43 +05'30'

Gaurav Munoli
Company Secretary

Encl: as above

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED
CIN: L24121MH1979PLC021360

PhillipCapital

"Deepak Fertilizers & Petrochemicals Corporation Limited Q2 & H1 FY-25 Earnings Conference Call"

October 30, 2024

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED
CIN: L24121MH1979PLC021360

PhillipCapital

MANAGEMENT: **MR. SAILESH MEHTA – CHAIRMAN & MD**
MR. DEEPAK RASTOGI – PRESIDENT & CFO
MR. TARUN SINHA – PRESIDENT TECHNICAL AMMONIUM NITRATE
MR. SUPARAS JAIN – VICE PRESIDENT, CORPORATE FINANCE
MS. PALLAVI BHALLA – HEAD. INVESTOR RELATIONS. DEEPAK FERTILIZERS & PETROCHEMICALS CORPORATION LIMITED

MODERATORS: **MR. HARMISH DESAI – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the Deepak Fertilizers & Petrochemical Corporation Limited Q2 FY25 Earning Conference Call hosted by PhillipCapital (India) Private Limited.

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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harmish Desai from PhillipCapital (India) Private Limited. Thank you and over to you sir.

Harmish Desai: Thank you, Nikita. Good evening and welcome to the second quarter and half year FY25 earnings call of Deepak Fertilizer & Petrochemicals Limited hosted by PhillipCapital.

From the management we have Mr. Sailesh Mehta – Chairman & Managing Director, Mr. Deepak Rastogi – President & Chief Financial Officer, Mr. Tarun Sinha – President (Technical Ammonium Nitrate), Mr. Supras Jain – VP (Corporate Finance) and Ms. Pallavi Bhalla – Head Investor Relations.

I would like to thank the Management for giving us the opportunity to host this call. We will begin the call with "Opening Remarks" from Mr. Sailesh Mehta followed by Mr. Deepak Rastogi for update on "Financial Performance", post which will have a Q&A session. Thank you and over to you sir.

Sailesh Mehta: Thank you Harmish. Very good afternoon to all of you. I would like to warmly welcome each one of you in this Q2 FY25 Earnings Call.

I hope you have had a chance to run through our earnings presentation and press release details which have been updated on our website. I hope you have had an opportunity to somewhere study them.

But let me share with you some of the highlights as I see in the Quarterly Results. So, at the outset let me have joy in sharing the highlights of the Quarter Results from the positive change that we have seen.

The consolidated revenues grew by 13% and have crossed Rs. 2,700 crores for the quarter. EBITDA grew by 73% and stands to around 494 crores. The margins grew from 12% to 18% and all of it culminating into a 237% jump in the net profit to Rs.214 crores for the quarter. Now what of these have undercurrents that are once off, what are short term, what are the undercurrents that will sustain and grow over a period, could be the rightful curiosities from a strategic perspective. And let me share some of my thoughts on these areas.

A good monsoon while strongly supporting the crop nutrition business did bring some expected dampening in the mining and chemicals business. However, going forward while the enhanced water levels in the soil and the dams promise a continued good agriculture season for Rabi leading right up to next Kharif. The clearing of the monsoons should trigger the revival of the mining sector, chemical sector in the second half.

In terms of the longer term and sustaining undercurrents, I would like to reiterate four major ones. So, number one, quarter after quarter we continue to get a very good positive validation of the beautiful alignment of all our three businesses with the India growth story. The demand drivers continue to remain robust, and we see that undercurrent emerging from India's needs for coal power or limestone cement or infrastructure. All of it giving very good tailwinds for the Mining Chemicals business. And so also the growing income levels, mid income group levels growing and their food habits moving to more of fruits and vegetables, aligning beautifully with our crop nutrition business. And so also the China Plus One and the move towards more and more specialty chemicals supports our Industrial Chemicals business. So, number one the first undercurrent which we are seeing play out quarter-after-quarter and having a sustaining positive effect has been this beautiful alignment with the India growth story.

Second that we see a positive play emerging out of our backward integration into the ammonia plant as you are well aware that world scale ammonia plantthat came up short while back. And what we are seeing is that it is emerging to be a very strong risk mitigator and a value capturer for us and a very strong stabilizing foundation for all our downstream businesses. More so as we look at the disturbing situation emerging in the Middle East and we were just thinking that if we didn't have the ammonia plant, our dependence on a critical raw material coming from the Middle East would have been a matter of deep concern because of the issues emerging there and the shipping costs and so on and so forth. So, this aspect of it is going to be a great risk mitigator to have our own ammonia facility across our current complex. Plus, the price volatility that would emerge on the ammonia front will now be captured within the group rather than us being at the mercy of the pricing that will emerge out of a war like situation.

The third undercurrent that I am seeing which will have an ongoing strong impact is our intense and committed strategic journey from commodity to specialty based on very strong R&D and deep consumer segmentation and insights. In the crop nutrition business, we are seeing a growing basket of crop specific nutrients and a growing and strong market acceptance on its efficacy, obviously in terms of improvement in yield but also in terms of the quality of the produce. We have also now begun with the introduction of crop specific water-soluble fertilizers. So, the journey continues with I would say very strong drive in the fertilizer business for sure.

Even in the Industrial Chemicals business, we are finding good inroads with the steel grade nitric acid and the pharma grade IPA. And in the mining chemical business the team has executed over 15 TCO projects besides proving LDAN base ANFO as a huge value addition for the end user segment. So, the third undercurrent that I'm seeing which will have a long-term impact is the committed drive from commodity to specialty or holistic solutions.

The fourth undercurrent that promises to have also a long-term sustaining impact is the recent NCLT approved restructuring and demerger. What it will end up doing is not only unwind and unfold the real strengths of each of the businesses, but we'll bring the end-to-end focus right from the board member right down to the lowest officer for that specific business and of course make us attractive propositions for strategic alliances and global joint ventures.

Now beyond these four sustaining undercurrents that I shared; namely the alignment with the India growth story, the backward integration that the ammonia brings, the commodity to specialty drive and the corporate restructuring. There are two other developments that I would like to share which you may have read about. One is of course 5 year anti-dumping duty on IPA will also have a good long-term sustaining impact both on the top line and bottom line of the Industrial Chemicals business. And the second is, we are seeing a very strong fast paced CAPEX plan executing the technical ammonium nitrate Gopalpur project and the Dahej nitric acid project and those will have lasting positive undercurrents. And unlike other typical CAPEX programs these two CAPEXs are usually risk mitigated. In view of, #1 the 40 years of operating experience behind these projects we are not doing anything new. I mean we have experience of running TAN facilities and nitric acid facilities over the last 40 years. So, no unknown areas, whether it is in terms of safety, health, environment, operations rules regulations. The second is that for both the products we will be entering a market again where we have been there for the last 40 years. It is nothing new in terms of creating new customers or new distribution networks nothing. All of it will be stepping into something which we have been doing since the last 40 years. And of course, in both the cases the demand drivers continue to be aligned with the India growth story. So, we feel that those CAPEX plans are usually risk mitigated.

So, now with this strategic overview let me now hand you over to Mr. Deepak Rastogi to share the nitty gritty and detailed figures and also questions that you may have. Before I end all my very best to each of you and your families for Deepavali. Thank you.

Deepak Rastogi: Thank you Mr. Mehta. Good afternoon, ladies and gentlemen. I appreciate you joining us today for the Deepak Fertilizers & Petrochemicals conference call to discuss our results for the second quarter and for the first half of Financial Year ‘25.

I'm pleased to report that our performance for this quarter is a reflection of resilience and strategic initiatives we have undertaken in recent years. We have achieved total operating revenue of Rs.2,747 crores with an operating EBITDA of Rs.494 crores. This is for the second quarter of this year. This translates to an EBITDA margin of approximately 18%, representing significant year on year growth of approximately 690 basis points. The net profit for the quarter soared to Rs.214 crores, reflecting a 237% increase compared to the same period last year.

On the balance sheet side, we continue to work on the deleverage of debt. We have prepaid 200 crores of debt ahead of the schedule. Therefore, overall debt has come down during the quarter. I would now like to dwell deeper into the performance of our businesses. So, this is for the crop nutrition business performance, during the Q2 of ‘25 the sales volume of manufactured bulk fertilizers achieved is 268,000 metric tons, marking extraordinary growth of 83% over Q2 of last financial year which is Financial Year '24. This quarter stands out as one of the best performances in the company's history. Our strategic focus on high performing products has started bearing fruits. Favorable monsoon conditions in core markets allowed us to drive sales of specialty fertilizers like Croptek, Smartek. Sales of Croptek reached 37,000 metric tons reflecting a robust year-on-year growth of 70%. Our targeted campaigns for crops such as cotton and sugar cane have been effective to grow revenues. We continue to focus on high quality specialty fertilizers like Solutek for grapes and tomatoes.

Looking ahead to Q3; the above normal monsoon rain has greatly enhanced the ground level water, promising a strong Rabi season. We anticipate increased acreages for Rabi crush crop particularly sugarcane, onion and potato.

Regarding Industrial Chemicals business – nitric acid volumes slightly decreased by 1% on YOY basis while IPA volumes actually fell by 10% YOY. Despite that the revenues overall for the Industrial Chemicals business actually grew by 9%. IPA volumes were declined due to process constraints and plant shutdown. As we are aware, the anti-dumping duty has been implemented from October 22nd of this year for a duration of 5 years, which would actually help the domestic manufacturer sustain margins going forward.

The specialty stainless steel-grade nitric acid has received positive feedback from the customers, and we continue to work to enhance the revenues from that perspective.

Demand and margin for nitric acid are expected to remain stable over the next few quarters. RGB based IPA demand and margins are expected to be stable and improving. following the implementation of the anti-dumping duty on Chinese suppliers, over the next few quarters.

Regarding the Mining Chemicals business – LDAN's sales volume increased by 16% YOY and 20% from the first half of this year as compared to the first half of the last year. Overall sales volume decreased by 21% YOY in Q2, attributed to the planned shutdown and the lean period due to monsoon. Overall revenues fell by 8% YoY while in the first half the volumes declined marginally by 1% of similar half of the last year while revenues rose by 6% YOY.

The plant undertook a planned shutdown of maintenance activities to complete capacity debottlenecking resulting in increased capacity from 537 KTPA to 587 KTPA. Consequently, production volumes were lower by 21% YOY because it was planned. Looking forward we expect the demand recovery in Q3 supported by growth in coal, cement and steel production.

In Summary:

Our strong performance this quarter is a testament of strategic initiatives we have undertaken like backward integration and moving from commodity to specialty and also introducing innovative product offerings to our customers and consumers. We believe the steps we are taking will position us for sustained growth in the future.

Now I will open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rishabh Gang from Sancheti Family Office.

Rishabh Gang: How do you see the trend of margins going forward, like we can expect 18% to be a steady state EBITDA margin?

Deepak Rastogi: So, just to clarify are you asking for the consolidated 18% is what you are saying, or it is a business specific number?

Rishabh Gang: Consolidated.

Deepak Rastogi: I think that we have been actually delivering these numbers over the past few quarters and we think we have got that at sustainable level going forward. Obviously, there will always be some cyclicality involved going up and down within the band. But that should be the way to go forward.

Rishabh Gang: Also, regarding the new proposed corporate structure, the demerged entities, would they be separately listed?

Deepak Rastogi: So, the plan obviously is that each business would be separately listed at appropriate point in time.

Rishabh Gang: Like 1 to 2 years down the line?

Deepak Rastogi: So, there is no timeline as such. But obviously we would provide the timelines as we take those decisions going forward.

Rishabh Gang: Also, what's your roadmap on being net debt free, like how many years do you envision or like any plans for that and what's your take on the steady state ROCE of the business?

Deepak Rastogi: So, purely from a net debt perspective as you know that we already have two expansion plans which are continuing going forward, one is for Gopalpur and the other is for Dahej and hence given that the repayments only start post the CODs which is the commissioning happens and hence the deleverage of the balance the debt would happen after that. However, the normal repayments cycles for all the businesses continue the way it is and whenever we have an opportunity, like we had an opportunity this quarter, we are able to at least fast forward or expedite some of those repayments ahead of schedule.

Rishabh Gang: By the year end how much net debt do you think you will be having?

Deepak Rastogi: So, from a gross perspective currently we have delivered around Rs.3,600 crores. So, I would say that additional drawdown of maybe around for the projects, so there will be no other drawdowns, but we are expecting around 300 to 400 crores worth of additional drawdowns for our new projects going forward. So, give or take a gross number would be closer to maybe around Rs.4,000 crores again around that number is what we are expecting right now.

Rishabh Gang: By the year end, and also the ROCE front, like what do you think would be the steady state ROCE of the business?

Deepak Rastogi: So, we will have to really work that out because there are two new projects which are coming in and the EBITDA for those projects would only start obviously kicking in from effectively for on a yearly basis close up around '26-27. That's the financial year. And generally, the idea is that all the IRRs effectively of the new projects should be between 18% to 20%. So, if we continue to deliver this, the ROC will be far more obviously very high in terms of the deliveries. But till that happens because there is a CAPEX which is happening and there is no EBITDA to that obviously the ROC will be depressed for now.

Moderator: The next question is from the line of Jayanam from Swan Investment.

Jayanam: My first question is what was our contribution from ammonia savings in this quarter?

Deepak Rastogi: So, what we have done is, but purely from overall contribution on EBITDA side, it is closer to around Rs.45 crores to Rs.50 crores. That's the number which we have, and these numbers would actually improve once the ammonia prices continue to go up which we have been actually seeing those indications now that. Mostly Q3 and Q4 when the winter kicks in obviously we have seen the ammonia prices actually which is FOB-ME hardens and it is closer to around $400/ MT to $450/MT. So, if that happens obviously the margins would further improve going forward.

Jayanam: At the current level of ammonia what will be the contribution that you will be making per ton at $430 which you indicated for the month of October?

Deepak Rastogi: We basically don't obviously provide that data specifically, but I can tell you that and which we have been consistently telling that if the ammonia prices are closer to $300 FOB-ME per ton, we would be obviously contributing positive. If we are if the ammonia prices are (+$400) FOB-ME, we would be PBT positive and that will continue. So, obviously the other thing which obviously we have been reinforcing it and in fact Mr. Mehta also made the point, if the ammonia prices are slightly lower obviously the benefit flows into the other businesses. If the ammonia prices are actually higher, the benefit stays in the ammonia business and obviously it doesn't flow through the other business. But overall, from a consolidated perspective it will not have much of a difference across the company and across the group as we will capture the benefit or expense both sides within the group. So, it would not have it. But obviously if you are looking independently this business yes, there will be some cyclicality involved based on ammonia prices how it actually moves.

Jayanam: Given the recent uptick in the ammonia prices which had gone down 300, now back to 430, how do you see a global demand supply playing out in terms of ammonia and in terms of the pricing, I mean the broader sense you can help us understand?

Deepak Rastogi: So, as far as the global economics is concerned, you can actually get through the history of how the prices have actually behaved. But most of the time the prices have ranged between $400 to $450 FOB-ME. Most of the time there are variabilities in between. We saw last quarter the prices were close to around $275 to $300. This quarter we are looking which is Q2 we saw inching up to around $350. Going forward and all the time Q3 is definitely and Q3 and Q4 are from an ammonia pricing perspective are higher because of the harsh winters if it goes through then the demand goes up and hence the prices actually have an impact on the same.

Jayanam: Second question I mean just from the earlier participant in terms of the CAPEX, you indicated that there will be additional 300-400 crores of drawdown during this fiscal year. And since now both the projects Gopalpur and the nitric acid project is likely to come out soon in second half of FY26. So, what is the incremental CAPEX that you will be spending in Financial Year '26 and post the completion of this CAPEX what will be our peak debt?

Deepak Rastogi: So, if I were to sum up what you are asking is that we are expecting the peak debt to hit sometimes in end of Financial Year '25-26 or early '26-27 to be closer to around 6,000 crores because we basically have to incur closer to almost 3,000 crores both put together and 30% of that would come from the equity and the balance would be raised through the debt.

Jayanam: 6,000 crores will be a peak debt one can probably assume by end of next fiscal year. Now if you want to break up because if you look Mr. Mehta in his opening remark indicated regarding the sustainable growth driver and one of the sustainable growth drivers for the business was the demerger. So, can you help us understand the total 6,000 crores or current 4,000 crores of the debt, which is there in the book, how does it bifurcate between the various verticals that is going to get demerged?

Deepak Rastogi: Obviously we can send you the details separately, but it is based on the projects which business is. So, let's say for our Mining Chemicals business Gopalpur, obviously plant debt would actually be added there. As far as Dahej nitric acid is concerned, obviously it will come to the Industrial Chemicals business which is under DFPCL. But we can share that data separately. I do not have the data right away.

Moderator: The next question is from the line of Parth Kotak from Plus91 Asset Management.

Parth Kotak: Most of my questions again have been answered. One question that I have is the impact of facility downtime. Taloja faced downtime for IPA and nitric acid production, can you share when this capacity utilization will return to normal and if repairs will have any impact on this quarter's EBITDA margins?

Deepak Rastogi: Just to give you a sense that Parth that irrespective of whether it is a planned or an unplanned downtime, we are actually looking to operate our plants between a capacity of around 92% to 98%. That is the kind of capacity utilization we have in all the actually plants currently, including ammonia, including nitric acid, including IPA and things like that. And hence wherever we will need to enhance the capacity, we had to actually enhance the capacities let's say for our Mining Chemicals business, so we added that. There will be a needed downtime for those products. We have been continuously doing preventive maintenance for all the plants and we want to optimize it. But this year you would find that most of the facilities would actually be between 92% to 95% capacity utilized. Ammonia would be an exception. It can be even higher than 100%.

Parth Kotak: I think that sums up your views really well. Lastly, on the impact of ammonia on segment reporting. You mentioned earlier that ammonia profits are embedded in the chemicals business. Can we expect any changes to segment reporting post expansion to provide better visibility into ammonia performance or this is how we'd like to continue?

Deepak Rastogi: So, for now we will want to continue like this. But we will look into this to see whether we need to change our segmental reporting. Even though on the yearly side we provide the details for all the segments for our ammonia business. In any case we actually publish separate results and hence and the consolidated results. So, you will have most of the details. But as you have requested, we will look into this and see if it is appropriate for us to change the reporting.

Moderator: The next question is from the line of Harsh Shah from Reera Holdings.

Harsh Shah: First question is on the technical grade ammonium nitrate part of the business, this quarter if I see the realization has been almost flattish on QOQ basis. So, just wanted to understand that have we not yet seen the benefits of higher ammonia prices flow through into our realization? That is one. And second is once we have our de-bottlenecking capacity operative, what kind of growth in terms of volume are we seeing? Because I remember last few quarters, we had seen a lot of imports coming from Russia. So, any update on that situation in terms of import supplies?

Deepak Rastogi: I will answer you in two parts. First of all, the monsoon season actually is a lean season for this business because of the waterlogging or flooding in the mine. The mining activities actually are reduced. So, in spite of that the volumes have slightly come down. But they are not nowhere actually too much down in overall. That is number one. The second point which you made for on the pricing side, generally the ammonia prices do not decide how the TAN prices actually work. There is a commodity which is called FGAN; Fertilizers Grade Ammonium Nitrate, that actually determines how the pricing and the premiums would be actually set in the marketplace. So, I can tell you that versus last year obviously the amount FGAN pricing globally has actually strengthened, and we have been obviously getting higher selling prices for our product versus last year. So, the third question which you asked was that? So, from purely from an imports perspective generally around 15% to 20% of the demand of India is catered through imports, this year obviously there are Russian imports but almost 40%-50% imports are also from other countries apart from Russia. And hence we do not basically see much obviously challenge there but that is going to continue overall.

Harsh Shah: Another question was for the industrial chemical business, since we are expanding our nitric acid capacity, will this mostly be used for our captive consumption, or this will also be used for market sales?

Deepak Rastogi: So, for CNA actually it is predominantly for market sales, so we have tied up almost close to 65% of our capacities of our CNA with Aarti. The balance again will actually go on spot sales and things like that. As far as the diluted which is DNA or WNA, almost 50% to 60% actually is captive, the balance would be sold outside to the other.

Harsh Shah: And in terms of end user industry, will we see any change in sales mix in terms of more product getting sold for value added products or will the sales mix or the end consumer remain same that we have currently?

Deepak Rastogi: We have been actually improving our specialty grades sales over a period of time. So, obviously the customers, so as you know we have added steel grade nitric acid for an example. We have added Purosolv which caters to mostly hospitals or the pharmaceuticals and the disinfectant industry and things like that. Now we have also in a process to launch for semiconductors IPA grade those products. Now these are very much industry specific applications which we will continue to develop and hence we will always have the similar base of the customers which we will cater which we have been catering to. But we will continue to add with the specialty, we will continue to and new customers going forward.

Harsh Shah: And just the last question follow-up; would you be able to give any numbers in percentage terms as to how much would be commodity grade sales to fertilizer companies, speaking about nitric acid and how much would be value added and where would this percentage stand 2-3 years down the line?

Deepak Rastogi: We are currently at around 20%, 80%-20%. 80% is the normal grade and 20% are specialty grades and we are looking to at least double this number over a period of a couple of years.

Moderator: The next question is from the line of Heet from Moneybee.

Heet: Most of my questions have been answered. I just wanted to know, do we have any progress with our mining services division, and have we secured any orders for that?

Deepak Rastogi: We have already executed more than 15 projects or programs so far. And as we speak, multiple projects are under progress at this point in time. So, that's a work in progress and that it is only going to increase and improve going forward.

Heet: What sort of margins do we look at when we take these mining services contracts?

Deepak Rastogi: So, generally what happens is that the product margin stays because we are selling the product and all but the services, there is an additional margin that is based on what are the project or the program details, how much is the benefits which gets accrued to the customer based on which we basically decide how much will be the premium we will charge for our services. So, it is not obviously a single number. But if I were to give you a ballpark number maybe 10% to 15% over and above what we do, obviously it will become a normal benchmark going forward as we actually improve and increase the kitty of the TCO programs going forward.

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

Kushal Shah: I have two questions. My first question is that we have seen many changes recently in the top management. That is Mr. Amitabh Bhargava resigned last year and now Mr. Deepak Rastogi is going to resign. We have so much of CAPEX plan then how do we plan to stabilize the top management? And with Mr. Subhash Anand, who will be joining in the position of Deepak Rastogi continue for so many years. Like do the shareholders have that kind of assurance. And second question would be on the lines of Mining Chemicals. And it's particularly how Deepak Fertilizers would have an edge over the existing experienced miner and how difficult or easy it is to replicate the total cost of ownership model that we have built?

Deepak Rastogi: On the first question obviously, the company has a very good pipeline in terms of succession planning. There will be management people or employees would actually join, new employees would join and some employees would actually leave. So, that's a normal process of an organization and the organization is well equipped to handle either the new expansions or the demergers and things like that. So, given that we have seen this over the past 40 years all the IP and the knowledge actually resides in the processes and the company. So, I don't think so that that could be one of the concerns which we have. Obviously, we will as we speak, we continue to create more obviously experts and more people in the system so that we do not have a vacuum in terms of succession planning, which is well actually matured, and it is obviously discussed at the board level also. So, that is number one. On your question towards the TCO, I would hand it over to my colleague Mr. Tarun Sinha who will answer that whether it is easy for any other company to replicate the TCO model. I will over to you Tarun.

Tarun Sinha: Let me reconfirm your question. What's your question on TCO if you can repeat?

Kushal Shah: My question is, why do Deepak Fertilizers, a Chemical Company would have an edge over the existing miners who have several years of experience in mining or let us say infrastructure? And second part of the question is some other player comes into the market then how easy or difficult it is to replicate the total cost of ownership model for them?

Tarun Sinha: On the first part, we are not claiming in any form and shape that our knowledge base is much larger than the existing miners. What we do is as it happens in the normal course of business in any organization when there is a team of people working on the same thing over and over again, like it happens in a typical mine, then chances are high that area of opportunities are overlooked not because of any design but it's just that it's normal way of working. So, what we do in our total cost of ownership model is we send a team of people to the mines, so a baselining, benchmarking of their overall costs which encompasses drilling, blasting, excavation, hauling and crushing, wherever applicable these operations and spot opportunities for improvement. And then as we spoke earlier in one of the questions we try to enter into some projects and contracts to help the mining companies to improve that cost. So, that's the business model. On the second one, whether any other company is able to replicate this? I think I've answered this question in some of the other calls earlier in previous quarters. It is difficult. We don't know of any company which is working on this model. It is unique and why it is unique is not just because of how we approach it, but it is also about how we contract these kinds of projects, which is a combination of the inputs that we provide and at the same time the outputs that we generate. So, it is very much outcome-based approach rather than an input-based approach which is where most of the companies operate in this space. That's where we draw the difference in terms of our business model versus the others.

Kushal Shah: And one more question on how long will it take for TCO to mature and be a significant contributor in the revenue?

Tarun Sinha: So, we started this concept a couple of years back and like it happens with any new concept, it matures over a period of time. We have come a long way already in terms of not only just building the capabilities but also as was mentioned by Mr. Deepak Rastogi earlier, by executing 15 odd projects in that direction. And these projects have been delivered in coal segment of the market, in the metal and limestone segment of the market and also in the infrastructure segment of the market. So, it's working quite nicely, it's maturing, and we are on the growth trajectory. We anticipate that as we go along this will start becoming a bigger pie in our chunk.

Moderator: The next question is from the line of Jay Jariwala, an individual investor.

Jay Jariwala: I have two questions. My first question is based on like you mentioned in the PPT that we are going to launch a new IPA based on a semiconductor base. On according to which quarter, we can expect a revenue kicking in from this particular segment, it is in a very initial stage like I want to just know the progress on this?

Deepak Rastogi: We already have a product right now. Obviously, the scale is very small given that the industry in India has to pick up. And because a lot of manufacturing activities have just started for semiconductors in India. And hence we expect this business to grow multifold. Till the time whatever activities which are there for domestic sales as well as for exports, we continue to look at those opportunities and see what the best way could be to actually improve obviously our revenues in that particular segment.

Jay Jariwala: The second question is on technical ammonium nitrate. So, like we are seeing a couple of other companies like Coal India, and they are joint venture for this particular ammonium nitrate. So, they are they have specified an ammonium nitrate. I just want to know whether this technical ammonium nitrate is different from an ammonium nitrate, like is the both the products are same and the capacity which we are going to be live by Coal India in somewhere FY26?

Deepak Rastogi: What Coal India is trying to do is that they are doing much more from a coal gasification if that's what they are trying to do. And they have been working with BHEL to bring that kind of a technology and in the previous quarters I've actually mentioned that the technology as per them is not commercially viable. That's how they have actually reported in their annual report. So, we have to see when they will actually bring in. But the products are the same, technical ammonium nitrate is the product which is used for explosive purposes for the mine. And they are trying to basically obviously create some in-house capability with this joint venture going forward. But we have to see how it actually pans out.

Moderator: The next question is from the line of Chintan Shah from JM Financial Family Office.

Chintan Shah: I have two questions. One is on the TAN segment, if we see there are two to three players who are adding capacities here and also as you mentioned earlier, significant contribution is from imports. So, now this is a slightly longer term. Once we commission our additional capacity by end FY26 and I believe probably other players are also adding somewhere in FY26 to ‘27, do we see a case that could put pressure on pricing and once we commission this capacity, we could see lower profitability? That is the first question. And second, it's slightly near term. So, right now, from FY26 perspective just wanted to understand since you are already operating at such high-capacity utilization levels, what sort of growth levers do we have? Is this only realization and profitability or is there a scope for volume expansion as well? Those are my two questions.

Deepak Rastogi: I will take the second question first and then go to the next question. We already have got capped in terms of the capacity and that is one of the reasons why we have actually added 50 KTP very recently wherein we took a plant shutdown to increase the capacity. Because today we do not have adequate capacities to actually service our own customers. That's number one and that is one of the reasons why we have actually gone for the expansion. Because if you really see the coal mining or mining activity, power activity or infrastructure activity, are slated to grow between 10% to 12% CAGR over a period of next at least 5 to 6 years if not more. What this will do, is that the current demand supply situation, the current demand of India is close to almost 1.5 million tons, at this point in time are 1.6 million tons. With the space of infrastructure growth and mining activity growth it would actually go to around 2.2 or 2.3 million tons per annum. The current capacities which are there on the ground is closer to around a million or 1.1 million tons. And hence when I was making a comment that around 15% to 20% of the demand is actually fed by imports, which is the case all the time. So, going forward also the new capacities which are coming in by through Chambal or RCF, the capacities will move from including our own, the capacities will move from maybe 1.1 or 1 million to around 1.6 or 1.7 million tons. There would still be enough scope for the imports to continue. So, when we have actually and envisaged our project at Gopalpur, we have assumed that a similar import would continue, given the kind of the demand supply situation in India. Now these are normal scenarios, if the demand comes down because of some Blue Swan events or because there is a cyclicality. There could be few years which are more softer than others. But on a long-term basis we are very confident that the capacities which are there on the ground will continue to be capacity utilized to the brim and there will be hardly any case for us to say the capacities are not utilized. In fact, the way that we have been planning is that from day one we are thinking because of the ramping and all, the things would start between 60%-70% capacity utilized from day one. That's the way it is. It is going to improve over a period of time. So, that is how we are looking at this market.

Chintan Shah: And just one last question on our real estate venture, is there any update or what the plan here?

Deepak Rastogi: So, the plan is that the business have a parcel of land. There is a business which does not need to be, it's a neutral, it’s not materially from a value perspective, from a revenue or profit of these things. And hence we will continue to run that business and whenever we need to we will have an asset to liquidate if at all. We get obviously good pricing and things like that appropriately. But currently there is no need for us. There are no pressing reasons for us to take those actions.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Deepak Rastogi for closing comment.

Deepak Rastogi: Thank you all of you for taking the time to participate in Deepak Fertilizers & Petrochemicals Limited conference call. I again wish everyone on the call a very Happy Diwali and a prosperous New Year to all of you. Thank you so much.

Moderator: On behalf of PhillipCapital (India) Private Limited, that concludes the conference call. Thank you for joining us and you may now disconnect your lines.