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February 21, 2025

Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001

Dear Sir,

Scrip Code: 506401

Sub: Submission of earnings conference call Transcript

We enclose herewith the transcript of the earnings conference call of the Q3 & 9M FY 2025 held on February 17, 2025 and the same is also available on the website of the Company at the weblink https://www.godeepak.com/financial-result/.

Please take the same on your record.

Thanking you.

Yours faithfully,
For DEEPAK NITRITE LIMITED

ARVIND BAJPAI Digitally signed by ARVIND BAJPAI Date: 2025.02.21 13:58:49 +05'30'

ARVIND BAJPAI
Company Secretary

Encl.: as above

DEEPAK NITRITE LIMITED
CIN: L24110GJ1970PLC001735
Registered & Corporate Office:
Aaditya-I, Chhani Road, Vadodara-390 024. Gujarat, India.
Tel: +91 265 276 5200/396 0200 | Fax: +91 265 276 5344
Investor Relations Contact: investor@godeepak.com
www.godeepak.com

Deepak Nitrite Limited
Q3 & 9M FY25 Earnings Conference Call

February 17, 2025

MANAGEMENT: **MR. MAULIK MEHTA –** EXECUTIVE DIRECTOR & CEO
MR. SANJAY UPADHYAY – DIRECTOR (FINANCE) & GROUP CFO
MR. SOMSEKHAR NANDA – CFO, DEEPAK NITRITE LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to the Deepak Nitrite's Q3 & 9M FY25 Earnings Conference Call, hosted by IIFL Capital.

At the outset, I would like to clarify that a certain statement 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 communication shared with you earlier.

As a reminder, all participant 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 conference 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: Good afternoon everyone and thank you for joining us on Deepak Nitrite's Q3 & 9M FY25 Earnings Conference Call. Today, we have with us Mr. Maulik Mehta – the Executive Director and CEO, Mr. Sanjay Upadhyay – Director (Finance) and Group CFO, and Mr. Somasekhar 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 will share his 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. The results documents have already been shared with you and posted on the Company's website.

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 you on Deepak Nitrite's Q3 & 9M FY25 Earnings Conference Call.

Our result documents were shared with you earlier and I hope you have had the opportunity to glance through them. I will initiate by briefly taking you through the key financial and operational highlight for the quarter and nine months ended 31st December 2024. Mr. Upadhyay will then present you with a more comprehensive financial overview during the period under review. Following that, we will open the forum for your questions.

As we reflect on the challenges and achievements of the quarter, it's evident that the profitability of this period has been marked by a unique confluence of events. Agrochemical intermediates demand is generally lag adjusted to one quarter behind in the segment, which led to a temporary idling of plant capacities in the quarter. Persistently, stubborn raw material costs have also impacted product margins as we prioritize a market share strategy in Phenolics and dye intermediates. Finally, projects which were targeted to be commissioned in Q3 and Q4 have faced delays in their final stretches and are now set to add value from Q1 onwards. Despite these transient setbacks, we remain confident of being well positioned for recovery and sustained growth in the upcoming quarters.

Revenues in Q3 were Rs. 1,924 crore, degrowing by 5% on a Y-o-Y basis and 6% on a Q-o-Q basis, because of the earlier mentioned factors as well as a scheduled maintenance shutdown in Phenolics. Typically, Advanced Intermediates and Phenolics have a counter cyclical nature and balance each other out evenly. However, for the first time we have witnessed challenges in both segments, simultaneously.

Allow me to cover the segmental performance more specifically.

On Advanced Intermediates, revenues were at Rs. 552 crore, lower by 18% Y-o-Y. Agrochemical intermediates were affected by end of year destocking priorities by international customers. Volume dispatches have already begun at the tail end of Q3 for EU and non-EU customers. And we expect the domestic industry to resume demand towards the end of the quarter. We have taken efforts in the meantime to significantly improve on the product carbon footprint of these products. And in the results we have clearly seen the dramatic jumps in our sustainability scores in indexes such as the Dow Jones Sustainability Index.

Dyes and Pigment Intermediates have seen stable demand with growing market share. Margins have been impacted due to stubborn raw material prices, which we believe will start normalizing in the quarter. Additionally, the Indian Government has initiated investigations into dumping of some of these products, which, when coupled with Forex volatility, is expected to see margin expansion to normalized levels.

On Phenolics, revenues were Rs. 1,366 crore, marginally improved on a Y-o-Y basis and 5% lower on a sequential basis. Demand remained strong. However, performance was impacted by a plant shutdown which resulted in production volume loss. On a positive note, the plant resumed operations with further improvement in throughput, which will allow India to become self-reliant on domestic supply looking ahead.

We have taken several measures to ensure that profitability and productivity are meaningfully improved. We have entered into medium term agreements for amines which align well with our expanded capacity for hydrogenation. We have also completed our expansions and cost improvement initiatives for Agrochemicals and dye intermediates. This will yield higher volume at a lower cost for segments where demand is resilient.

We continue to make progress on strategic projects. Key highlights are as follows:

The company introduced new products from existing assets which will have revenue and margin improvement, and the results will be seen partially in Q4. The nitric acid complex is in its commissioning stage and will feature well from Q1 onwards with additional nitration capacities coming in line.

The new R&D center will be commissioned as scheduled towards the end of Q4.

MIBK, MIBC, acetophenone and other backward and forward integrations are expected to be commissioned in H1 FY2026. This will expand our footprint in the energy sector as well as establish our foray into advanced solvents for life science applications.

In addition, our long-term plans for the polymer value chain are also taking shape. We entered into long term contract for key building blocks at competitive rates and have agreed to acquire assets for polycarbonate resin production where India is entirely import dependent. This strategy is further accretive by ensuring that existing capacities are localized without adding to global production. While we work with our collaborators to ensure that European demand for resins is also catered to by this asset. All major polymer projects are expected to be commissioned by December 2027.

I would now like to hand over the call to Mr. Sanjay Upadhyay, who will address this forum and take you through the financial performance and key updates during the period under review.

Sanjay Upadhyay: Thank you, Maulik. Good afternoon everyone and thank you for joining us today on Deepak Nitrite's earnings call. I will now take you through the highlights of the financial results for the quarter and nine months ended December 31, 2024.

As we review our financial performance of Q3 and 9M FY25, we acknowledge the impact of several external challenges that have impacted our profitability, including deferred demand, continued inventory destocking by customers, and increased raw material costs. Despite these headwinds, our team has remained focused on maintaining operational efficiency and progressing with long term growth plans. In this context, our EBITDA performance reflects temporary headwinds. As we move forward, we are confident that the actions what we have taken will drive recovery and improve profitability in the coming quarters.

Coming to our financial performance. In Q3 FY25, consolidated revenue of Rs. 1,924 crore declined by 5% as compared to Rs. 2,023 crore in Q3 FY24. While revenue was impacted due to multiple factors already discussed, it is important to state that we have retained or increased wallet share with key customers.

EBITDA came in at Rs. 190 crore versus Rs. 318 crore compared to on a year-on-year basis. Our EBITDA performance in Q3 FY25 was impacted by short term challenges, including higher raw material costs, which compressed the margins. PBT and PAT stood at Rs. 135 crore and Rs. 98 crore, respectively. Looking ahead, we are optimistic about margin recovery as demand stabilizes, new projects ramp up, and cost optimization initiatives to take effect, positioning us to improve opportunities in the upcoming quarters.

On the operating front, our domestic business revenue (including other income) stood at Rs. 1,645 crore in Q3, while export revenue at Rs. 279 crore. On a consolidated basis, domestic to export mix stood at 85:15.

Moving to the segmental performance. In the Advanced Intermediate segment, revenue stood at Rs. 552 crore in Q3 FY25 versus Rs. 674 crore in Q3 FY24, while EBIT stood at Rs. 17 crore translating to 3% margins during the quarter under review. 9M FY25 revenue came in at Rs. 1,873 crore and EBIT came in at Rs. 131 crore, translating into a margin of 7% on the back of challenging macro environment.

The Phenolics segment delivered an encouraging performance with revenue stood at Rs. 1,366 crore in Q3 FY25 versus Rs. 1,349 crore in Q3 FY24, while EBIT stood at Rs. 121 crore, EBIT margin came in at 9% in the quarter. In 9M FY25, revenue grew by 21% to Rs. 4,273 crore and EBIT came in at Rs. 544 crore, translating into margin of 13%.

Lastly, on the balance sheet front, the company's financial position remains solid with a net worth of Rs. 5,222 crore on a consolidated basis, and Rs. 3,073 crore on a standalone basis. We are well under leverage thresholds, ensuring adequate headroom to increase debt, in order to fund our future expansions, which we have already announced.

We are making continued progress on our ongoing projects with several nearing completion, the results of which will be seen in the coming quarters. These new plant will not only enhance our self-reliance on critical raw materials but also optimize the profitability through enhanced value add once they are fully operational.

Our R&D center near Vadodara is advancing well with 85% of work completed. This facility will strengthen our industry position and support long term growth through innovation. Our R&D team remains focused on developing new products that will expand our capabilities in the specialty chemical sector, further reinforcing our commitment to technological advancement.

In conclusion, while the past quarter presented challenges, we are optimistic about the future. With a solid pipeline of projects, a focus on cost optimization and improving market conditions, DNL is well positioned for sustained growth and long-term value creation for our shareholders.

With that, I would now request the moderator to open the forum for Q&A session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nirav Jimudia from Anvil Wealth.

Nirav Jimudia: I have two questions. First, when we compare our standalone business, I think our top-line between the second quarter to third quarter fell by close to around Rs. 53 crore, but the EBITDA impact was close to Rs. 33 crore. So, one of the reasons you have mentioned in your opening remarks was that there was some deferment of sales predominantly from the Agro intermediates. So just wanted to understand from you that did these products have higher contribution margins and because of which the impact on the EBITDA was higher? Or the sales impact of these products was higher than Rs. 53 crore and the RMC cost had an impact because of which our performance was impacted?

Maulik Mehta: I will try to answer this question. So, what ended up happening is that while Agrochemical Intermediates certainly have played a role in the kind of margin dip that you see in Q3, though the volumes with regards to exports both to Europe, to China, as well as to the US, those have by and large commenced in December. And you will see the results of that in the quarter. However, other than that also, in a couple of our assets where we had plant capacities available, those assets were idled until the customer demand pickup resumed. And that we are seeing now slowly in Q4 itself. So, again, I will highlight that in both of these cases, when it is Agrochemical related, demand on a global, including India scale, is expected to normalize between Q4 and Q2. But we are seeing a recovery in export as well as in domestic demand from the end of December onwards. Now, there are other products also which are relatively higher value. And in those places when we buy our raw materials, those raw materials also come with an N -1 or N -2 in terms of the prices. So, as those raw material prices slowly start to moderate, we will start seeing the effect of that in one or two months down the line. So, this is by and large a general situation, but it has shown exacerbated impact in Q3.

Nirav Jimudia: So, in terms of this lost performance, what we have suffered in Q3, how confident are we that this could be recouped in Q4 where this sales which we have deferred, could come back to us in Q4? Or most of this could be spread between Q4 and Q1?

Maulik Mehta: So, we are seeing a larger part of it being recovered in Q4. We are also seeing an improvement in domestic demand which was not there in Q3, which will start to add value from the end of Q4 onwards.

Nirav Jimudia: Second question is on the nitric acid plant. So now we are in the advanced process of commissioning it by end of Q4 FY25, if you can share how much of the capex we have incurred on the same. And if you can just give some rough understanding in terms of the savings which could accrue to us on an annual basis, based on our current requirement of nitric acid.

Maulik Mehta: So, on the first question with regards to the capex, I would say that the capex by itself has been largely under control as what we had announced earlier. However, because of the delay of a couple of quarters, there is an added impact with regards to the overheads which will all be capitalized. So, the capex amount I have already shared earlier at that stage plus the cost of delay. But by and large, in terms of the improvement to the bottom line, again, it is more or less in line with what we had said. So, I would have loved to have that value coming in earlier in Q3. But you can anticipate that somewhere between Rs. 70 crore to Rs. 80 crore, on an annualized basis, is the margin expansion that you would see from the single project. Maybe more, I am going to be conservative.

Nirav Jimudia: Last bit on my side, like we would require additional ammonia for this nitric acid plant, and given we are already using ammonia as one of our raw materials for some of our products, how will our additional ammonia requirement be met? So, will it be sourced domestically or we have to import this ammonia through long term contracts? If you can share your views here.

Maulik Mehta: Yes. So, we are well aware of our increased ammonia consumption as a potential risk vector. And we have diversified our ammonia sourcing, which includes imports as well as domestic availability. We have also invested in expanding our ability to store, not just consume. And that investment will allow for further derisking of the supply chain. By and large, we are confident of being able to source ammonia at rates which are relatively at parity with international indexes, especially Middle Eastern index, other local indexes and South Asian indexes. So, let me put it another way, we would not be disadvantaged because we have derisked our supply chain.

Nirav Jimudia: So, by saying that we would be building or expanding our capabilities to source our requirement of ammonia, so is it safe to assume that we may be constructing our own ammonia tank, so that we could be derisked from this volatility in the ammonia prices?

Maulik Mehta: Absolutely correct.

Moderator: The next question is from the line of Arun Prasath from Avendus Spark Institutional Equities.

Arun Prasath: My first question is on the Phenolics segment. Sequentially, we are seeing a 40% reduction in EBIT for the Phenolics segment. Could you break this down and explain how much of the reduction is due to volume, spreads, and the increase in depreciation?

Maulik Mehta: So, I would hesitate from going into a great deal of detail on this, simply because Q3 also had an annualized maintenance shutdown, which resulted in some loss of productive up time. Now, this is a normal thing, and by and large most good companies engage in an annualized shutdown. In our case, it has given an advantage of seeing how to further improve the efficiencies and hence the throughput. So, I think Q3 is unfortunately for this conversation, exactly the wrong time to be able to break this up. Because in the meanwhile, what has ended up happening also is that while we had a production outage for maintenance, we have also established some advanced process controls, and we have done some debottlenecking. And in the meanwhile, anticipating relatively stable and growing demand, a lot of consumers may have taken a position with regards to short term import of phenol, which is again uncharacteristic.

So, today, I am happy to say that India is pretty much self-reliant when it comes to phenol, and also the other co-products like acetone and IPA. Between this and Forex volatility and things like that, I do genuinely believe that moving forward I think this will create less and less of a need for importers to be dependent on material that comes from overseas. Nonetheless, Q4, Q1, all of these will have a high degree of dependence with regards to the prices of key raw materials, benzene and propylene, as well as the presence of the imported parcels which may have happened in Q3. By and large, again, I would want to add that Deepak and India remain the only places all over the world where there is not only a continued improvement in demand, but a continued improvement in production as well. So, I am bullish about the medium term. And I think we will see that over a period of time this demand continues to accelerate and our ability to support this demand continues to accelerate.

Arun Prasath: Thanks, Maulik. So, I understand that obviously we will be drawing back our market share from imports. However, specifically for this quarter, do you think that if it weren't for the shutdown, you would have delivered the same EBIT as in Q2, or would the spreads also have impacted our performance?

Maulik Mehta: There is an impact from spreads. There is no doubt about the fact that there is an impact from spreads. And that impact from spreads may continue also into Q4, as will some overhang with regards to the volumes already committed for imports. But when you look at the Forex volatility right now and you also look at Deepak's enhanced capabilities, I think there is a strong case to be made to discourage importers from continuing to import.

Sanjay Upadhyay: So, I believe from March onwards this situation will normalize. Though January and February were affected by imports this year, we expect a normalized situation from March onwards.

Arun Prasath: Right, understood. Sir just one, again, coming back to spreads. Globally, if you have to think of phenol spreads, obviously our volume is more localized and you will be replacing imports, but if our margins have improved, global spreads also have to improve. So, what do you think should happen first, recovery in demand or some curtailment of the supply, especially in key supplies in Southeast Asia or China or Japan, Korea and Europe?

Maulik Mehta: There's no question about a recovery in demand. Demand is quite strong across segments in the Phenolics value. So, whether you are looking at auto, you are looking at pharma, you are looking at construction and furniture, the demand is robust. One individual sub-segment may have a dip or an increase, but by and large demand is not a challenge and that is unique to India. However, with regards to spreads, these are on the basis of global volatility in the indexes. So, I would be hesitant to make a strong claim about spreads significantly improving or going down. I genuinely do believe that right now, with the way that key raw materials like benzene and propylene are acting, there is a case to be made for, over a period of time, seeing how to improve the prices of phenol once customers are also confident that they do not need to rely on imports.

Arun Prasath: Okay. Any comment on the utilization rates in some of these geographies? Do you think it is sustainable, low, high? How do you see those utilization rates in these geographies, also in India?

Maulik Mehta: It's very low. And in some cases, it may be bordering on the question of profitability or not. But I would hesitate again to comment about their strategies. In many places what we have found is that you may have an average utilization rate which should be achieved to make the asset profitable, and some of these assets are being operated at well below that utilization rate. I cannot comment about the strategies or how long they would continue to manufacture in these circumstances. Very often, it depends on what they look at as a short and medium-term future.

Arun Prasath: Any kind of ballpark figures on what percentage of the overall global phenol capacity is currently in the borderline profitability, which may shut down or may not? Any estimate on the percentage of total capacity would be really helpful.

Maulik Mehta: No, I would not comment about whether they may shut down or not, but I will comment that a majority of the capacity right now worldwide, especially almost all the capacity which is non-integrated is probably at or below the threshold that one should look at for continued and sustained plant operations for meaningful margin.

Arun Prasath: And what percentage of the capacity is not integrated according to you?

Maulik Mehta: I will come back to you on that question. I am not prepared with the answer right now.

Arun Prasath: Okay, alright. My second question is on the comment mentioned in the investor presentation that you are planning to complete all the projects by FY28. So, does it mean that the last phase will start in FY28 or the first phase of projects will start by FY28? And which one will be the last to start and which one will be the first? Any clarity on this would be helpful?

Sanjay Upadhyay: Yes, the idea is to complete all the projects because these all are integrated projects. We cannot have a situation where we are starting one and not starting the other one. So, everything will be completed by FY28 because we have tied up the propylene supply also, if you are aware. So, it has to go in sync, it cannot be one versus the other, otherwise the whole benefit of integration will be lost. So, the whole plan is to have a fully integrated facility up and ready.

Maulik Mehta: There will be periods of time where one part of the asset, especially for example the polycarbonate resin asset, may get commissioned earlier and we will ensure that throughput is maximized by securing the intermediate feedstock at competitive rates. Luckily for us, right now those rates are looking quite competitive. And as Mr. Upadhyay mentioned, between now and FY28, we will ensure that all of the individual components are also commissioned so that the integrated complex, all the way from propylene until polycarbonate, along with the other assets which will go into the same polymer industry, will all be commissioned.

Arun Prasath: Understood. Just any update on the BPA project, have you firmed up that technology or licensure? Where is it and in which stage is the BPA plant is right now?

Maulik Mehta: That right now I cannot comment about that. We are in close talks with a couple of parties, all of who are willing to give us the technology, but we have not finished with any one party.

Arun Prasath: Understood. Finally, if I can squeeze in one more on our polypropylene compounding plant, have we touched based with all the domestic customers? And what is their current feedback? And how we will be scaling up this part of the business, can you just explain, it will be helpful?

Maulik Mehta: So, we have started manufacturing some small volumes of compounds and we have been engaging with key customers to start off with more in the electronic segment. But there has been a little bit of a pivot here because earlier we were looking at establishing a polycarbonate resin plant, and now it is more of a migration of the assets along with the relevant trademarks of the asset. So, the party that we are acquiring the assets from is also the party that we are collaborating with to see how to fast track and prioritize more value accretive compounds, which will be sold to companies which are looking at migrating their consumption assets into India to be able to take advantage of various initiatives by the Government as well as the growing consumption expectation in India. So, the kinds of compounds that we would look at making in this facility will now be, I would say, that they would be on a better baseline moving forward because of this collaborative partnership.

Sanjay Upadhyay: To answer your question, the response from the customers is very, very positive. We are entering the EV battery market, and in those segments, we are also incorporating polycarbonate compounding. I believe we are moving in the right direction. With Trinseo, this partnership certainly gives us an advantage, as Trinseo is a well-recognized brand internationally, which further helps us. To answer your question, yes, things are looking positive in the compounding sector. We are also expanding into the medical devices segment for compounding, which is a growing market. These are advanced segments that offer better margin potential, and we are excited to be entering them.

Moderator: The next question is from the line of Vivek Rajamani from Morgan Stanley.

Vivek Rajamani: Sir, in your presentation that you have uploaded, you have mentioned a couple of comments. Firstly, you have started to see a pickup in the international customer offtake. And I think you have also mentioned that you will see a more normalized level of profitability from Q4. So just with respect to these two points, if you could just give some more color, from a volume perspective if you had a base of 100, what kind of normalization would you expect going into Q4 or potentially Q1? And when you are saying normalize profitability, which quarter do you think we can take as a normalized level, would that be the first half of this fiscal or maybe even before that? So just some color in terms of that would be super helpful.

Maulik Mehta: Vivek, this is a question that internally also we have debated on a lot because certainly we will be seeing an improvement in Q4. And that improvement trajectory will continue into Q1 as well. One question that we have been debating internally also is, what do we call normalized? Because we have had a much better margin profile two years ago and then that has slipped partially because of slowdown in demand, and partially also because of an overhang from the kinds of capacity that have been put in China, which also affects India's profitability. So, if I am being genuinely confident here, what I can say is that Q3 was absolutely abnormal for us. I am talking about on a standalone basis. And I would certainly say that Q4 will be meaningfully better than Q3. Q1 will continue to maintain that trend. And if I have to say, look at my last two years, I will consider a return to normalization somewhere between Q1 and Q2, maybe in Q1 and Q2 would be markedly normal quarter. But Q4 will be meaningfully, meaningfully better than Q3, largely because of the internal efforts that we are taking for cost optimization. As demand returns as it has in some segments in Q4, we expect that trend to continue in other segments as well. And hence, Q4 demand will be completely realized in say Q1, with margin improvement you will therefore see between the end of Q1 and Q2 a normalization.

Sanjay Upadhyay: Since Maulik mentioned about the standalone, on Phenolics side, as we mentioned earlier, Jan, Feb, yes, there is an import which has already come in. March onwards things are improving, so you will see a normalized Q1 for phenol also. So, I personally believe Q1 onwards, again, now what is called normal is a debate, but Q1 onwards things will certainly, certainly change. Q4, DNL, yes, doing better than Q3, because Q3 is no comparison. Phenol will have some impact, but it will also do relatively good. It would not be that bad, but yes, there is an impact of import.

Vivek Rajamani: Sure, sir. Super helpful. Thank you so much for that. Secondly, just to clarify, you did mention that some of the projects that you wanted to commission over the course of Q3, Q4, you have seen some delays. Just wanted to clarify if this is a function of the ongoing industry dynamic where obviously demand can be significantly better? Or are you simply taking the time to properly operationalize the plant and ensure everything is fully sorted? I just wanted to clarify if this is more about ramping up the plant properly and not a response to the industry weakness.

Sanjay Upadhyay: Yes, it is not an industry weakness.

Maulik Mehta: No, it's more of the second. I mean, we want to make sure that when it is commissioned, it is able to run straight as quickly as possible to capacity and beyond. This is where we have seen the maximum value coming. So, even though it has meant that there has been a delay from Q3 to end of Q4 in terms of commissioning, we want to be ready to be able to quickly ramp up because demand is there.

Vivek Rajamani: And just the last bit, as an extension to this, when you say 2027 or fiscal 2028 is when you want all of your capacities to be up and running, assuming you will keep the same argument where you want the capacities out there, irrespective of however the industry situation may evolve over the next three years. Would that be a fair comment?

Maulik Mehta: For the polymer chain, we would be ensuring that assets are commissioned at these times, because we have locked up the downstream as well as the upstream. So, we are confident about the market profitability. But regardless of the market's profitability, we will ensure that those projects are tied with regard to the execution plan.

Moderator: The next question is from the line of Ankur Periwal from Axis Capital.

Ankur Periwal: First one on the Advanced Intermediates side, given the extended pressure on margins as well as the pricing-led pressure because of China's overcapacity, I was just wondering about your thoughts on whether there will be a structural change in the margins this business will generate over time, even if demand comes back and, let's say, over next maybe one, one and a half year, there is uptick in Ag chem., etc. So, your thoughts on that side, please.

Maulik Mehta: So, let me put it this way. Structural and unstructured, there was an element of COVID related unstructured effect on the margin. And if I have to keep that on the side for the time being, for the argument, I will say that by and large, with its upstream and downstream integrations, Deepak should be confident of being able to return to its course. And that course was relatively range-bound between, say, 18% to 20%. Now, there is an upside also available in the future as new capacities and as medium and long-term contracts are established. But without that, if I am only looking at cost optimization, projects under commissioning as well as maintaining a market share, around 17%, 18% is the target that we should look at, at Deepak Nitrite, on a standalone basis.

Ankur Periwal: Sure. Thank you for that. And apart from Ag chem, there were other areas as well wherein we were focusing to ramp up our products, the new launches as well. Any thoughts over there in the Non-Ag chem side?

Maulik Mehta: Yes. So in the Non-Ag chem. side, the products that we were looking at ramping up as well as the projects which we completed in Q3, those are now established in terms of their capacities and we are in ongoing conversations with customers, some places where the volume has been frozen for Q4 and in other places we are talking about how those volumes will expand over the period of the year as we discus medium term contracts. So, ensuring that our product which internally matches all of the qualifications and specs also gets a similar tick mark from the consumers end, that is the activity that is transpiring in Q4. Once we have that, then we will have more confidence when we next discuss about how those margins and those revenues are targeting to be expanded over the year. Right now, we are in a process where our products are being qualified at customers end, and we are having ongoing conversations about medium-and long-term contract with them.

Ankur Periwal: Sure. And just a last bit on this, the revenue mix right now among the Ag chem and Non-Ag chem. Over the next two to three years how do you see that bit changing given that presumably Ag chem will see a bounce back in demand and then newer Non-Ag chem. side also will see a pickup?

Maulik Mehta: So, what we have done is that we have expanded capacities where we believe we have the right to win. And those products and the quality of those products is well established. Those places where there is a segmental focus on Ag chem., as it recovers, we see that there is a possibility for about 15% to 20% improvement in the volumes and the total realizations coming from that. But as a company, we have also looked at increasing our focus on Non-Ag chem. as a segment, whether that is into personal cares or solvents or polymer intermediates. So, because of our increased attention to also investing in these, while Ag chem. will recover as and when it recovers, we will also have a ratio which is skewed away from Ag chem. because of the investments in the other intermediate.

Ankur Periwal: Okay, great. And just last bit on the Phenolics side, you did mention an expected uptick in terms of demand or spreads on the phenol side, let's say, Q1 onwards. Just curious, what is our thoughts on the improvement in demand are led by global factors here? Or there is some bit of excess Chinese phenol supply which are shifting from even the backward integrated facilities which are coming here now, and we are, hopefully, seeing some uptick there, what is driving that thought?

Sanjay Upadhyay: So, import from China is not a problem, because China is largely consuming the product for its own captive use. See, what happens, certain materials are getting diverted and because of our shutdown, the imports were a little higher. India is becoming self-reliant, I would say, with our capacity what we have added, we have the total supply available which can meet the demand, but market will have to adjust itself. And non-integrated players will find it difficult in the near future, because they cannot meet the local suppliers' price. And particularly, with this dollar index and dollar rupee, they will definitely find it difficult. So, considering all these factors, we certainly believe and which we are seeing, that's why I mentioned that March onwards you will see things getting normalized. We are selling in the market and with healthy margins. I do not know what is normalized or not, because then that is everybody's thinking. But it will be a healthy margin considering the volumes and what we are seeing. So that is the situation today. And this is the situation, this will continue in the longer run also because in India demand is growing and growing in a significant way. Somewhere it was around 10%, 12%, but even if you feel that it is really high, so it is growing at 7% to 8% and which gives enough room for all the players to run the capacity full and on healthy margins.

Ankur Periwal: Great, sir. Thanks for your detailed answers and all the best.

Sanjay Upadhyay: And one more thing which I want to answer, this AI margins, there is some component there, because we are in the project phase, and there are certain expenses that cannot be capitalized. These expenses are charged to revenue in AI, so this impact also needs to be considered. What we see in the balance sheet reflects this, but it does have an effect. For example, the nitric acid project, which we were supposed to start by the quarter-end or the beginning of the earlier quarter, now has an impact here in administrative costs. I'm giving an example that accountants will understand, these expenses cannot be capitalized and are charged to revenue, which affects the margin percentage. This will normalize once the plants are commissioned. So, when calculating the margins and percentages, these factors should also be taken into account.

Moderator: The next question is from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: First question on the Phenolics, in the opening statement, Maulik, you mentioned that there's a 10% expansion in the capacity. We earlier were doing annualized 3,50,000 metric tonnes of phenol. Is it 10% of the 2 lakh metric tonnes of the base capacity we are talking or on the expanded capacity of 3,50,000 metric tonnes?

Maulik Mehta: I would say that, right now we are at about 3,50,000 metric tonnes, plus/minus.

Sanjesh Jain: Okay. So, the expanded capacity is 3,50,000 metric tonnes plus/minus?

Maulik Mehta: See, let's keep in mind that as any large-scale operation is concerned, winter months will always have a number which is slightly higher than summer months because of the added benefit that you get from cool weather. I am talking about it on an annualized basis. You may have a higher number in cool months, and you may have a normalized number in the hot months. I am talking about on average.

Sanjesh Jain: On a yearly basis, we should be able to do 3,50,000 metric tonnes plus/minus?

Maulik Mehta: Yes.

Sanjesh Jain: Got it. That's very clear. Second on the Agrochemical side, you said that we have seen the demand picking up at the far end of December. When we see, how does the entire CY2025 look like, because if you look at the commentary globally, on the crop protection side the innovators are looking at volume growth in mid-single digit. That means this year should be a more normalized year from the crop protection side. Are we getting that kind of a visibility from the customer? And how does one should look at the new product pipeline in the Ag chem intermediate side?

Maulik Mehta: So, when our consumers say single digit or high or mid-single digits, I look at that as a positive because so far, the commentary was more linked to inventory destocking at their channels or at their consumer end. So, when they are talking about growth, that growth is without taking into account inventory destocking which anyways is towards its tail end in most of the Ag chem. The intermediates stand to benefit from this demand improvement with roughly between one quarter lag to a four, five months lag. So, on a CY basis, if the consumption pattern is normalized with a 5%, 6% improvement or whatever you said, then adjusted for about one quarter and you would get a sense of what one might look at in the intermediate space.

Sanjesh Jain: That's very clear. What does the product pipeline look like for the Ag Chem. segment in the coming financial year?

Maulik Mehta: So, largely the product segment that we are looking at is relatively stable. There are a couple of molecules where we have started engaging with customers, which would be more margin-accretive, but they will be made from assets which are already in place. So, capacities have been debottlenecked. There would be some margin accretion, but it all depends on the rate at which the customers are able to pick up. Those products also have to be tested at the customers end.

Sanjesh Jain: Got it. Last two, largely book keeping kind of questions. Can you help us understand in the standalone how are we spread in terms of end application, say, on dyes and pigments, Ag chem., FMCG, consumer, can you help us with that? And number two, we are expecting to start the fluorination capacity next year, can you help us understand the purchase we intend to make for hydrofluoric acid, will it be domestic, will it be imported, how do we want to meet that requirement?

Maulik Mehta: So, for the first question, again, it's difficult to answer because we are intermediate manufacturers. I can give you an example of toluene, where the same product goes into Ag chem., it also goes into dyes and it also goes into rubber chemicals. So, the same product that we make, it becomes difficult for us to be able to say that this is an Ag chem product. Our customers may be Ag chem. customers, but the product that we make is the same. And when there is a movement of migration of demand from one to the other, our product remains the same. So, it's difficult for me to establish that there is this much of a ratio of Ag chem to dyes and pigments to other chemicals or to C10 improving or fuel improving. Those become difficult, so you will have to excuse me on that.

With regards to fluorination, we already commissioned the fluorination asset about 13 months ago. So, we right now are manufacturing with, again, a diversified supply base with regards to the hydrofluoric acid. So, there are domestic manufacturers also which are physically located very close to us. And we have also invested in a fleet of tankers which are able to move it from international ports to us, and we have those agreements also in place.

Sanjesh Jain: It will largely be imported?

Maulik Mehta: It will be balanced. So, the asset on ground that we have put up is capable of taking the hydrofluoric acid in multiple different ways. Tanks, ISO tanks, etc., are purpose built only for this, and we have our own fleet there. But domestically also there are smaller tankers available, the supply of which is done by the manufacturers.

Moderator: The next question is from the line of Aditi Loharuka from CD Equisearch Private Limited.

Aditi Loharuka: Sir, my first question is, have you been making any adjustments to the quantum of your planned capex in light of ongoing stress in the chemical industry?

Maulik Mehta: No, I would not say that we have made any changes to the kind of assets that we are looking at putting on the ground. However, in a couple of cases, there has been a slight delay in the commissioning of the assets so that we are able to ramp it up quickly. But this delay has, of course, it does have a cost implication with regards to overheads. But beyond that, in terms of what we put up and the business case for that, by and large, it is unchanged.

Aditi Loharuka: Okay. But major consuming regions have been going through destocking in Agrochemical business, so don’t you think there's any requirement to change the capex plan?

Sanjay Upadhyay: See, what is happening, Aditi, one cannot have current situation in mind and then take a call what to do and how to do. One major advantage of Deepak Nitrite in whatever projects we have announced is a fully integrated facility. We are in a company which it is chemistry-driven where integration is the key here. So, you cannot have one situation because of the market you pull down the capacity of some product. Ultimately, may be in a couple of months or so, we feel now that period is already over in Agrochemicals or whatever we are talking. So ultimately, the people who are having those kind of integrated facilities are certainly bound to do well because fundamentally that is a very, very strong business. If you see phenol also, we are doing such thing so that these kinds of issues do not bother us. The whole idea is to integrate facility and make your fundamentals strong. There could be temporary ups and downs, which we feel market has overreacted in Q3, but that's how people read, but that's okay. So, things will get normalized, and Deepak Nitrite remains on a very, very strong footing and strong fundamentals. So, these small, I mean, temporary things should not affect our long-term strategy and plan.

Maulik Mehta: And most of the investments that we are making, which are relating to Agrochemicals, I would say that they are more of an upstream integration. So, our wallet share remaining the same, these would become margin accretive.

Aditi Loharuka: Okay. So, you mentioned that there has been delay in some project, could you please specify those projects?

Maulik Mehta: Yes. So, for example, there has been a delay in our nitric acid commissioning, which I have already highlighted.

Aditi Loharuka: So only in this one project?

Maulik Mehta: By and large, there is a minor delay in some smaller projects which move from one part of half year to another part of half year. The other place that there has been a delay is in MIBK/ MIBC. And that would have been completed by the end of Q4, which is now slipping into H1 FY26. We may commission one part of the asset before another part, but this has also been because of very unique engineering that we put into the asset which will give us good benefit when it comes to the project being commissioned and cost advantages as well as carbon footprint advantages.

Moderator: The next question is from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: Sir, the first question is on the Phenolics front. So, two parts. One, during Q3, did we have any inventory losses? And second part, regarding the planned shutdown, after the one that occurred in Q3, will the next one be scheduled after one and a half years?

Maulik Mehta: So, for your first part, we had inventory during the shutdown. However, at the same time, in order to mitigate any loss at the customers' end, they did also import maybe a little bit more than they needed to. And by and large, this is something that when the end segment is growing, a lot of consumers end up doing this just because they do not want to be so dependent on a single supplier recommissioning their asset after a plant shutdown exactly on time. This is something that we have developed a skill for doing. Nonetheless, the customers' buying behavior is more linked to their need to have product available with them regardless. So, that they transpired during the quarter.

Sanjay Upadhyay: Next shutdown will be around after one, one and a half years.

Maulik Mehta: Yes, you can assume about 18 months.

Rohit Nagraj: Sure. Sir, second question on the Advanced Intermediates. You also alluded that there was a stubborn RM price environment, was it particularly for some of the imported products given that generally over the last few quarters the chemical prices have been stable? Or is it impacted by a certain few set of intermediates or few set of raw materials that we purchased?

Maulik Mehta: Yes, a few set of raw materials. And by and large, they are domestically available. See, pet chems like toluene and xylene are always in play because simply the fact that the refinery throughputs are extremely margin sensitive. And if they are not able to make the kind of margin, they just run the asset at a lower throughput. So, prices of products like toluene and xylene have been relatively stubborn simply because of a manufacturer's inability to produce. But on the other hand, certain local raw materials, for example caustic lye, have been priced much higher than corresponding periods in the past. And as a large consumer, this does affect us, especially for price sensitive products like sodium nitrate.

Moderator: The next question is from the line of Chirag Shah from White Pine Investment Management Private Limited.

Chirag Shah: I have a broader question first, and then some follow-ups. First on the on the return of capital of the business that you have. Now, if I go back into the history, Deepak Nitrite had certain inefficiency, I am talking way back, in 2010, 2011, or even earlier. After that, you worked very well, you brought in lot of efficiencies and executions, etc. And now again we are seeing there are delays coming in. And I am adding into the WIP project which are now commissioning from 2028 or end of 2027. So, for a business like Deepak Nitrite, which is semi commodity in nature, chemistry capabilities are required, along with that agility and cost capabilities are also required. Can you throw some light on why the delay? What's the internal factors of delays? Is it bandwidth issues? Is it size and scale issues? And how are you tackling it? The reason is, after this stage you have another set of bigger capexes lined up based on the MoUs that you have indicated earlier with Gujarat Government and such stuff. Ultimately, return on capital matters in a business, in any business, right. And from a 10%, 12% ROCE business we have transitioned to a 25% ROCE business very well for your execution capability. So, first, you can elaborate what led to this delay? What are the internal factors? And how you are tackling them on a sustainable basis?

Maulik Mehta: So, one of the reasons that we were able to go up was a draconian focus on ensuring that the execution is done very well. And the projects that we are taking up have technology which is very mature. So, when the technology is mature, you have that high degree of confidence that once you have started the project execution, you can timeline it, you can ensure that there is that headroom available for expansion as well. When you are building technology in-house, that maturity that would be there from bought-out technology is a little bit less. Now what we have done with some of our projects, for example, MIBK/ MIBC, there is some level of it being outsourced technology that we have licensed. But the significant improvement that we were looking at was by putting in industry first. I mean, literally, in the whole country we would be the only company to have this particular kind of technology which is even in the utilities and the product carbon footprint.

Now, worldwide, while things like sustainability and things like that may have become less important, we do genuinely believe that there is a value to this, and that value will come. In the meanwhile, what has ended up happening is that some of these chinks which would otherwise have been easier with mature technology have caused some level of delay in the commissioning. Now, that is not to say that right now ROCE is the right number or 10 years ago ROCE is the right number. It's just a general industry assumption that mature bought out technologies will lead to a higher ROCE if there is clear operational focus. And purpose-built in-house technologies will have a ROCE number which may be slightly worse, but given certain experience and expertise, will improve.

Again, Chirag, I will also highlight one more thing. The assets that we are looking at commissioning are not assets where we have had decades of experience, for example, nitration. Assets for example like photochlorination or fluorination, or even unique types of purification and distillation, these are technologies which are relatively new to Deepak. And there is a learning cost which comes. Once the asset is fully running and then we are able to see how to be eking out more and more utilization from the same assets, you see a dramatic improvement in ROCE. But for the learning period, there is an implication from new technologies.

Sanjay Upadhyay: But I will add to this point. See, for example, nitric acid, yes, there is a delay, I will not say no. We could have easily done it in a new site at Dahej. But what we did is because the consumption is in Nandesari, Vadodara, we wanted to have again an integrated facility where the supplies are from pipeline because it is a very, very enduring benefit. So, the whole plant is set up in within our Deepak Nitrite's existing facility of nitric acid. Now, if anybody goes and visits that, they will realize what we have done there. Yes, today you are seeing the delay, but tomorrow if somebody goes and sees the plant, somebody mentioned about ammonia, the ammonia supply is through pipeline, you have nitric acid supplying to Deepak Nitrite through pipeline, the tankers. It's wonderfully done, and a very good engineering work done by the team. It took time for us, no doubt on that, but the end result, and I am sure end result are certainly, certainly good, which you will see from the Q1. So, yes, I mean, there are delays, but then there are reasons which are valid reasons. But once the facilities are up and running, you will see the results yourself. I would rather ask somebody to go and see the nitric acid facility what we have set up in Deepak Nitrite, Nandesari plant, and then they will realize how it is done.

Chirag Shah: No, sir, I do accept your point.

Sanjay Upadhyay: See, I agree with what you are saying, I am not saying no. There is an impact on ROCE because of these delays. But yes, that is there in our mind. But certain times it takes time to take a step back and then move forward because it happens. Businesses are not straight line. Yes, there can be some impact. As Maulik was mentioning of technology, there may be some cases where we may have to change the technology supplier, it can happen. So those things are a part of our project facilities. So, it can happen. But end result you will certainly, certainly, find that once all the projects are running, the things have changed dramatically.

Chirag Shah: Well, sir, my question was more forward-looking rather than past, because these are all smaller projects, MIBC/ MIBK, nitric acid plant. The bigger projects are going to be commissioned now from end of 2027.

Sanjay Upadhyay: See, the bigger projects will certainly be like phenol what we have done, because it is not going to be in-house technology, it is going to be world's best technology when you talk of polycarbonate, when you talk of phenol, whatever products we are talking. See, this one thing one must appreciate that we have to have sites also ready, so that is also done in the past. So, those things are, I mean, that will be handled in a phenol way and not the way you handle the Rs. 300 crore, Rs. 400 crore, Rs. 500 crore project. So, rest assured that there will not be such issues in the larger project. I understand your concern, but the point is well taken, but it is not going to happen that way. It will be happening in the phenol way.

Chirag Shah: Yes. And the second question is on the import of phenol that Maulik touched based on. First of all, the import was not at an aggressive pricing or decremental pricing which happened right, during the quarter, that's the first question, because there was shortage of supply in domestic market or it was also because the pricing was very aggressive from that perspective? That is the first question I have on that point.

Sanjay Upadhyay: No, because we had announced a shutdown and people got worried that when we will start the plant, so there were some additional imports. So pricing is one part, but imports were done because our production was down by around 12,000 tonnes to 15,000 tonnes. So that was a concern in the market and people imported.

Chirag Shah: Now, what gives you confidence that this aggressive pricing, because ultimately you will also have to benchmark your pricing to a large extent, to international prices.

Sanjay Upadhyay: See, that is why we started phenol facility. I am not saying that we will be reaching great margin, but on 3,50,000 tonnes we will have a healthy margin. Because our major plus point is India demand is growing, this is a localized phenol supply, it gives a definite advantage, we will be able to deliver to the market, and we will be able to run our plant at full capacity and on a healthy margin. So, there is no question because it’s not easy to import and store, and traders have also suffered. And when the trader suffers there is definitely, definitely a problem with them on import side also. And we have been doing this for how many years and so many quarters. So, we know the market dynamics.

Chirag Shah: Okay. So, you are saying normalization will happen sooner than later irrespective of import dynamic how they play out?

Sanjay Upadhyay: Yes.

Maulik Mehta: Normalization will happen in the medium term. In the short term, because there has been import parcels that took place between the middle to the tail end of Q3, that will play a factor in the first couple of months of Q4. This has also been clarified.

Chirag Shah: Yes, fair point, that's understandable.

Maulik Mehta: On the medium to long-term basis, if you look at the kind of margins that are there, the Forex volatility that is there, as well as the domestic capacity, really you would have to be very, very steely minded dealer, distributor to target imports in this current environment.

Chirag Shah: And sir last thing on the Advanced Intermediates, the kind of margins that we have reported are like historic lows.

Maulik Mehta: Yes.

Chirag Shah: So, is the normalization what it was five, six quarters back is the normalization that we are looking at, or the new normal would be lower?

Maulik Mehta: Chirag, I feel hesitant about being overly bullish. Let me just put it this way that in Q4 we expect to see a meaningful improvement from Q3, but that's not saying much, right. I would assume that somewhere between Q1 and Q2 is when you will start seeing a margin profile which is similar to what you saw maybe three, four, five quarters back.

Chirag Shah: And just if you can help us with this, if we have to quantify this, the impact of perfect storm, how should we go about? So, if you can help us understand from Q2 perspective, whatever margins we refer in Phenolics and Advanced Intermediates, how should we look at those numbers? It would be helpful if you can give us insight how to go about if you can't quantify it. The swing that we have seen from Q2 to Q3, the normalization will be somewhere between, right, if not for the perfect storm. So, if you can help us understand how we can do our own derivation, it would be helpful.

Maulik Mehta: Are you talking about in Q4 or are you talking about it in general?

Chirag Shah: No, in Q3, but if this perfect storm would not have happened the way it played out, everything against you. For example, Phenolics PBIT margins that you made 15%, would it be closer to or it would have been significantly lower even if the storm would not have played out the way it had, everything going against you?

Maulik Mehta: I do not know, honestly. When I say perfect storm, I did not mean it in the sense of everything that should not have happened, happened at the same time. These are market dynamics. Some of these were partially linked to things that we did, for example, our plant maintenance in Deepak Phenolics. And in other places it was, as I mentioned earlier, an inventory destocking which was at its tail end, but quarter adjusted for ourselves, intermediate suppliers. It's difficult for me to say what if that had not happened, but that has by and large been something that we have seen happening, as well as something that we have seen getting addressed in part and parcel over Q4 and Q1. So, as I mentioned earlier on Deepak Phenolics, one would expect something which is a mix of you know what happened in Q3, and let's see how the exit of Q4 is on Deepak Nitrite from something which is entirely substandard in terms of performance, a meaningful improvement, headed well in the direction of normalization.

Chirag Shah: Yes, thank you and all the best.

Maulik Mehta: Thanks. I understand you all are all looking for much more specifics because the situation calls for it. But it is still something which is in the process. We are confident of the initiatives we have taken internally with regards to cost optimization and asset debottlenecking. So, that is the kind of confidence that I am able to relay out.

Moderator: The next question is from the line of Meet Vora from Emkay Global.

Meet Vora: So firstly on the Phenolics business, if we have lost around say 12,000 to 15,000 tonnes kind of volumes, how have we been able to maintain the kind of top line that we have reported? Because the top line is hardly down by around 5%, and based on these volumes my understanding is that it should have been down by around 20%. Am I missing something here?

Sanjay Upadhyay: 12,000 to 15,000 we were having inventory from where we sold, but inventory is now depleted. But what happened is, the market got this thing that, yes, Deepak Nitrite is having a shutdown, so it may impact the further supplies in future. So, there were imports which took place.

Meet Vora: So, this 15,000 tonnes is sales volume impact or production volume impact?

Sanjay Upadhyay: Production volume.

Meet Vora: So, sales we have been able to maintain?

Sanjay Upadhyay: Yes. Sales we have been able to maintain, maybe plus or minus something, but sales we were able to maintain.

Meet Vora: Because our EBIT has gone down by around 40%, 45% kind of number. So, if that's the case, then impact would entirely be based on spreads only, that have contracted largely, so that understanding is correct, right?

Sanjay Upadhyay: So, there is an impact of shutdown cost also. When you run out of inventory, there is an inventory cost, there is a shutdown cost. So those are costs which are also there in the quarter sitting there. So, from Q4 there will be some impact. But March onwards, things again will be back to normal.

Meet Vora: Understood. So, you are saying that there has been an element of operating deleverage as well?

Sanjay Upadhyay: Yes.

Meet Vora: And secondly on the Advanced Intermediates side, in 3Q we have mentioned in our presentation that there has been dumping of DASDA at lower prices, so the impact can be accentuated higher on this side? Or is it because the plants have remained idle in the Agro business?

Maulik Mehta: Agro and DASDA are different, DASDA is a dye-intermediate, Agro is other chemicals.

Meet Vora: So, the higher impact would be because of impact in DASDA or in the Agro business in the overall segment?

Maulik Mehta: Overall, it would be Agro intermediates, but there is an element of DASDA as well. This is why the Government has initiated an investigation.

Meet Vora: Understood. And sir, just lastly on this acetophenone project, just wanted to understand your thoughts behind this project, is it more of a backward integration or is it for some of our new products we are trying to identify this project?

Maulik Mehta: No, no, it is not a backward integration, it's a forward integration. It's like we generate while we manufacture phenol and acetone. This is a valorization effort. And we will also not only be able to sell it, but we will also be able to consume it for further value-added activities from Deepak Nitrite and sell that separately to another segment in this case, for example, the pharma segment.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Sanjay Upadhyay: Thank you, all, for joining this call. In case any further clarifications are required, you can get in touch with our investor relations team under Mr. Somsekhar Nanda. Thanks again.
