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November 4, 2026

Listing Department
National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
MUMBAI - 400 051

Dear Sir,

Stock Symbol: DEEPAKNTR

Sub: Submission of earnings conference call Transcript

We enclose herewith the transcript of the earnings conference call of the Q2 & H1 FY 2027 held on October 30, 2026 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: 2026.11.04 11:05:06 +05'30'

ARVIND BAJPAI
Company Secretary

Encl.: as above

DEEPAK NITRITE LIMITED
CIN: L24110GJ1970PLC001735
Registered & Corporate Office:
2nd Floor, Fermenter House, Alembic City, Alembic Avenue Road, Vadodara – 390 003, Gujarat, India.
Tel: +91 265 276 5200/ 276 5500
Investor Relations Contact: investor@ godeepak.com
www.godeepak.com

Deepak Nitrite Limited

Q2 & H1 FY27 Earnings Conference Call

October 30, 2026

MANAGEMENT: **MR. MAULIK MEHTA** – DEPUTY MANAGING DIRECTOR
MR. SANJAY UPADHYAY – DIRECTOR (FINANCE) AND & 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 Q2 & H1 FY27 Earnings Conference Call hosted by IIFL Capital Services 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. At the outset, I would like to clarify that certain statements made or discussed on the conference call today may be forward-looking in nature, and a disclaimer to this effect has been included in the investor communication shared with you earlier. I now hand the conference over to Mr. Ranjit Cirumalla from IIFL Capital Services Limited. Thank you, and over to you.

Ranjit Cirumalla: Thank you. Good afternoon everyone, and thank you for joining us on Deepak Nitrite's Q2 & H1 FY27 Earnings Conference Call. Today, we have with us Mr. Maulik Mehta, Deputy Managing Director; Mr. Sanjay Upadhyay, Director Finance and & Group CFO; and Mr. Somsekhar Nanda, CFO of Deepak Nitrite Limited.

We will begin the call with opening remarks from the management team, followed by an interactive Q&A session. To begin, Mr. Maulik Mehta will share views on the operating performance and growth plans of the Company, followed by Mr. Sanjay Upadhyay, who shall take us through the financial and segmental performance. The results documents have been shared with you earlier and has been 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: Thank you. Good afternoon everybody, and a warm welcome to Deepak Nitrite's Q2 & H1 FY27 Earnings Conference Call. Thank you for your continued interest in the Company.

Our investor presentation and financial results have already been shared, and I trust you had an opportunity to review them.

I will begin by sharing our perspective on the operating environment, business performance and strategic developments, following which Mr. Upadhyay will take you through the financial results in greater detail.

At the outset, I am delighted to announce that we have achieved the Best Ever Performance in Deepak Nitrite's operating history of over 5 decades, delivering record Revenue and EBITDA on both a quarterly as well as a half yearly basis. Consolidated revenue from operations for Q2 FY27 stood at INR 3,091 crore, registering a sequential growth of 19% and year-on-year growth of 61%.

What makes this achievement particularly noteworthy is the challenging environment in which it has been accomplished. I would like to congratulate our entire team for its commitment, agility and outstanding execution.

The global chemical industry continues to navigate significant volatility arising from geopolitical developments, disruptions to international trade, elevated freight and energy costs as well as uneven demand across end-use applications. These developments are also influencing sourcing preferences, with customers increasingly valuing assured delivery, consistent quality as well as reliability of supply.

For Deepak, this environment has presented opportunities as well as challenges. Our extensive domestic manufacturing footprint, integrated operations and ability to respond swiftly to evolving market conditions have enabled us to capitalize on such opportunities while mitigating disruptions across our businesses.

On Phenolics, this was our principal driver for the quarter's performance, achieving its highest ever topline and profitability. Disruptions to international supply chains, higher landed cost of imports and firm domestic demand created a favorable market environment. Importantly, our teams were able to capitalize on these conditions through proactive procurement of critical feedstocks, maintaining consistently high operating rates and ensuring dependable supplies to customers.

Despite challenges in securing our basket of inputs, we sustained high throughputs across the Phenolics chain with several assets operating at or above their rated capacity. This reflects the quality of our manufacturing infrastructure, operational expertise and the advantages of being a large-scale domestic producer.

In Advanced Intermediates, Q2 was a result of buoyant domestic demand of Q1, which, despite proactive procurement strategies, we were unable to fully cater to. Consumers saw elevated ammonia prices and other raw material prices and imported proactively, which landed up in July. This led to lower utilization of some plants despite the moderation in raw material prices.

While this impacted Q2, the current demand scenario as well as ongoing in the upcoming quarters shows the value of our emphasis on an integrated ammonia to amines and propylene to polycarbonate strategy.

Our short and medium-term growth prospects remain encouraging. Growth will be supported by an improvement in the demand across various product categories, capacity-led expansion in select product lines and the gradual ramp-up of recently commissioned facility.

We're also continuing to diversify our product portfolio, customer base as well as geographic presence. This approach is intended to reduce dependence on individual products or markets, improve our ability to serve customers and create a more resilient earnings base.

A key priority for us continues to be the development of integrated manufacturing platforms that improve raw material security, enhance cost competitiveness and enable greater value addition.

This is over and above best-in-class carbon footprints as well as an overall integrated cost platform. The stabilization of our ammonia to amines chain, together with the expansion of our nitration as well as hydrogenation capabilities represents an important milestone in this journey. These investments strengthen supply security and provide the infrastructure required to develop a far broader range of downstream products.

During the quarter, we continued with the ramp-up of recently commissioned assets including the nitric acid facility, while progressing with the commercialization as well as scale up for manufacturing downstream products such as MIBK, MIBC as well as the derivatives.

Moreover, towards the end of the quarter, Deepak Chemtech also commissioned its chlorination, which is in addition to the photohalogenation assets as well as specialty chemicals plant in Dahej with capital investment of approximately INR 300 crore, including associated utilities and infra. The commissioning strengthens the Group's manufacturing footprint and expands the specialty chemicals portfolio, enabling Deepak Nitrite to cater to a wider range of customer requirements and capture emerging growth opportunities. As the plant ramps up operations, they are expected to drive incremental revenues, improve capability, utilization as well as generate operational efficiencies. This will also lead to margin improvement as well as strengthening of the overall Company's performance.

As these facilities stabilize and customer requirements translate into commercial volumes, we are expected to provide a greater manufacturing flexibility and support optimized cost efficiencies.

On our integrated polycarbonate project, we continue to advance in line with its execution road map. Progress at Dahej, alongside the dismantling and relocation activities in Germany are expected to steadily build up the foundation for our entry into advanced materials. We're also progressing well with customer qualifications for the polycarbonate compounds across multiple applications.

Looking ahead, we remain encouraged by the opportunities across businesses. In Phenolics, our priority is to sustain high throughput, strengthen downstream value addition and grow wallet share. Within Advanced Intermediates, improving capacity utilization, new product introductions and the ongoing recovery in deferred demand provide additional avenues for growth.

As our new assets progressively ramp up and customer qualifications translate into commercial volumes, we expect an increasingly diversified contribution from our portfolio.

While geopolitical uncertainties and price volatility may persist, we believe Deepak is better equipped than ever to respond to changing market conditions. Our focus continues to remain on maximizing asset turns to our existing lines while building new platforms for long-term growth.

With this, I'd like to hand over the call to Mr. Sanjay Upadhyay to take you through the financial performance of the quarter as well as the first half. Thank you.

Sanjay Upadhyay: Thank you, Maulik, and good afternoon everyone. I'll take you through the financial and segmental performance for the quarter and half year ended September 30, 2026, followed by an update on our balance sheet and capital allocation.

Financial performance for Q2 marked another record quarter for Deepak Group.

Consolidated revenue from operations increased to INR 3,091 crore, registering growth of 61% year-on-year and 19% sequentially. EBITDA reached a record INR 643 crore, growing at 187% year-on-year and 16% quarter-on-quarter with EBITDA margin sustained at 21%.

PBT increased to INR 543 crore, while PAT reached INR 398 crore, representing sequential growth of 16% and 15%, respectively.

For H1 FY27, consolidated revenue stood at INR 5,682 crore registering 48% year-on-year growth. EBITDA increased 173% to INR 1,197 crore with margins expanding to 21% compared with approximately 11% in corresponding period last year. PAT increased 221% to INR 743 crore.

The significant year-on-year improvement reflects higher operational throughput, favorable product economics, effective procurement and better utilization of our manufacturing assets.

Now on segmental performance. Phenolics delivered highest ever quarterly revenue of INR 2,291 crore, an increase of 29% sequentially and 72% year-on-year. EBIT increased to INR 515 crore, up 23% quarter-on-quarter, with EBIT margin of approximately 22%.

For H1 FY27, the segment recorded revenue of INR 4,066 crore and EBIT of INR 933 crore. I am sure many of you would have noticed that in just the first 6 months of this financial year, our EBIT of INR 933 crore has surpassed previous highest annual EBIT of INR 867 crore, which was registered in FY22. We believe the business is well placed to sustain the momentum, and we'll be setting a new benchmark in annual performance for this segment by the end of the financial year.

The improvement was driven by a combination of healthy capacity utilization, favorable domestic realization and procurement efficiencies. While product spread remains subject to market conditions, the business continues to benefit from its manufacturing scale and ability to optimize product and feedstock economics.

We will continue to strengthen our segment through ongoing debottlenecking, downstream integration and disciplined commercial execution. These initiatives are intended to support sustainable profitability while allowing us to respond effectively to changing market conditions.

The Advanced Intermediates quarterly revenue stood at INR 811 crore, representing 38% growth year-on-year and marginal sequential increase, the EBIT stood at INR 49 crore compared with INR 67 crore in Q1 FY27 with EBIT margin at 6%.

For H1 FY27, revenue reached at INR 1,615 crore, while EBIT doubled year-on-year to INR 116 crore.

The sequential moderation in profitability reflects the headwinds from input prices, some variation in customer volumes as well as impact of duties, logistics and freight rates. As Maulik indicated, headwinds for Advanced Intermediates businesses are tailwinds for Phenolics. Our integrated model allows us to position ourselves favorable for these changes.

Now on balance sheet and capital allocation, consolidated net worth increased to INR 6,521 crore at the end of September 2026. Consolidated net debt stood at INR 1,657 crore compared to INR 1,676 crore at the end of the previous quarter. Consequently, our net debt-to-equity ratio improved to 0.25x from 0.27x.

Working capital management also continues to improve with net cash conversion cycle reducing to 53 days from 57 days in Q1. This reflects our ongoing focus on inventory efficiency, receivable management and financial discipline.

As we progress on our expansion program, our capital allocation priorities remain centered on disciplined project execution, prudent leverage and improving returns from both existing and newly commissioned assets.

The financing arrangement for our growth investments are in place, and we continue to monitor project expenditure, funding requirements and cash flow closely to preserve our financial flexibility.

Looking ahead, our financial priorities are clear, sustaining operating efficiencies, improving cash conversion and progressively translating our investment program into higher asset productivity and earnings contribution.

While external market conditions will continue to influence our near-term profitability, our focus will remain on strengthening the underlying financial performance of the Group and ensuring that growth is supported by sound capital allocation.

With that, I would request the moderator to open the floor for questions. Thank you.

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: Congratulations on excellent set of numbers. Sir, a few questions from my side. First on the AI segment, like when we observe our numbers, we have already achieved EBITDA run rate of FY26 in first half of FY27. And you touched upon few of the aspects that in the month of July, the imports which came by and there were some pressure on the capacity utilization for the end user industries. But from a broader perspective, if you can share your thoughts in terms of which of the products in the AI segment have seen a volume increase or improvement in the capacity utilization? And if you can just extrapolate your thoughts with respect to second half of FY27, how it looks like and some thoughts on FY28, that would be very helpful?

Maulik Mehta: Okay. Nirav, when I referred to imports, largely, these were for sodium nitrite as well as nitroaromatics. So domestic demand is strong. And while we work proactively to see how to purchase ammonia and other critical raw materials in Q1, one thing that happened is that consumers saw the market price, not the price at which we imported and preemptively decided to import their products in significant volumes because the demand for them was certain. While we managed to service some of the customer requirements, we were not able to manage as much as was required by them. And this, therefore, led to dealing with imports in Q2. Largely, as I mentioned, these are nitroaromatics and sodium nitrite. Looking forward in Q3 and Q4 and beyond that also, we've seen most of these consumers return back to Deepak as their preferred source of supply. And we've also intimated to the broader market that Deepak now stands ready to be able to cater to the entirety of their requirement. This has led to an increase in confidence, orders being placed at an accelerated rate. So what we saw in Q2, we believe that we are better placed to be able to address this kind of demand in Q3, Q4 and onwards. Our integrated upstream

assets from the month of September onwards have already been able to demonstrate in excess of 100% capacity utilization. And we will keep on ramping up as we look forward. This is based on our own operational excellence initiatives.

Nirav Jimudia: Perfect. Sir, just wanted to get your thoughts on the fluorination capex of INR 300 crore, that you mentioned has been completed. So combination of that, coupled with the fact that the nitration benefit would start coming up fully from second half of FY27 how do you see the profitability reset happening in the AI segment? Like we have seen a steady run rate, but what could be a broader sense in terms of understanding from you that this could be a steady-state run rate and it would start improving from, let's say, fourth quarter or next year could be a good assumption where we could see a substantial improvement in our AI segment profitability?

Maulik Mehta: Okay. So we expect Q3, in terms of EBIT percentage, somewhere between Q1 and Q2, I think closer to Q1 in terms of percentage. In terms of absolute, we expect to have numbers which, including the addition of the assets which are commissioned in DCTL add substantially from Q3 and Q4 onwards. So I would assume that in Q4 EBIT percentage should be better than Q3. And on an annualized basis from next year onwards, we should see further improvement. Some of these investments that we have commissioned, especially in agchem, they are linked to annualized procurement contracts that are there with customers. So those happen in line with their campaign runs. But the way that we have commissioned those assets, they are up-engineered to be able to do a multiplicity of reactions as well as products. So when we looked at fluorination, even at that time, I had clarified that these are up-engineered assets. They're able to do not just aromatic fluorination, but pyridine fluorination as well. The same concept applies for the chlorination as well as the photochlorination as well as the specialty chemical assets. So this will allow us a broad spectrum of applications where we are in a way delinked from campaign management that our customers may have in some applications, and we should be able to perform a very broad range of chemistries over and above what we traditionally perform.

Nirav Jimudia: Second question is on the Phenolics side. So last time you said that we have made ourselves ready for close to around 4 lakh tonnes of annual volumes. So just wanted your thoughts that whether we have achieved that sort of a run rate in Q2? And on a consistent basis, is it possible that we can run the plant at that sort of run rate on a full year basis from next year onwards? That's question number one. And in addition to that, if you can share your thoughts on IPA also because I think there were some propylene shortages in India and because of which we could have an advantage on. So if you can share your thoughts on IPA utilization for the second quarter? And how do you see it for the second half, that would be very helpful.

Maulik Mehta: Sure. With regards to asset capability, I think we have come close enough to the 4 lakh tonnes plus or minus. We'll continue to see how we can squeeze out more production. In the last 6 months, there has been a disturbance with regards to propylene availability. And so very often, what we have ended up needing to do is buy from non-traditional sources in order to ensure and even if that's been at higher prices in order to make sure that we continue to maintain a kind of presence. So I would not say that Q2 has run at a consistent 4 lakh tonne capacity. I would say that it is less than that, but not significantly less. Proactive procurement strategies is what has helped us optimize. And moving forward, as we expect winter months, which always help with an improvement in throughput, that will also give us some benefit and this management of raw

material costs and better placement with regards to our product. This is what will lead us to a sustained profitability in Q3. Then you asked about Isopropyl alcohol IPA, yes, companies in the world make it via the propylene route and Deepak Nitrite makes it via the acid route. So any disturbance in propylene supply is something that would possibly affect other manufacturers more than Deepak Nitrite. There, we do have this benefit. By and large, we've run IPA at 100%. But for us, we always focus on the integrated value. So if we find that acetone is able to drive more value, IPA is able to drive more value, and now we've also commissioned our MIBK and MIBC assets. So all put together, we are approaching the business via an integrated platform play.

Moderator: The next question is from the line of Archit Joshi from Nuvama Institutional Equities.

Archit Joshi: Sir, first question on Phenolics. So generally, as an analyst, the dichotomy that we face is, calculated spreads that we have for phenol-acetone versus what Deepak Nitrite reports are significantly different. And like you said, the sourcing strategy would have definitely helped. Sir, but at this juncture, when we are seeing a new entrant in the Indian market coming into the Phenolics domain, how do we see this in terms of supply/demand or the spreads that we have been able to maintain so far given the dominating situation that we were in terms of the capacity that we have? Any thoughts on the outlook of phenol-acetone for us.

Maulik Mehta: So, I would say that largely the profitability for the phenol-acetone value chain for us is largely linked to the accelerating consumption of phenol-acetone and their downstream in India. It is, in a way, the depreciating currency, the high freight rates, insurance rates and the delayed arrivals of import volumes into India, they are actually the advantage. Of course, the Government had also removed the duty on imports of phenol and appreciate their support in reinstating it in Q2. So these are the aspects which actually create more of an opportunity for local manufacturers. Frankly, I look at any high-quality manufacturer actually increasing the animal spirits of investment opportunities in India for consumption of phenol, acetone and derivatives. So I believe that this will actually accelerate consumption of phenol. Over and above that, I think that the geographic spread as well as the consumption patterns and the multiple SKUs that we have in place actually cater more to the growing demand, which is focused more on West India as well as Southwest India. I think we're well placed. And I don't see any significant disturbance arising from an increased local manufacturing. We've seen that with Deepak itself, where we increased from a start-up of about 2 lakh tonnes to right now, where there has been, by and large, no letup in the kind of imports that have come. But the cost to the consumer is what has changed substantially. So now with broader localized manufacturing, I think customers will be very happy to invest and consume more.

Archit Joshi: Noted, sir. Sir, just an addendum to that would be, I mean, if we look at the Phenolics performance, as you indicated, this is a record high performance, probably at par to what we did in the previous super cycle during COVID. But I guess, the drivers for the phenol-acetone story at that point in time and right now might be slightly different given that there's a war situation at play. Sir, is this the sustainable performance that we can expect given the cycle where we are in because maybe a couple of quarters back, you were talking about China's dominance. And despite that, we have been able to deliver extremely strong results. So I just wanted to get your sense on where are we in the cycle over here in Phenolics?

Maulik Mehta: Great. I always appreciate these questions about cycles because it gives an impression that certain parts of the business are "Commodity" and other parts of the business are "Specialty." I generally push back against this assumption because I believe that the distinguishing factor between what is considered commodity and specialty is the kind of control that one has over the consumption landscape as well as the cost base. Now in the last 6 months, I can also tell you that the price of our feedstock, for example, propylene. In many cases, we've actually paid double the price that we would have paid and possibly close to double the index simply because that is how hard we had to work to proactively move propylene over to us given the geopolitical circumstances. This is not traditional. But this ability to do this at a large scale and ensure that we are satisfying customer requirement actually moves us away from what one would consider as a commodity because in reality, right now, there is no super cycle. A super cycle generally exists when the demand trajectory is consistent and then there is a gap between existing capacity and capacity coming on stream in the near future. So the capacities which were announced several years ago in China, in Southeast Asia, etc., they have already come online. So if you look at it from that macro perspective; really speaking, today, there should be absolutely no super cycle. What you are seeing is the result of a buoyant domestic demand, coupled with the general disruptions which take place with geopolitical material movement. This is not linked to a commodity super cycle as you would otherwise define. And this gives companies that have large-scale efficient manufacturing and good wallet share, a much better control than one would anticipate as a commodity.

Archit Joshi: Noted, sir. Just one last bit. Correct me if I'm wrong. The polycarbonate commissioning is pushed back to FY30, whereas earlier, I believe, the timeline was FY29. Could you help us understand the reasons behind this change in the commissioning timeline?

Maulik Mehta: Thank you, Archit, for asking this question. I anticipated it. I think what the investor deck is supposed to imply is with regards to an integrated propylene to polycarbonate commissioning. The phenol and BPA commissioning, as I have highlighted earlier, BPA is kind of that middle child, but the phenol commissioning will be in line with the commissioning of the feedstock PDH plant as well as the piping. The polycarbonate resin plant commissioning is actually slated earlier than that. So we continue to remain in line with our FY29 number. However, the integrated asset from propylene to polycarbonate resin is in line with the feedstock availability plan. So you will see the polycarbonate resin certainly come in earlier. It will be using bought out BPA perhaps for a brief bit of time. And I hope that clarifies your question.

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

Sanjesh Jain: First on the Advanced Intermediates segment, you mentioned that the upstream, which I believe is nitric acid is running at 100% now, which is both concentrated and diluted nitric acid. We have commissioned nitration, hydrogenation and fluorination plant now. This year, we are hoping to complete about INR 230 crore, INR 240 crore of EBIT. With all these new plants and the entire benefit reaching in 2029, where do we see the Advanced Intermediate EBIT reaching for us in absolute terms?

Maulik Mehta: In 2028-29?

Sanjesh Jain: Yes, Maulik.

Maulik Mehta: Okay. So Sanjesh, the nitric acid plant has been commissioned, the chlorination, photochlorination, hydrogenation, fluorination, all of these plants have also been commissioned. With regards to absolute EBIT, those are conversations that we are having with certain customers for new applications where these are contractual in nature. We're confident of being able to have a significant market share. And what you're asking about is with regards to full asset utilization of all our assets, including nitration and nitric acid. So there, I would expect about another INR 240 crore is what we're seeing this year. And if I was to look at next year, it would be roughly in the range of about INR 400 crore, INR 420 crore. There is an upside available. So we can assume that INR 250 crore plus another INR 250 crore is the kind of visibility that we have on steady state for the existed investments.

Sanjesh Jain: That's very clear and helpful. And a lot of this incremental EBIT will be more contractual in nature, so less volatile in terms of absolute EBIT. That will be a fair assumption?

Maulik Mehta: Yes, because there will be formula-linked and cost pass-through clauses.

Sanjesh Jain: So the volatility in the Advanced Intermediates should significantly reduce as we commission and utilize most of this capacity, correct?

Maulik Mehta: So just for clarification, we are estimating that in the next year, with all the assets that have been commissioned running at steady-state, we should be targeting something along the lines of about 14% to 15% EBIT.

Sanjesh Jain: 14% to 15% EBIT. That means we are looking at about 20% plus EBIT margin in the new capacity, right? Because existing one is generating close to 11%. We are looking at 14%, 15%. That means incremental EBIT is upwards of 20%.

Maulik Mehta: We are also seeing an improvement in the legacy product portfolio. So, it will be balanced across legacy as well as new commissioned assets.

Sanjesh Jain: Got it. And where are we in the discussion? Do you think we will close all this discussion in the next 3, 4 months and the uptick should be visible starting FY28 in the EBIT in the AI business?

Maulik Mehta: We are already in ongoing conversations. In many cases, we have already started supplying the trial volumes from our commercial assets. I mean, they are done and the testing is done while we engage with customers. So looking at FY28, I think it should look like a normalized year with all the assets running at relatively optimized utilization.

Sanjesh Jain: And then, Maulik, can you give some more color on the end application for these new capacities that we are commissioning?

Maulik Mehta: They are diversified. In a couple of applications, for example, the chlorination and fluorination, they are targeted at agrochemical customers. With regards to the specialty chemicals capex that was announced and commissioned, I would say that it is more to do with electronic chemicals, and there is some opportunity also to play in the legacy applications. In a couple of cases, the

assets, which include hydrogenation, which include certain things like alcohol condensations and those things, they would be focused on the solvent basket as well as on the electronics applications. So they would go into products such as polyamides and all. And finally, these are not new investments, but these are products that we are also expanding for the personal care segment. This is more for skin care and hair care.

Sanjesh Jain: And now that a large part of Advanced Intermediate capex is commissioned, now the full focus will be on the polycarbonate integrated facility or we are also looking at expanding the capacity in Advanced Intermediate in next 12 to 18 months?

Maulik Mehta: So the lion's share of the investment will focus on the polycarbonate facility. There is some investment planned for the AI business, but it will be marginal. It will be more of debottlenecking in a few cases and I think there is one case where we're looking at fresh investment, 2 cases. So one is where we're putting up an AHF and ultra-pure DHF plant. But that is not coming in Deepak Nitrite. That is coming in a separate entity. It will also supply the AHF to Deepak Nitrite. So we will be self-sufficient on that front.

Sanjesh Jain: And this is purely for captive or we are looking at AHF supply beyond the captive consumption?

Maulik Mehta: So just to clarify, Deepak Nitrite will be buying this from another entity for its own captive consumption. That entity will be selling into the solar and electronic applications.

Sanjesh Jain: This will be our own, as in it will be 100% subsidiary of Deepak Nitrite, right? Or we are looking for a JV or a partner in that case?

Maulik Mehta: It is not a subsidiary of Deepak Nitrite.

Sanjesh Jain: Got it. On the Phenolics side. Where are we in acetophenone that we commissioned last year? Have we completed producing that?

Maulik Mehta: No, we commissioned it and the product has been manufactured. It is also being sold. In some cases, we're working on seeing how we can expand the basket also. So we've received orders, we have started supplying and we should see ramp-up of it. It will certainly be seen and present in Q3, and we should be able to ramp up to full capacity very soon.

Sanjesh Jain: One last question, on MIBK/ MIBC, how much have we started utilizing or it is more profitable right now to sell acetone and we are looking to ramp up eventually, probably next quarter or quarter after that?

Maulik Mehta: We've started ramping up. I think right now, we're at about 60%. We are confident about being able to reach 100% and exceeding that at short notice because the asset is extremely efficient. However, of course, we look at it from an integrated approach. So profitability will dominate the decision. But asset has been cleanly commissioned, and it is operating at and beyond the target efficiencies. As Sanjay has also mentioned, we recently were able to also get REACH registrations for both MIBK as well as MIBC. We will also be focusing on export participation of this product. Europe continues to remain a large consumer for applications such as frothing agent and mining chemicals.

Sanjesh Jain: But an export solvent will be as efficient as selling it in the domestic market from the profitability perspective?

Maulik Mehta: Yes, yes. So, we will focus on wherever the opportunity for the best profitability is. But, to be clear, even in the given circumstances, the export market, especially in Europe, East and West, is extremely attractive. So we will be participating there with our REACH registration all done in Deepak's name.

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

Arun Prasath: First, Maulik, you talked about the robust domestic demand of phenol, which is leading to good margins for the Phenolics segment. Just wanted to understand on an annualized basis this year, what is the gross phenol consumption by the Indian market in terms of KT and how much of that is imported? And secondly, in the import, it is coming from which geographies? Is it Japan, Korea or other Southeast Asian nations and how it has changed over the last 6 to 9 months, that will be very helpful to understand the source of these imports?

Maulik Mehta: Okay. So generally, the capacity for the Indian market to consume phenol is approximately about 6 lakh tonnes, growing at about 6% to 7% annually. I can't really comment about where it is being imported from because a lot of data about import, exports, etc., there is a limited visibility about that. But generally speaking, phenol and acetone are imported from East Asia. Now I can't comment whether the traditional sources of imported phenol continue to remain the same, but perhaps. Now a lot of these regions are also facing their own shortages with regards to feedstock such as naphtha. One thing is, the question that always comes to people's minds with regards to chemicals is the presence of China and its presence in the Indian market with regards to these products. Generally speaking, I'm preempting your question, but generally, we don't see China really participating in the phenol landscape in India. And we are not anticipating this also in the short to medium term. Now we don't know how each of these individual countries are managing their own feedstock crisis. But what I can tell you is that India is a buoyant market. It has its own SKUs, which are different from what you would assume in China, Europe, East Asia. And generally, this is a very long tail of small, medium and large consumers going into chemicals, laminates and solvents. This is non-traditional if you look at markets abroad where the focus is largely on things like polycarbonates.

Arun Prasath: That's very helpful. But what I'm trying to understand is, say, we have roughly from what you said, India consumes close to 600 to 650 KT of phenol. So yes, and if our capacity is 400 KT and if we are going to fully operate it, the imports should be around close to 200, 250 on a steady state. And if our domestic competition starts, this imports should go somewhere else. So the question is, will this put some kind of dragging down the industry spreads at least in a short or medium term. Of course, in a long-term basis, the growing market will all grow, but will it reduce the profitability or realized spreads for us because of this excess phenol for a few quarters? That is a key question. And secondly, on the acetone side, especially the new competition, which is going to start up, they don't have really any acetone consumption downstream units, which means that they will be selling in the export markets or domestic markets, which will probably reduce acetone prices. Will it have any second order effect on the acetone downstream products, which will also reduce our overall profitability?

Maulik Mehta: Okay. So I understand that your key question, if I keep all these things aside, is about maintaining a degree of profitability. Look, first of all, I'm confident about Deepak's wallet share and market share. The key lever that we have kept in mind with regards to our strategic footprint is acetone. And Deepak now stands as India's largest acetone consumer. Now keeping that in mind, we believe that consumers import products such as phenol simply because they have to. And given the opportunity, they would prefer to buy from a domestic source where their capital blockage and the exposure to volatility, including freight, including timing, including forex is therefore limited. The market is a market which is what we consider home territory, which is the Gujarat, Maharashtra, Southwest India. And this is where we believe that we have a good degree of confidence, including in dealing with imports from what were traditionally lower cost manufacturing countries. We believe that this is relatively consistent with whatever we have been seeing so far also. So I believe that whatever it is over the next year or 2 years, we've had these conversations before when there has been an anticipation of somebody or the other coming in with new phenol capacities. Largely, Indian consumers have already managed to consume that plus expanded capacities of companies such as Deepak. So we believe that even if new capacity as and when they come in and they gets commissioned, there is enough and more consumption, even excluding the growth, to cater to India's manufacturing as well.

Arun Prasath: Okay. Understood. Just one clarification on this. If the consumers or customers' capacity will be resilient as and when the supply of phenol comes, which is what you're implying, which category of the end customers can quickly add capacities to absorb this additional local availability of the phenol? Any categories you would like to call out?

Maulik Mehta: Actually, Arun, I appreciate it. That's an excellent question. Thank you for that. I think largely, you would see the plywood and laminate industry, the specialty laminate, what we call the decorative laminates industry, in some cases, the chemical industry, as well as the agrochemical industry. I'm not mentioning the automotive industry, even though it is extremely fast growing because the base is small compared to other applications, and compared to international applications. That's also fast growing. That is also traditionally Western India. So I feel like we have an unusual mix of applications in India. And I believe that, as I said, chemicals, laminates, agrochemicals and automotives would be the ones which are able to quickly expand their consuming capacity.

Arun Prasath: Understood. And Maulik, probably I missed it. I haven't heard any recent updates on our polycarbonate compounding, how that is performing, how many grades we have got approved from the customer since we are probably 18 months away from the resin plant start. So this is very critical, right? So how are we progressing there?

Maulik Mehta: Right now, as I had mentioned earlier, this is, in essence, a pilot asset. So our focus right now is on being able to have an approval at as many end applications as possible. So while we may have 500 different customers, our focus is on broadening the number of applications. I mean, I am not getting into tonnes, the tonnes could be 100 tonnes, 500 tonnes, 10,000 tonnes, our focus would be on the number of applications. So right now, we are approved with electronic grade applications. We are approved with some degree of mobility, a key one, but this is defence as an application. This is very fast growing, but the size in India is something which will be substantially larger 18 months down the line than it is currently. And there also, we are approved

with a multiplicity of applications. These are all for different properties. So right now, our priority focus remains electronics, mobility, defence, and we'll see how to expand that beyond.

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

Ankur Periwal: Just 2 quick ones. One on the polycarbonate side, wherein you highlighted that we are getting the specific grades approved for the pilot asset. Once the full-scale commercial plant is there, how much time will the product approval cycle take here?

Maulik Mehta: So the production approval cycle is for the compounds, not for the resin. So the resins are already being imported at in excess of about 2 lakh tonnes. In fact, 2 lakh tonnes was about the general import last year. Now it is even higher. So when I was referring to product validations and acceptances, those are for segments, like I mentioned earlier, electronics, defence, mobility. These are the places where there is a long approval cycle. That's why we prioritize these early. And by the time the plant is up and running, we will, in parallel, have also seen how we can ensure that we are expanding our compounding facility. This will be done in line with these approvals. So, by and large, we will sell the resin into the market, but we will also be selling the compounds. We already have a capacity in place. We will be able to expand that capacity at short notice.

Ankur Periwal: Sure. So the integrated asset, as you highlighted, will get commissioned in FY30. What time frame do you believe it will take for us to reach an optimum utilization here?

Maulik Mehta: So I think the polycarbonate asset will probably be close to optimally utilized by the time the upstream integration is done. This will be from bought out intermediate in the meanwhile. Then once the upstream integration is done, the profitability will be on an integrated chain. Somewhere along this time line is also when we will have expanded the compound. So we will be selling the resin into the market, which is already being imported in substantial volumes. We will also be selling the compound, which fetch obviously a higher price alongside the resin for different applications. So, by and large, I would say that in FY31, you already have seen a fully optimized utilization of polycarbonate, you would be seeing an increasing utilization of the compounding facility and the upstream phenol acetone and BPA, we are, of course, going to be the consumers for that. So that you will see a ramp-up in extremely short order.

Moderator: The next question is from the line of Abhijit Akella from Kotak Institutional Equities.

Abhijit Akella: Just a quick question on the capex guidance for this year and next year. We've done about INR 700-odd crore in the first half, so what would be a reasonable number to expect from a full year standpoint and then for next year?

Sanjay Upadhyay: Abhijit, are you talking from a cash flow perspective or the capex per se, the capitalization?

Abhijit Akella: I meant from the perspective of the cash flows, Sanjay. I mean on the cash flow statement, we've shown about INR 700-odd crore.

Sanjay Upadhyay: So around INR 800 crore to INR 900 crore further in the second half. We have already pumped in the equity required whatever, around INR 50 crore is left. So now bank will have to start

funding because we already tied up with the bank. So more or less our equity funding is done. And for this year, it is around INR 800 crore to INR 900 crore further.

Abhijit Akella: Okay. For the next 2 years also, I mean, until the polycarbonate project is complete, if you could just help us with the number.

Sanjay Upadhyay: INR 2,200 crore-INR 2,400 crore next year, INR 2,500 crore in the second year, that is FY 2028-2029, and balance in the third year, which will be in the range of INR 2,500 crore-INR 3,000 crore.

Abhijit Akella: Okay. And the total capex across these four years, including whatever we've already incurred as of last year, all of it will be around INR 11,500 crore. Is that the right number?

Sanjay Upadhyay: INR 11,700 crore.

Abhijit Akella: INR 11,700 crore. Got it. And just the other one I had quickly was if it's possible to share the phenolic volumes for the first half of this year.

Sanjay Upadhyay: So volumes, as Maulik was explaining. I mean if you go by the exact numbers, we don't want to share with you, but our capacity utilization is significantly high. First quarter, we had a shutdown, which is not there in the second quarter. So our numbers, it's better not to share with you.

Moderator: The next question is from the line of Aditya Iyer from HDFC Securities.

Aditya Iyer: Congrats on a great set of numbers. I have a few questions, could you give us a breakup of volume versus value-driven growth in this quarter?

Maulik Mehta: Aditya, you'll need to add more color to that question.

Aditya Iyer: Just a breakup of volume versus value-driven growth. How much was led by the pricing, how much was led by the volumes which we could push.

Maulik Mehta: I mean, generally, I can tell you that in terms of volume compared to the previous year, I think we were at roughly about the same. Keep in mind, please, that this is not a reflection of capacity. This also accommodates a significant increase in the environment temperature in the summer this year. And this does not include the debottlenecking initiatives that we've done. So we do have more headroom available compared to last year. But this is actually more reflective of what we were able to produce because of limited feedstock availability. And that too, what we were able to produce was based on a very proactive procurement strategies from non-traditional sources. So keeping that in mind, while we do have headroom, while the teams are actively engaged on procurement, and we are engaged with the customers. I believe that we have operated at what we would call an optimal run rate with regards to efficiency, although not regards to running the plant as hot as possible. So that answers your question with regards to value. So we did not leave anything on the table with regards to efficiencies of converting raw material into final product.

Aditya Iyer: Okay. Could you give us some working number for phenol and acetone prices for H2 FY27, even a ballpark number is fine?

Maulik Mehta: That conversation is an offline conversation. But more importantly, these price trends are linked to consumption patterns as well as our ability to pass through high cost of raw materials over. So as the raw material environment improves compared to what Q1 was, Q1 was extremely volatile. Q2 has improved somewhat.

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

Rohit Nagraj: Congrats on a strong Phenolics performance. Sir, first question is, in terms of acetone captive consumption post MIBK, MIBC and IPA, how much of the acetone will be captively consumed? And just a follow-up on MIBK, MIBC, given that the capacities now are operating at, say, 60%, as you mentioned earlier, is it safe to assume that FY28, we'll be able to operate those capacities at full utilization?

Maulik Mehta: Okay. Thanks, Rohit. I think at the moment, our ability to consume acetone would be somewhere in the range of about 60% to 65% of our production. And our decision would be based on overall profitability at an integrated approach.

Rohit Nagraj: Right. And this 60%, 65% includes the MIBK, MIBC utilization as well?

Maulik Mehta: Yes. It includes a reasonable estimation of the capacity that we have. It may not include the 100% utilization. So we may have headroom available there. We've been able to optimize on the MIBK norms as well.

Rohit Nagraj: Right. And MIBK, MIBC FY28, we'll be able to operate at optimal utilization?

Maulik Mehta: That is what we are looking at. And now with the REACH registration and our ability to participate in the European market, this is the enabling lever that we were looking for.

Sanjay Upadhyay: See, this MIBK today also, we are running at around 100% capacity, we can run. But depending on the pricing, as Maulik was explaining the integrated approach, what makes sense between acetone and IPA and MIBK, a call is taken. So it is extremely difficult to pinpoint and give you number over which ones will run at 60%, which will run at 70%. But generally, what Maulik said, around 60%, 65% can be consumed captively. But it depends on the economics, how we run the plant, depending on the numbers then.

Maulik Mehta: Yes. I'll also specify that the receipt of the REACH registration, which is in Deepak's name. So it is not a shared registration. This took place, if I'm not mistaken, after the Q2. So this will feature in the current and forthcoming quarters. And it was not a feature of Q2.

Rohit Nagraj: Sure. And second question, for the integrated project, from polycarbonate perspective, whether there will be any phenol-acetone available to sell in the merchant market? Or is it that we will be captively utilizing entire phenol-acetone for downstream Bisphenol A and polycarbonates?

Maulik Mehta: Okay. Rohit, we go with the same model the part of the capex is our ability to place products at every stage into the market. So whether it is phenol, acetone, cumene, bisphenol, PC resin, we're

able to participate in the market with all of these things. Generally, we should be in a position to be able to participate up to about 100 KTPA from our new capacity with regards to phenol in the market also. Now this may change depending on the rate at which we choose to expand PC production because this is also very fast growing in terms of import. So the opportunity is there. The entire integrated site infra is already there. It will be there by the time we commission. And by and large, we will be able to add another 80 to 100 KTPA in the market from the new capacity.

Moderator: The next question is from the line of Sajal Kapoor from Antifragile Thinking.

Sajal Kapoor: Congratulations to you and the team on a record half. I have 2 questions as a long-term shareholder, both more reflective than numerical. First, you made a lovely point today that the line between commodity and specialty is really about control over the consumption landscape and the cost base. So as Deepak has moved from capacity creation to platform creation, where have you seen that control grow the most? And what's been the most interesting change for you as it happened? That's my first question.

Maulik Mehta: Okay. Sajal, first of all, thank you for continuing to invest in Deepak. So with regards to control, by and large, the first thing to believe is in the resilience of the Indian growth story. Now there are always going to be challenges and opportunities for this story in India. But I mean, we are, of course, neighbors to China, which is the world's largest producer, exporter, dumper, whatever you want to call it, of product all the way from chemicals and downstream. That does not define India's opportunity base. So India's opportunity base is linked to a good understanding of placing products in India. Control comes from having that relationship regardless of whether it's a small, medium or large and understanding the way that this product is applied and consumed. So it is not a single SKU that fits everything. It is the ability to be able to provide an SKU, the quality, the performance as is required. While Deepak story is not just India story, having India's consumption base as an anchor available, this allows us to be able to optimize and focus on efficiency when we are targeting export markets. So there, the opportunity is, whether you call it a China Plus One or a derisking, there we are able to stand shoulder to shoulder along with the best in the world with regards to carbon footprint, with regards to environment safety and with regards to integrated approaches. So our customer benefits from the scale of operations that we have, benefits from the multiplicity of products that we have. So very often, even in those applications when we are talking to multinationals, what we are able to provide is a very large breadth of products which go into multiple applications at a multiple points of their supply chain. This is what creates that resilience. And when we refer to control, that control is not on an individual product. It is with regards to the total value that we place as a basket with customers and our focus is to see how we can improve that.

Sajal Kapoor: No, that's very helpful, Maulik. And second, you opened by highlighting the team's commitment and agility and outstanding execution, and that's excellent. But beyond that, what's one thing about the business that has pleasantly surprised you over the years despite the chaos and disruption that are unlikely to go away. What is that element of surprise? Because most often, what happens is, amid this randomness, chaos and disorder, we kind of forget to appreciate that if something has survived despite all that, it may have gained either market share relative to a weaker competitor or something else?

Maulik Mehta: So Sajal, keeping that in mind, look, the main job of the promoter is to allocate capital and to be able to manage a certain risk appetite. One thing that has pleasantly surprised me, and it continues to surprise me despite knowing the capability of our team is, frankly speaking, the ability of the team to take this kind of a risk appetite, walk ahead and ensure that any supply shocks, any market shock, whatever, that the kind of shock absorbing capability that the team has developed gives any capital allocator more and more confidence into not just investing in the products; we're investing in the team and we're investing in the team's capability to continue running the business despite all of these geopolitical shocks, etc. So frankly, whether it is in some cases where one part of the business benefits and another part of the business where there is a short-term impact and then it gets slipped, multiple engines moving at the same time, etc. Really speaking, the biggest surprise over the last many years has been in how the Company is able to manage risk and manage to run along with the promoter with regards to maximizing shareholder value and profitability. Now the market will reward how it rewards and what it rewards based on its risk returns perception. But I can tell you one thing that this team and the kind of products that we make; this market, this customer base has rewarded us time and time and time again. And I am excited for the shareholders to be able to appreciate that as much as I have.

Moderator: The next question is from the line of Rishabh Tripathi from Multi Dimensional Thinking.

Rishabh Tripathi: So Maulik sir, in one of the call, I think previous year, we were talking about we are also trying to explore CDMO opportunities. So is there any traction on that? Or it's still in a planning or some stage, wherein future we might have some opportunities?

Maulik Mehta: Rishabh, this is not in planning. This is already in execution. So for example, personal care, this is all CDMO opportunities. In some cases, in agchem, these are also CDMO opportunities. The plants that we've put up, they are, in terms of the technology, the first time in the world that this technology has been put up at industrial scale. And the opportunity that has come has been by collaborating with the customer in that case also. So this is not something that we're anticipating in the future. Yes, one thing I will mention is that we are in the process of substantially expanding our R&D in terms of kilo lab to pilot scale to semi-commercial scale before going to industrial scale. That is an ongoing activity that is taking place. I've not really gone deep into that because the total investment is not material compared to the revenue and the profit of the Company. But in terms of the assets and the available chemistries, it is a multifold expansion in terms of capability at every scale, including very difficult to master chemistries such as organometallic chemistries, including chemistries which are into Imides manufacturing. So these go into high-end applications. These are not high volume, but extremely high in value where the value comes from going from single N to triple N, meaning 99.9% to 99.999% purity. That is where we're already participating and that is where we will see an uptick in terms of the profitability as we increase the scale of these products.

Rishabh Tripathi: Thanks Maulik for this answer. I think that this piece of optionality directly hit the terminal value of Deepak. I think that it is something which is still not being appreciated. But second question I have is, Deepak's story is being currently assumed to be, like start to begin, once our polycarbonate plant is on. So I just wanted to understand like after this high base of FY27, which we'll have, till the time this integration gets completed and we are into the commissioning and

commercial supply of polycarbonate, will we be able to sustain some revenue growth on this high base, let's say, 12% to 15% and maintain our 18% to 20% EBITDA margin while having this growth? That would be my last question.

Maulik Mehta: Rishabh, as I've mentioned, we are looking at a substantial improvement even in the AI business. A large part of the new investments have been commissioned only in the last few months. So they have yet to participate on an annualized basis in their full format. Meanwhile, even the solvents basket, whether it is MIBK, MIBC, acetophenone, etc., these have only now come into play. So they will also add, I don't look at it from Phenolics side or AI side. At the end of the day, these are new participants. As I mentioned earlier, there are 2 investments which we are still working on. They are for products where there is a very high right to win for Deepak because of the integration, the chemistry as well as the customer value. So these are in a very advanced stage. Once we are able to lock these out, the investments will begin. But other than that, the design engineering, etc., has already been done. So, in terms of investment, I clarified that the phenol to polycarbonate investment is the lion's share. But in terms of IRR, the other investments are also substantial in nature from the IRR perspective, although not from the gross perspective.

Moderator: The last question is from the line of Vansh Gupta from Prescient Capital.

Vansh Gupta: I had just couple of questions. First one being that in our investor presentation, this time you have spoken about surplus capacities in China continuing to exert pressure on the global chemical market. But if I remember correctly, in the past 2 quarters, you had taken a stance wherein you have stated that anti-involution is somewhat helping us in the Advanced Intermediates space. So is there any change in the competitive environment, especially from Chinese competition, both in the Phenolics segment as well as the Advanced Intermediates segment, which is making us a bit cautious?

Maulik Mehta: No. In fact, in the Phenolics segment, as I clarified earlier, there is really no participation from China in the Phenolics segment. In the AI segment, while China does participate, generally speaking, it participates when the domestic manufacturing is not able to keep pace with the consumption requirement as we saw when we were not able to give the market as much as it required in Q1, the result was Q2. Keeping that in mind, there is what you would call an anti-involution campaign or a crackdown on certain hazardous chemistries in China. And I believe at the end of the day, this is also good for China as a manufacturing base, but sometimes it operates in a monolithic tendency where the Government instructs private companies what to do. Be that as it may, China has taken several steps to rein in destructive tendencies to over-compete and destroy value at every stage. India and in many cases, Deepak, in particular, will be able to actually get the advantage of this. So Chinese capacity exists. It is world scale and substantial and efficient to that extent. But efficiency of scale does not necessarily mean efficiency of profitability. And as we see this anti-involution campaign and the crackdown on gray scale or illegal manufacturing shaping up, we are seeing that there is a resurgence in certain chemistries such as nitroaromatics, where we are seeing buoyant domestic as well as Western demand. In many cases, we're actually seeing an enhancement in demand for our products in China also. So, by and large, I would continue to feel cautiously optimistic, but the ammonia to amine value chain improvement is already being visible across chemicals and so is the propylene

to polycarbonate chain. At the moment, we participate until phenol and its downstream, and in the future, we will participate downstream as well.

Moderator: That was the last question for the day. And now, I would like to hand the conference over to the management for the closing comments.

Maulik Mehta: Thank you, everybody, for joining today's call. Thank you for your continued interest in Deepak Nitrite. We continue to believe that the future over the next quarter and next few quarters will be conversations which are about how Deepak has added accretive value consistently. But on behalf of the entire Deepak family, we wish you all a Happy Diwali, prosperous new year ahead. We look forward to engaging with you in the coming months, and we look forward to continued constructive discussions. Thank you very much.

Sanjay Upadhyay: Thank you all.

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