

Krishana Phoschem Limited

Q4 and FY26 Earnings Conference Call

April 09, 2026

Moderator: Good afternoon, ladies and gentlemen. A very warm welcome to Q4 and FY26 Earnings Call of Krishana Phoschem Limited.

From the Senior Management we have with us today, Mr. Praveen Ostwal – Managing Director and Promoter, Mr. Pukhraj Kanther – Group Financial Advisor.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pukhraj Kanther. Thank you and over to you, Mr. Kanther.

Pukhraj Kanther: Thank you madam and good evening to everyone and welcome to Earnings Call of Krishana Phoschem Ltd.

Before we begin the earnings call, I would like to mention that some of the statements made during today's call might be forward-looking in nature and hence, it may involve risks and uncertainties including those related to future financial and operating performance. Please bear with us if there is a call drop during the course of conference call. We would ensure the call is reconnected the soonest.

I would like to hand over the conference to Mr. Praveen Ostwal – Managing Director of the Company. Over to Praveen.

Praveen Ostwal: Good afternoon, everyone. Thank you for joining us for Krishana Phoschem Ltd. Q4 and Full Year FY26 Earnings Call.

We are pleased to report a year of exceptional performance. Our results reflected disciplined execution, a successful scale-up of our core operations and significant momentum across our strategic growth initiatives.

As we review the year-ended March 31, 2026, we look forward to discuss how these milestones strengthen our foundation for the future.

I will begin with the dynamic industry snapshot, dive into our stellar financial and operational performance, key strategic developments, wrapped with our closing remarks, then we will open the floor for Q&A session.

Dynamic Industry Snapshot:

On the Rabi season, the quarter ended March '26, witnessed stable demand dynamics during the Rabi season.

This was reflected in strong industry performance with P&K production reaching 15.76 lakh metric tonne during the peak period, marking one of the highest monthly output levels. March saw a natural seasonal moderation in demand as key crops such as wheat and mustard approached maturity consistent with typical fertilizer application cycles. The industry concluded Q4 FY26 with comfortable inventory levels of 177 lakh metric tonne indicating balanced supply-demand conditions and healthy channel inventory levels.

Global Cost Environment:

While domestic demand remained stable, the global input cost environment tightened towards the latter part of the quarter. During January and early February, input prices remained relatively stable. However, from mid-February onwards, global market witnessed firming trends driven by supply-side constraints, tightness in gas-linked production, higher logistic and freight costs. As a result, ammonia prices moved up sequentially during the quarter.

Sulphur prices also firmed up towards March. This created a timing mismatch where domestic demand was slowed down in March while input costs were increasing, leading to higher cost pressure in the closing quarter.

Given the industry's reliance on imports for ~90% of key intermediates, these global movements had a direct impact on cost structure.

Policy Framework:

The Nutrient Based Subsidy (NBS) framework continues to be a key stabilizing factor for the sector. The recently announced Nutrient Based Subsidy (NBS) support is expected to help offset input cost pressure to lower burden on farmers.

Market Evolution:

Amidst these dynamics, the industry continues to undergo a structural shift in product consumption patterns. DAP prices and availability have led to gradual shifts towards more cost-effective and balanced nutrient solutions, including NPK complexes and SSPs. This trend reflects both affordability-availability considerations and increasing awareness around balanced fertilization.

As a result, integrated players with diversified product portfolios are structurally better positioned to navigate input volatility while capturing evolving demand patterns.

Outlook:

As we look ahead, the industry enters the new fiscal year with a mix of supportive demand drivers and evolving cost dynamics. On one hand, a stable agricultural environment supported by a favorable monsoon outlook provides a constructive demand outlook.

On the other hand, input cost volatility and global supply uncertainties remain key monitorable. In this context, the combination of the recently announced Nutrient Based Subsidy (NBS) support, structural shift towards balanced fertilization, and continuous focus on integration and efficiency will play a defining role in shaping industry performance going forward.

Financial Performance Q4 FY26

Coming to the financial performance for the quarter, the Company delivered a record performance.

- **Revenue from Operations** stood at Rs.756 crore, up 60% YoY, primarily driven by higher sales volumes supported by strong Rabi demand, along with better realizations across product segments.
- **EBITDA** came in at Rs.90 crore, registering a 59% YoY growth, supported by operating leverage from higher volumes and stable cost management despite input price volatility.
- **PAT** reached Rs.83 crore, up 153% YoY, driven by scale benefits, and deferred tax benefits
- **EPS** stood at Rs.13.4, compared to Rs.5.3, reflecting a 153% YoY increase, in line with the significant improvement in profitability.

Financial Performance FY26

For the year ended, FY26 marks a benchmark year, with strong growth across all key financial metrics.

- **Revenue from Operations** stood at Rs.2,418 crore, up 78% YoY, driven by significant volume growth and strong demand across fertilizer segments.

- **EBITDA** increased to Rs.298 crore, up 62% YoY, supported by improved operating performance, and a favourable product mix.
- **PAT** stood at Rs.180 crore, up 107% YoY, supported by financial efficiencies, including deferred tax benefits.
- **EPS** came in at Rs.29.1, compared to Rs.14, reflecting a 107% YoY growth, aligned with the overall profitability expansion.

Operational Highlights:

Our operational performance reflects strong execution and effective utilization of capacities.

For the Quarter:

- Achieved fertilizer production of 94,103 MT, driven by peak Rabi season demand and improved operational throughput
- Maintained healthy utilization across NPK/DAP and SSP plants, with certain units operating above 100% capacity, reflecting strong demand and efficient plant operations

For the Year:

- Achieved total production of 397,263 MT, supported by High demand across markets
- Record high utilization levels in NPK/DAP and SSP plants operating above rated capacity, highlighting strong market acceptance and efficient asset utilization

Coming to Capacity Expansion and Strategic Development:

During the year, we successfully completed a significant capacity expansion:

- NPK/DAP capacity enhanced by 50% to 495,000 MTPA and existing SSP capacity at 120,000 MTPA, taking total phosphatic fertilizer capacity to 615,000 MTPA
- Backward integration strengthened with sulphuric acid capacity of 99,000 MTPA

This expansion has been funded through a prudent mix of internal accruals and term loans, reflecting disciplined capital allocation.

Green Commitment

As part of our long-term sustainability strategy, Krishana Phoschem has entered into a 10-year Green Ammonia Sale Agreement (GASA) under India's National Green Hydrogen Mission for 70,000 MTPA.

This initiative enhances supply security, supports decarbonization, and improves long-term cost visibility.

We are also pleased to highlight that our credit rating has been upgraded by **CRISIL to A+ (Stable)**, reflecting improved financial strength and business fundamentals

With enhanced capacities now operational, we expect the benefits of this expansion to meaningfully reflect in our performance from FY27 onwards, supported by improved scale, operating leverage, and better efficiency levels.

Combined with our continued focus on integration and sustainability initiatives, we are well positioned for the next phase of growth.

We remain committed to delivering consistent performance and creating long-term value for our stakeholders. Going forward, we will continue to keep you updated on key developments.

Thank you for your continued support. We now open the floor for the question-and-answer session.

Moderator: Thank you. We will now begin the question-and-answer session. We have the first question from the line of Aditya Agarwal from Motilal Oswal Financial Services Limited. Please go ahead.

Aditya Agarwal: Congratulations on a good set of numbers and thanks for this opportunity. I just wanted to understand what are our plans going forward for the next couple of financial years and how are you projecting our numbers for the next financial years?

Pukhraj Kanther: As our Managing Director mentioned, our new expansion has already commenced production and is expected to stabilize over the next three to four months. Accordingly, we expect to deliver growth of over 40% across key parameters during the current year.

Aditya Agarwal: So, there was some news yesterday regarding government relief on certain nutrient-based fertilizers. How will this impact us? Will it be beneficial?

Pukhraj Kanther: Obviously, Input prices have increased significantly, and the industry was expecting some form of government support. While the support announced does not fully offset the increase in input costs, it does provide meaningful relief. The remaining impact is expected to be partially addressed through adjustments in MRP. We expect the benefit of these measures to be reflected in improved performance from the next quarter.

Aditya Agarwal: So, you mean to say that you will pass on the additional price hike to the customers and we won't have any bearing or loss due to this, right?

Pukhraj Kanther: Obviously. The price rise has been phenomenal in the last quarter. Yes, of course, we will absorb to some extent and as a result, our profitability is expected to come down slightly during the current year FY27. But a major part will have to be borne by the consumers.

Aditya Agarwal: Understood. I am aware that we have added another plant. Beyond that, do we have any additional capex or expansion plans

Pukhraj Kanther: No, so far, we have not planned anything. Whatever we have, it has been implemented.

Aditya Agarwal: Okay, understood. And one more thing, sir. I just wanted to understand about our receivable days because I saw that our receivable days have touched around 100 days. So, will we be needing any other working capital financing or are we looking to reduce this going forward or this is a sustained number of weekly receivables that we will have?

Pukhraj Kanther: Obviously, what happened in the last earning call also, I explained that the demand for different variants of NPK is rising in India. We have been producing one variant at 20-20-0-13 and even the demand of this product, we have not been able to meet adequately. As a result, our plants are operating purely on this one product. Now, to meet the market demand and just that our consumers should think that we are capable of providing all variants, we import other variants and that we supply. And that has happened during the last quarter. As a result, on the balance sheet side, on the day, March end closing, the receivable levels are going up. But for subsidy, our receivable levels are normally in the range of 50-55 days.

Aditya Agarwal: Sure, sir. I think that is it from my side. I will happily join back in the queue. But thank you so much, sir, for answering the questions and congratulations again on an excellent set of numbers. We would also like to meet you guys sometime soon. So, we will just get in touch with your team. Thank you.

Moderator: Thank you. We will take the next question from the line of Dhruv Mukesh Bajaj from GrowthSphere Ventures. Please go ahead.

Dhruv Mukesh Bajaj: Thank you so much for giving me this opportunity and congratulations, sir, on an amazing quarter and amazing annual year. Given the disruption that we are seeing mainly on the supply front of imports, is it fair to say that April has been pretty slow on the demand front as well given the increase in the prices as you mentioned? And since our new CAPEX has also come from the start of April, so how do we see the near future going ahead in terms of the demand side?

Pukhraj Kanther: India has a population of over 140 crore, and food demand is non-negotiable. While there may be compromises in other areas, food and essential consumption cannot be compromised. Farmers must continue agricultural production, and fertilizers remain a critical input.

From our perspective, domestic manufacturers are unlikely to face demand pressure. Even hypothetically, if demand were to soften, it is important to note that nearly 40% of phosphatic fertilizers are imported. Therefore, any impact would first be absorbed by imports, and domestic manufacturers would remain relatively insulated.

Dhruv Mukesh Bajaj: Definitely, sir. I was coming more from the angle that, as we mentioned earlier in our previous con-call, that we are price makers because we make complex fertilizers. When we are not too much dependent on subsidiary and naturally, we are able to maintain our margins versus our peers. So, I was coming from that angle, like given the recent disruption, so you have already mentioned that we might have to take some sort of margin hit. Is it possible to quantify on how much margin we are looking at because there is a mix of distribution as well as our own manufactured products? Hence, it is a bit difficult for me analysts to decipher, for instance, for a year-on-year comparison, our margins on EBITDA level have decreased from 15% to 10% to 11%, but that might also be because of higher distribution-led revenue. So, is it possible to quantify that for the current quarter and for going forward as we can understand.

Praveen Ostwal: At present, it is difficult to quantify, as we are still working on sourcing raw materials at reasonable prices and that reasonable price increase will be passed on to the customers because subsidy has already been announced. So, we do not expect a significant long-term impact; however, there may be some pressure in the first quarter. After this phase, we expect to pass on the price increases to customers.

Pukhraj Kanther: Given the current volatility in input prices, government policies, subsidy support, and MRP adjustments, the situation remains dynamic. We will continue to take decisions based on sustainability and I am sure no government would like that we will turn into losses. Yes, there can be pressure on the margin, but we will continue to earn profits.

Dhruv Mukesh Bajaj: And sir, there was a recent announcement of the credit rating front wherein although our ratings were upgraded, but there was a negative outlook given the fact that import prices are increasing, we have low stock of ammonia, and we also import rock phosphate which we ultimately do beneficiation process. So, in that front, how will we play in terms of import and because we have also announced that recently we have tied up for some green ammonia. So, will we be able to tap that thing from the domestic market in the coming year itself? So, if we can give some sort of picture on that front, that will be very helpful because we are one of the more backward integrated players. So, your commentary does help a lot.

Pukhraj Kanther: Firstly, the negative outlook applies to the industry as a whole, not specifically to the company. This is primarily due to geopolitical factors such as the Iran-Israel conflict, gas availability

concerns, and potential constraints in ammonia supply. At the company level, our rating remains strong at A+, with no specific concerns. As for green ammonia, it is expected to be available only after approximately three years. In the interim, we will continue to rely on grey ammonia. Recent developments indicate that gas supply to urea manufacturers has been restored to 100%, which should ease ammonia availability over the next week. Therefore, we do not anticipate any significant raw material challenges in the near term. The green ammonia initiative will further strengthen the company over the long term.

Praveen Ostwal: So, we are not expecting any issues with the raw materials and further signing of this green ammonia will strengthen the Company as a whole.

Dhruv Mukesh Bajaj: Got it, sir. And based on our recent performance for the past three-four years, ours has been a relatively much higher margin business versus our peers other than ammonia.

Pukhraj Kanther: If you look back three to four years, we were primarily producing SSP, which is a lower-margin product. From 2023 onwards, we started producing NPK and DAP, and then last year, we added SSP urea as well. So, we continue to innovate and align our product portfolio with market demand. This diversification and value-added product mix have helped us offset input cost volatility and support margins.

Dhruv Mukesh Bajaj: No, sir. Definitely, I am not trying to gauge whether you are able to pass on the pricing or not. My question is a bit different. So, since I am trying to understand the entire landscape of fertilizer players. I wanted to understand since we do our own beneficiation and produce our own sulfuric acid, and that's why we are more backward integrated versus some of our other complex fertilizer peers. So, I am trying to understand that given the outperformance on the numbers part, how much of the same is being led by our supply-side cost dominance because we are backward integrated versus our ability to maybe cross-sell our products better than our peers because we have a good distribution network. So, what are the key factors that have contributed to our success?

Praveen Ostwal: Backward integration has been a key contributor, which is why our EBITDA margins are higher than peers.

Dhruv Mukesh Bajaj: Why are other players not able to replicate this beneficiation capability?

Praveen Ostwal: In India, rock phosphate beneficiation is limited to a few players. These include RSMM (a Rajasthan government undertaking), Madhya Bharat Agro Products (our group company), and Krishana Phoschem Limited. There are limited rock phosphate reserves in the country, and access to these resources is constrained. Therefore, it is not easily replicable by other players.

Dhruv Mukesh Bajaj: Just one last question from my end. What are we expecting in terms of the new nutrient-based subsidy because from what I understand, we complex fertilizer players don't get a lot of impact

from all the subsidies. So, is that a fair assessment or does that also play a major role in our performance as well?

Pukhraj Kanther: It is not fair. Subsidy forms a significant portion of revenue. For NPK, approximately 40% of revenue is derived from subsidy support. While the recent subsidy announcement does not fully compensate for the increase in input costs, the shortfall will be addressed through MRP adjustments.

Dhruv Mukesh Bajaj: Congratulations on an amazing results and thank you so much for your time, sir.

Moderator: Thank you. We will take the next question from the line of Nitin Kaushik from Afin Capital Pvt Ltd. Please go ahead.

Nitin Kaushik: Hello. Good evening, sir. First of all, congratulations for such a good result. My first question is regarding inventory and receivables. They have increased significantly. So, should we see this as strong future demand or slower scale in future?

Pukhraj Kanther: Sir, I think inventory part is concerned. There has not been any rise. Yes, receivable part, there has been rise, which I explained to our earlier participants. In the last quarter of this year, we have imported other variants of NPK and as a result, that receivable is outstanding and that will be realized during the current quarter.

Nitin Kaushik: Okay, sir. So, sir, this question was arise because in FY25, if we see in cash flow, it was around an increase of Rs.664 lakhs, but right now, it is more than Rs.16,162 lakhs. So, the increase is huge, if you see that.

Pukhraj Kanther: Raw material inventory increased from approximately Rs.60 crore to Rs.93 crore. Additionally, the apparent increase is largely due to supplies made to cooperative institutions. In such cases, invoices cannot be raised until inspection and related formalities are completed. Accordingly, this represents stock lying with government cooperatives pending invoicing. Adjusted for this, the overall position remains broadly in line with previous levels.

Nitin Kaushik: Okay, sir. Got it, sir. Sir, my next question is, recently, Skymet has forecast that this year will have a weaker monsoon compared to the previous year, at around 94% of the long period average, versus around 106% last year. Would this have an impact on fertilizer sales in the coming months?

Praveen Ostwal: The monsoon forecast is around 95% of normal, which is not a major variation. Also, water levels in major reservoirs, rivers, and borewells are higher compared to earlier periods in the country. Therefore, we do not expect any stress on the agriculture sector, and consequently, fertilizer demand is expected to remain stable.

Nitin Kaushik: Okay, sir. So, could you please shed some light on purchase of trading stock because it increased more than 6x this year.

Pukhraj Kanther: As explained earlier, we have been manufacturing only one variant of NPK. However, there is demand for other variants, and to ensure that customers perceive us as a supplier of a full range of products, we have imported these variants and supplied them to our partners. Accordingly, this increase reflects higher purchases of traded goods.

Nitin Kaushik: Okay, sir. So, that's it from my side. And sir, again, thank you for your attention.

Moderator: Thank you. Next question. We will take our next question from the line of Neerav Asher from Latin Manharlal Securities. Go ahead.

Neerav Asher: Good evening, sir. And congratulations on a great set of numbers. I think it's kind of a picture-perfect situation as far as the capacity addition is concerned, as far as the performance is concerned. I would like to get some color on what are your expectations as far as the revenue growth for the current year is concerned. After having put in this kind of capacity utilization, which is so impressive at 615,000 metric tons, what kind of capacity utilization are you targeting for the current year? What is your take on margins? And what kind of headwinds do you see, especially with respect to factors like the increase in the cost and the working capital issues?

Praveen Ostwal: We remain committed to the best utilization of our manufacturing facilities. Over the past two to three years, you have seen our capability in manufacturing fertilizer products. Our manufacturing team continues to focus on delivering efficient results across our units.

For the current year as well, we are committed to maintaining similar performance. The new expansion has commenced this month, and there may be some initial teething issues in the first or second quarter. However, we expect this capacity to be fully utilized in the subsequent quarters.

On profitability and raw material costs, as discussed earlier, input costs have increased, primarily due to global factors. These increases will need to be compensated either through government support or through MRP adjustments. The government has already announced the NBS policy, and we have initiated steps to revise MRPs accordingly.

We believe that once MRPs are adjusted, market conditions will remain sustainable and demand will continue. While there may be some margin pressure in the first quarter, we expect margins to stabilize in the later part of the year as cost increases are passed on.

So, this is in all summary, best utilization of the asset, and trying to maintain the margin after this quarter.

Neerav Asher: Thank you, sir. In terms of quantification, we have seen revenue growth of around 80% this year. Could you provide some guidance for FY27?

Pukhraj Kanther: 165,000 tons is the capacity increase, 40-50% also, if you consider it, 80,000 tons into around Rs. 60,000 per ton. So, you can expect a top line increase of around Rs. 500 crore. So, this year we had around Rs. 2,400 odd crore. So, you expect an increase of around Rs. 500 crore more, Rs. 2,900 to Rs. 3,000. But this is all numbers based on the capacity expanded and the utilization of that asset.

Neerav Asher: Thank you, sir. So, can I safely assume something like a 35%-40% hike in the revenue?

Pukhraj Kanther: Yes, including the import and manufacturing we expect 40% growth should not be a big issue.

Neerav Asher: And what is your outlook on margins, given the current environment?

Pukhraj Kanther: As mentioned earlier, margins will be under pressure, and the levels achieved in FY26 may not be fully sustainable. There will be some moderation, as a portion of the increase in raw material costs will be absorbed by the company, some by the Government of India, and some will be passed on to farmers. But, of course, you rest assured the Company will continue to earn profit and a reasonably good profit.

Neerav Asher: Sir, can we expect margins to go into single digits, operating profit margin, EBITDA margin?

Praveen Ostwal: At this stage, it is difficult to quantify. We are making every effort to maintain profitability. We understand the investor's concern that the profit should not go down, but in the present scenario where the raw material prices have gone up and the prices to the farmers or MRP to the farmers will increase gradually. So, we cannot quantify right now, we are trying hard that the profit should not go down. And we are much more concerned and we still remain committed to the investors that we will work hard to sustain the profits, but definitely 1st Quarter may be difficult, but in coming quarters and the year along, we will be able to sustain the profitability.

Neerav Asher: Thank you so much for your input, sir, and I wish you all the best for the coming quarters. Thank you, sir.

Praveen Ostwal: Thank you. Thank you very much. And don't worry, we are working on it.

Moderator: Thank you. We will take the next question from the line of Hrushikesh Rajesh Shah from Alchemy Capital. Please go ahead.

Hrushikesh Rajesh Shah: Yes. Congratulations on good set of numbers. My questions were mainly regarding the volumes and EBITDA. So, what is the trading volume that we did in FY26?

Pukhraj Kanther: Look, trading has almost, our manufacturing has been about Rs. 1,900 crore and the rest have been trading.

Praveen Ostwal: Around Rs. 550 crore.

Hrushikesh Rajesh Shah: No, I am asking the volumes. Okay.

Pukhraj Kanther: Trading volumes were approximately 93,000 metric tons, while manufacturing volumes were around 383,000 metric tons.

Hrushikesh Rajesh Shah: Okay. Understood. And so, what would be our EBITDA per ton on the manufacturing side, manufactured?

Pukhraj Kanther: It was in the range of Rs.5,500 per ton.

Hrushikesh Rajesh Shah: And what was it in FY25?

Pukhraj Kanther: It was around Rs.6,000 per ton.

Hrushikesh Rajesh Shah: Okay. So, actually, it has decreased from FY25 to FY26, right?

Pukhraj Kanther: Yes, slight decrease. Our overall EBITDA margin, which was 13.54% has come down to 12.34%.

Hrushikesh Rajesh Shah: Given that phosphoric acid capacity utilization and BRP crushing capacity have increased, what is the reason for the lower margins?

Pukhraj Kanther: Apologies for the interruption, but as mentioned earlier, trading carries an EBITDA margin of around 6%. With trading turnover at approximately Rs.560 crore, the overall margins are impacted, resulting in lower blended margins compared to last year.

Hrushikesh Rajesh Shah: No. I am asking on the manufactured side.

Pukhraj Kanther: Manufacturing, we have mentioned.

Hrushikesh Rajesh Shah: So, my question is, our EBITDA margins on manufacturing side, EBITDA per tonne on manufacturing side, what would be that in FY26?

Praveen Ostwal: We have maintained last year's EBITDA margin. So, that is around 5,200 or something?

Pukhraj Kanther: Yes, yes.

Praveen Ostwal: The EBITDA for FY25 has largely been maintained in FY26.

Hrushikesh Rajesh Shah: Okay. Okay. Understood. Thanks. That's all from my side. Thanks a lot.

Moderator: Thank you. We will take the next question from the line of Zohaib Rashid from Swing List. Please go ahead.

Zohaib Rashid: Hello. Thank you for the opportunity and congratulations for the great set of numbers. So, I wanted to understand whether we are facing any challenges in procuring Sulphur. While I understand there has been a price increase, are there also any procurement constraints, considering that we source it domestically from Indian refiners and smelters?

Praveen Ostwal: There are no issues in procurement. The only impact is from the increase in prices, which we are actively managing to secure the best possible rates. Ultimately, the cost increases will have to be passed on to consumers. Our plants are fully operational.

Zohaib Rashid: And sir, are we expecting any increase in subsidy from government as the cost is going continuously up?

Praveen Ostwal: See, already the Nutrient Based Subsidy (NBS) has been announced yesterday, and the notification has been received today. The subsidies have been increased, and the difference has to be passed on to the consumers. For these 6 months, the subsidy has been announced.

Zohaib Rashid: That's nice, sir. And sir, how much must be the MRP increase of NPK and DAP and SSP after February?

Praveen Ostwal: The Nutrient-Based Subsidy (NBS) has already been announced, and the notification has been received. Subsidy rates have been increased, and the balance impact will be passed on to consumers. The current subsidy is applicable for the next six months.

Zohaib Rashid: Okay. Thank you. Thank you. That's all from side and best of luck.

Pukhraj Kanther: In any present in scenario and what happens if the prices go down or something happens because already the prices are at the top and the war has stopped. Let's see how things move in terms of costing.

Zohaib Rashid: Okay, sir. Thank you.

Moderator: Thank you. Thank you. We will take the next question from the line of Dev Galwani from Care PMS. Please go ahead.

Dev Galwani: Thank you for the opportunity. Company imports low-grade phosphate rocks and converts it into high-grade rock. So, is it more beneficial than importing high-grade phosphate rocks in terms of price?

Praveen Ostwal: We do not import low-grade rock. We procure low-grade rock domestically from a Government of Madhya Pradesh entity, MP State Mining Corporation Limited, and undertake beneficiation. This process is beneficial and provides a margin advantage.

The beneficiation capacity is around 200,000 tons, and current utilization is in the range of 50% to 75%. Imported rock, whether medium-grade or high-grade, is used directly in fertilizer manufacturing.

Dev Galwani: And what is the conversion rate? So, approximately how much low-grade phosphate is required to produce a single metric ton of phosphoric acid?

Pukhraj Kanther: It depends on the quality of the input material. The low-grade rock we procure typically has a grade of around 14% to 20%, and the output depends on this input quality.

Dev Galwani: Still any approx. numbers?

Pukhraj Kanther: For reference, last year, against a beneficiation capacity of 200,000 tons, we produced more than 70,000 metric tons of high-grade rock phosphate.

Praveen Ostwal: Broadly, if the input grade is around 15% and the output is around 30%, approximately 2 to 2.5 tons of low-grade rock may be required. However, this is indicative and varies based on input quality, so it cannot be considered a fixed conversion ratio.

Moderator: Thank you. We will take the next question from the line of Rishi Mehta, an individual investor. Please go ahead.

Rishi Mehta: First of all, congratulations to the entire team on the achievement. My question is, as you mentioned, the plant is operating at 100% capacity. What kind of asset life do you assume, and is there any risk of asset stress?

Praveen Ostwal: There is no risk of asset stress. If a plant is maintained properly, it can operate efficiently for 30 to 60 years. As mentioned earlier, since we are operating at optimal efficiency levels, we ensure that our assets are well maintained to deliver consistent quality and output. We expect our plants to continue operating efficiently over the long term.

Rishi Mehta: When will you start receiving green ammonia?

Praveen Ostwal: As per the contract, the green ammonia plant is expected to commence operations in the third year, so we expect supply after approximately three years. We are keen to adopt green ammonia, as it will reduce dependency on external suppliers. It will also be a significant development for the country, and we believe it will create long-term value for all stakeholders.

Rishi Mehta: Okay. Thank you.

Moderator: Thank you. Thank you. We will take the next question from the line of Manadi Chaturvedi, an individual investor. Please go ahead.

Manadi Chaturvedi Good morning, sir. So, my question is, input costs were rising in Quarter 4. Then how did you manage to reverse a strong EBITDA margin despite this?

Pukhraj Kanther: Input costs increased towards the latter part of Q4. However, we maintain adequate inventory levels throughout the year. Therefore, EBITDA margins were not under pressure during Q4.

Manadi Chaturvedi Thank you.

Moderator: Thank you. We will take the next question from the line of Aditya, an individual investor. Please go ahead. Aditya, please proceed with the question.

Aditya: Hello. Yeah. So, my question is regarding your working capital side. If I am understanding correctly, your trading business margin is like 2% to 2.5% in between?

Pukhraj Kanther: EBITDA margin is 5% to 6% in in trading business.

Aditya: Okay. And is your interest cost in short term borrowing is between 8% to 9%?

Pukhraj Kanther: Are you referring to the rate of interest we are paying?

Aditya: Yes, sir.

Pukhraj Kanther: It depends on the type of facility utilized. For foreign currency borrowings, the cost is relatively lower. For working capital borrowings, rates vary depending on the lending institution and facility structure. Overall, the effective interest cost is in the range of 6% to 7.5%.

Aditya: I am asking because it is a short-term borrowing completely wiping out our net profitability in the trading segment, right?

Pukhraj Kanther: No, we did not get your point. Please repeat.

Aditya: I am asking if the interest cost is more than your trading business margin, so the short-term borrowings is completely wiping out our profitability in the trading segment, right?

Praveen Ostwal: In trading, as I told you, EBITDA is 6% and we spend about, in interest cost and depreciation, interest goes to 3%, so left over is 3%. Yes, obviously, we are working only on 2.5% to 3% net margin on imports. Nothing more than that. But the question is when we are able to provide all types of variants that is more useful, that gives some credibility to this organization that we are able to meet the demand of the market. It is not a question of profit. Import is being done to facilitate our consumer, not to earn profit. For profit, we have our production facilities.

Moderator: Thank you. We will take the next question from the line of Balachander, an individual investor. Please go ahead.

Balachander: Hello. My question is mainly regarding the EBITDA margin and sulfur prices. As we talk right now, the sulfur price is around 90,000 per ton and sulfuric acid is around 25,000 per ton and this is 100% hike compared to the last quarter. The full impact of this might only be seen in the next quarter that I understand very much. I also wish to be optimistic that the sulfur prices will come down. But there are concerns that under the new normal, the crude oil might be as inflated as around \$90 for a longer period of time. I know that we cannot pass on much burden to the customer. Also, the government also cannot keep on increasing the subsidy rates. Is the management taking any proactive measures to mitigate the risk?

Pukhraj Kanther: Firstly, the quoted sulphur price of Rs.90,000 per ton is not accurate. Secondly, the assumption that costs cannot be passed on is not entirely correct. A balanced approach is required—some portion may be absorbed by the company, some supported by the government, and the remaining passed on to customers. We have already initiated MRP increases.

Praveen Ostwal: Fertilizer remains to be an essential part of the life of a farmer. And India still remains to be an agricultural economy. And still the farmers will keep on farming. And at large, fertilizer cost or any other cost has to be passed on to the consumer.

Pukhraj Kanther: Just to add this point, if we talk of the world scenario, still the prices in India are well within control. All right.

Balachander: And can you please quantify the EBITDA margin for the next quarter because the next quarter is going to see much impact due to the increased sulfur price.

Praveen Ostwal: As mentioned earlier, we are actively managing the situation. The Nutrient-Based Subsidy (NBS) has been announced, and MRP revisions are underway. Definitely EBITDA with our old

stocks and the new stocks which we are buying and the new MRPs which we are already giving in the market. Let's see what happens.

Pukhraj Kanther: Also, DAP availability and stock positions in India are currently tight, which should support market dynamics.

Praveen Ostwal: As indicated, there will be some pressure. But we will continue to be positive and have reasonable profit. Rest assured.

Moderator: Thank you. We will take the next question from the line of Anuj Haria from Interglobe Services. Please go ahead.

Anuj Haria: Hi, congratulations on a great set of numbers. I just wanted to know for FY27, what will be the balance of manufactured revenue and trading revenue like for FY26, it was nearly an 80-20 mix. What can we expect for the coming year?

Pukhraj Kanther: For FY27, based on market demand, we expect to import around 150,000 metric tons of material, which would translate into approximately Rs.1,000 crore of revenue. And based on the capacity utilization on a reasonable level, the growth in the manufacturing will be in the range of 25%. So overall, we hope 35%-40% revenue growth in FY27.

Anuj Haria: Okay. And the other thing is, if you could just highlight what are the current sulfur and sulfuric acid prices that you are talking about right now?

Pukhraj Kanther: The prices are changing and prices are in the range of around Rs.55,000 to Rs.70,000 per ton, depending on the supplier and what time we are buying and what are the payment terms. It is changing. It has changed a lot in the last 30 days, 45 days, and we are expecting changes in another 30 days. It may start going down also.

Anuj Haria: Can we expect the ~Rs.6,000 per ton for NPK and approximately ~Rs.1,500 - Rs.1,600 per ton for SSP.

Pukhraj Kanther: For SSP, that range should broadly hold. For NPK, EBITDA of around Rs.6,000 per ton may vary slightly, within a range of approximately $\pm 3\%$ to 4%.

Moderator: Thank you. We will take the next follow-up question from the line of Aditya, an individual investor. Please go ahead.

Aditya: Sir, our cash flow for the operations has turned negatively in this year around and in last year as a trade receivable. So, can you just break down what percentage of these receivables are pending from the government subsidies versus credit extended to the dealers and are we seeing any subsidy realization cycle stretched beyond the historical 400 days?

Pukhraj Kanther: You are talking about the bifurcation of subsidy and other receivables?

Aditya: Yes, credit extending to the dealers.

Pukhraj Kanther: Subsidy because we, that import materials we supplied substantially within this last quarter. So, subsidy receivable is almost Rs.400 crore and other receivables are in the range of Rs.300 crore to Rs.325 crore.

Praveen Ostwal: We expect these amounts to be realized during the current quarter. Accordingly, we do not foresee any stress on the cash flow position.

Moderator: Thank you. We will take the next follow-up question from the line of Nitin Kaushik from Afin Capital Private Limited. Please go ahead.

Nitin Kaushik: Thanks again. Sir, my question is since most of our capacity expansion is done now. So, could you please guide us on CAPEX going forward, if possible, as a percentage of revenue? So, assuming that we are not doing any capacity addition going on. So, what would be the maintenance CAPEX?

Pukhraj Kanther: The benefit of the capacity addition will occur only during the current year. We started production only from the month of April.

Nitin Kaushik: Yes, sir.

Pukhraj Kanther: So, during the current year, only this new capacity will give results.

Praveen Ostwal: So, you try to understand that 50% of the NPK capacity has been increased. And this whole year, we can expect a 50% of Rs.1,65,000 tons capacity increase means it is around Rs.80,000 tons and Rs.80,000 into around Rs.60,000 per ton. We are expecting a top-line increase of Rs.500 crore. Is this what you want to know or you want to know anything else?

Nitin Kaushik: Sir, no, sir. That was not my question. My question was regarding that we have done capacity expansion now. So, going forward, what would be capital expenditure as a percentage of revenue, assuming that we are not doing any capacity expansion going forward?

Praveen Ostwal: We keep on planning the business expansions and we keep on updating our investors as well as the regulators. And once we come out with any expansion plans, definitely we will update you. We are working on different projects, and we have a very good cash flow. We are

expecting good cash flows in this year also. So, as we finalize the project and CAPEX, we will declare it. Sir, you have seen the history of our Company that we are declaring the CAPEX at appropriate times and with a proper debt-equity ratio, we keep on expanding.

Nitin Kaushik: Yes, sir. Also, sir, if you could give us an FY27 estimate for CAPEX?

Praveen Ostwal: See, when we have not declared with the regulators, we cannot come out right now. It is on part of the statutory obligation to declare with the regulator and then only we can come out with the exact CAPEX for the year.

Nitin Kaushik: Yes, sir. I understood completely. Again, sir, thanks a lot.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, with that concludes the question-and-answer session. I would now like to hand the conference back to the management for closing comments.

Praveen Ostwal: Thank you. Thank you very much once again for joining this Earning Call. If you have any further questions, please do not hesitate to reach out to our investor team and thank you. Have a great day.

Moderator: Thank you, members of the management. On behalf of Krishana Phoschem Limited, that concludes this conference. Thank you all for joining with us today and you may now disconnect your lines.

Disclaimer: This transcript has been refined to improve clarity, ensure readability, and maintain financial accuracy

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