Krishana Phoschem

Operator: Good afternoon, ladies and gentlemen. A very warm welcome to the Q4 FY26 earnings conference call of Krishna Phoschem Limited. From the senior management team, we have Mr. Praveen Oswal, Promoter and Managing Director, and Mr. Pukraj Kansara, Group Financial Advisor.

As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pukraj Kansara. Thank you and over to you, sir.

Management: Thank you, and good evening to everyone. Welcome to the earnings call of Krishna Phoschem Limited. Before we begin, I would like to mention that some of the statements made during today's call might be forward-looking in nature and 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 the conference call; we will ensure the call is reconnected as soon as possible. I would like to hand over the conference to Mr. Praveen Oswal, Managing Director of the company. Over to you, Praveen.

Management: Good afternoon, everyone. Thank you for joining us for Krishna Phoschem Limited's Q4 and full year FY26 earnings call. We are pleased to report a year of exceptional performance. Our results reflect 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 discussing how these milestones strengthen our foundation for the future. I will begin with a dynamic industry snapshot, dive into our financial and operational performance and key strategic developments, and wrap up with closing remarks before opening the floor for the Q&A session.

The quarter ended March 31, 2026, witnessed stable demand dynamics during the Rabi season. This was reflected in strong industry performance with P&K production reaching 15.76 lakh metric tons 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 tons, indicating balanced supply-demand conditions and healthy channel inventory levels.

While domestic demand remains 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, the global market witnessed a firming trend driven by supply-side constraints, tightness in gas and logistics, and higher freight costs. As a result, ammonia prices moved up sequentially during the quarter. Sulfur prices also firmed up towards March. This created a timing mismatch where domestic demand slowed down in March while input costs were increasing, leading to higher cost pressure at the close. Given the industry's reliance on imports for 90% of key intermediates, global movements have a direct impact on our cost structure.

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The NBS framework continues to be a key stabilizing factor for the sector. The recently announced NBS support is expected to help offset input cost pressure to lower the burden on farmers. Amid these dynamics, the industry continues to undergo a structural shift in product consumption patterns. DAP prices and availability have led to a gradual shift towards more cost-effective and balanced nutrient solutions, including NPK complexes and SSP. This trend reflects both affordability and availability considerations, along with 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.

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, input cost volatility and global supply uncertainties remains a key monitorable. In this context, the combination of the recently announced NBS support, the structural shift towards balanced fertilization, and a continuous focus on integration and efficiency will play a defining role in shaping industry performance.

Coming to the financial performance for the quarter, the company delivered a record performance. Revenue from operations stood at 756 crores, up 59.8% year-on-year, primarily driven by higher sales volume supported by strong rabi demand and better realization across product segments. EBITDA came in at 90 crores, registering a 59.1% year-on-year growth supported by operating leverage from higher volumes and stable cost management despite input price volatility. PAT reached 83 crores, up 54.9% year-on-year, driven by scale benefits and deferred tax benefits. EPS stood at 13.4 compared to 5.3, reflecting a 152.8% increase in line with significant improvement in profitability.

For the year ended FY26, it marks a benchmark year with strong growth across all key financial metrics. Revenue from operations stood at 2,418 crores, up 78% year-on-year, driven by significant volume growth and strong demand across the fertilizer segment. EBITDA increased to 298 crores, up 62% year-on-year, supported by improved operating performance and a favorable product mix. PAT stood at 180 crores, up 109% year-on-year, supported by financial efficiencies including deferred tax benefits. EPS came in at 29.1 compared to 14, reflecting a 108% year-on-year growth aligned with the overall profitability expansion.

Operational performance reflects strong execution and effective utilization of capacity. Fertilizers production for the quarter reached 94,103 metric tons, driven by peak Rabi season demand and improved operational safety. We maintained healthy utilization across NPK, DAP, and SSP plants, with certain units operating above 100% capacity. For the year, we achieved total production of 3,97,263 metric tons supported by high demand across markets. Record high utilization levels in NPK, DAP, and SSP plants highlight strong market acceptance and efficient asset utilization.

During the year, we successfully completed a significant capacity expansion. NPK and DAP capacity was enhanced by 50% to 4,95,000 metric tons per annum, and existing SSP capacity stands at 1,20,000 metric tons per annum, taking total phosphatic fertilizer capacity to 6,15,000 metric tons per annum. Backward integration was strengthened with a sulfuric acid capacity of 99,000 metric tons per annum. This expansion has been funded through a prudent mix of internal accruals and

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term loans, reflecting disciplined capital allocation.

As part of our long-term sustainability strategy, Krishna Phoschem Limited has entered into a 10-year green ammonia agreement under India's National Green Hydrogen Mission for 70,000 metric tons per annum. 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 to A+ Stable, reflecting improved financial strength and business fundamentals.

With these enhanced capabilities now operational, we expect the benefit 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 continuous 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. Thank you for the continuous support. We now open the floor for the question and answer session.

Operator: Thank you very much. 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 – Motilal Oswal Financial Services Limited: Hi sir, how are you?

Operator: We will take the next question from the line of Dhruv Mukesh Bajaj from Growth Sree Ventures. Please go ahead.

Dhruv Mukesh Bajaj – Growth Sree Ventures: Thank you so much for giving me the opportunity and congratulations, sir, on an amazing quarter and year. Given the disruption we are seeing on the supply front of inputs, is it fair to say that demand is slowing down because of increasing prices? Since our new capacity is coming in from the start of April, how do we see the near future in terms of the demand side?

Management: The 140 crore population of India needs to be fed. Unlike consumer items, you cannot compromise on agricultural output. Farmers must produce, and they need fertilizers. Domestically manufactured products will not face demand pressure. Even if demand were to drop hypothetically, India imports almost 40% of its fertilizer requirements. As domestic manufacturers, our demand is secure; it is the imports that would be affected first.

Dhruv Mukesh Bajaj – Growth Sree Ventures: I was asking because in previous calls, you mentioned we are price setters because we make complex fertilizers and are less dependent on subsidies, allowing us to maintain margins. Given the recent discussions, might we have to take a margin hit? Could you quantify the margins we are looking at? Year-on-year, EBITDA margins decreased from 15% to 12%, though that might be due to high revenue.

Management: We are currently working on how to protect our margins. Reasonable price increases will be passed on to the customer because the subsidy has already been announced. While we expect some downturn in the first quarter, we will be able to pass on price hikes to customers after that.

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Management: Looking at market volatility and government policy, passing on costs via MRP is a dynamic process. We will take decisions based on sustainability. No government wants us to run at a loss. There can be pressure on margins, but we will continue to remain profitable.

Dhruv Mukesh Bajaj – Growth Sree Ventures: There was a recent announcement regarding input prices. We have a good stock of ammonia and we import rock phosphate. How are we playing the input side, especially with the green ammonia agreement? Does that provide a better picture for a backward-integrated player?

Management: First, the "negative watch" mentioned in reports was for the industry as a whole due to geopolitical issues affecting ammonia availability, not specifically for our company. Our company continues to be rated A+ Stable. Regarding green ammonia, that will be available after 3 years. For the time being, we rely on standard ammonia. Recently, supply to domestic ammonia manufacturing has been restored to 100%, and we expect supply to ease out in the next 7 days. Further signing of green ammonia agreements will strengthen the company in the long term.

Dhruv Mukesh Bajaj – Growth Sree Ventures: We have relatively higher margins compared to peers. We started NPK production in 2023 and added SSP volumes last year. What are the key factors contributing to our success versus peers?

Management: Our backward integration in the market has benefited us, keeping our EBITDA margins better than peers.

Dhruv Mukesh Bajaj – Growth Sree Ventures: Regarding rock phosphate, where do we get the benefits?

Management: As far as high-grade rock phosphate is concerned, there are only three major players in India. One is the Government of Rajasthan, another is Madras Agrochemical, and the third is Krishna Phoschem Limited. It is not easily available to anyone else.

Dhruv Mukesh Bajaj – Growth Sree Ventures: One last question. What are we expecting in terms of the nutrition-based subsidy? Complex fertilizers do not typically get a huge impact from these subsidies, right?

Management: Subsidy contributes substantially. From the government's side, the compensation announced doesn't fully cover the price rise, but we offset that by managing our margins and operational efficiencies.

Dhruv Mukesh Bajaj – Growth Sree Ventures: Got it, sir. Congratulations and thank you for your time.

Operator: We will take the next question from the line of Nitin Kaushik from Apex Capital Private Limited. Please go ahead.

Nitin Kaushik – Apex Capital Private Limited: Hello. Good evening, sir. First, congratulations on the results. My first question is regarding inventory and receivables, which have increased significantly. Should we see this as a drop in demand or a change in future rates?

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Management: There is nothing concerning regarding inventory. Regarding receivables, there has been a rise because, in the last quarter of the year, we imported other variants of NPK. Those receivables will be realized during the current quarter.

Nitin Kaushik – Apex Capital Private Limited: In FY25, the increase was around 664 lakhs, but now it's more than 16,000 lakhs.

Management: Raw material increased from 60 crores to 93 crores. Finished goods inventory increased because of supplies to government federations. We are not permitted to issue invoices until a physical inspection is complete. So, technically, that 161 crores is stock marked for the government. Otherwise, it is in the same range.

Nitin Kaushik – Apex Capital Private Limited: Skymet forecasted a weaker monsoon this year at 94% of the long-period average, compared to 106% last year. Will this impact fertilizer sales?

Management: A forecast of 95% is not a major variation. Major reservoirs and water levels are high compared to previous times. We are not expecting any stress on the agricultural sector, and fertilizer demand should remain stable.

Nitin Kaushik – Apex Capital Private Limited: Could you shed light on the purchase of trading stock? It increased more than six times this year.

Management: We were manufacturing only one variant of NPK, but there is demand for others. To show consumers we can supply all variants, we imported other types. That is why trading goods purchase has increased.

Nitin Kaushik – Apex Capital Private Limited: Thanks again.

Operator: Next question from the line of Neerav Ashar from Monarch Securities. Please go ahead.

Neerav Ashar – Monarch Securities: Good evening. Congratulations on a great set of numbers. With the capacity addition to 6,15,000 metric tons, what capacity utilization are you targeting for the current year? What is your take on margins given the increased costs and working capital issues?

Management: We remain committed to the best utilization of our facilities. Our team is working to provide the most efficient results. The new expansion started this month. While there may be initial teething problems in the first half, we expect full utilization in the coming quarters. Regarding profits, raw material costs have risen due to geopolitical issues. These must be compensated either by the government or through MRP increases. We have already started increasing the MRP. There could be slight pressure on margins in Q1, but we expect to sustain margins later in the year as we pass on costs.

Neerav Ashar – Monarch Securities: Revenue growth was over 80%. What are the figures for FY27?

Management: With the additional capacity, we expect a topline increase of around 500 crores. Last year we had 2,400 odd crores, so you can expect around 2,900 to 3,000 crores.

Neerav Ashar – Monarch Securities: So, about 35-40% higher revenue?

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Management: Yes, including imports and manufacturing, we are expecting 40% growth.

Neerav Ashar – Monarch Securities: What about the margin trajectory? Can we expect margins to go into single digits?

Management: Margin will be under pressure. The margins we had in FY26 may not be fully possible; there will be a slight reduction as some costs are absorbed by us, some by the government, and some passed to the farmer. We will try our best to maintain profitability. While Q1 may be difficult, we are committed to sustaining profits over the full year.

Operator: We will take the next question from the line of Hrishikesh Raneesh Shah from Alchemy Capital. Please go ahead.

Hrishikesh Raneesh Shah – Alchemy Capital: Congratulations on a good set of numbers. What was the trading volume in FY26?

Management: Manufacturing revenue was about 1,300 crores and trading was around 560 crores.

Hrishikesh Raneesh Shah – Alchemy Capital: I meant the volumes.

Management: Trading was 93,000 metric tons and manufacturing was 3,83,000 metric tons.

Hrishikesh Raneesh Shah – Alchemy Capital: What was the EBITDA per ton on the manufacturing side?

Management: It is in the range of 5,500.

Hrishikesh Raneesh Shah – Alchemy Capital: It was 6,000 in FY25, correct?

Management: Yes, a slight decrease. Our overall EBITDA margin came down from 13.54% to 12.34% because our trading turnover increased from 16 crores to 560 crores. Trading EBITDA margins are only 6%, which pulls down the total percentage. On the manufacturing side, we are maintaining the margin at approximately 5,900 per ton.

Operator: We will take the next question from the line of Zoheb Rashid from Springfield. Please go ahead.

Zoheb Rashid – Springfield: Congratulations on the numbers. Are we having any trouble procuring sulfur from domestic refiners?

Management: No problem with procurement; only the price has increased.

Zoheb Rashid – Springfield: Are we expecting a subsidy increase?

Management: The NBS notification was received today. Subsidies have been increased for this quarter.

Zoheb Rashid – Springfield: How much will the MRP increase for NPK, DAP, and SSP?

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Management: Since the subsidy announcement just came out, we are expecting a price increase of 20-25% in the coming days.

Operator: We will take the next question from the line of Bed Gulwani from Care PMS. Please go ahead.

Bed Gulwani - Care PMS: The company imports low-grade phosphate and converts it into high-grade. Is this more beneficial than importing high-grade rock?

Management: We are not importing the low-grade rock; we get it from domestic mining from a government company. Using that domestic low-grade rock for beneficiation provides a definite margin. We are utilizing that capacity at 50-75%. The rock we import is medium or high-grade.

Bed Gulwani - Care PMS: What is the conversion ratio?

Management: We get low-grade ranging from 20% to 40%. It is not a fixed formula, but for a 16% input, you might get an output of 30,000 tons from 1,75,000 tons of input. It depends on the input grade.

Operator: We will take the next question from the line of Rishit Meta, an individual investor. Please go ahead.

Rishit Meta - Individual Investor: Congratulations. The plant is operating at 100% capacity. Is there any risk of asset wear?

Management: Not if you maintain the plant well. A plant can operate for 50 years if efficiency is maintained. Our team is focused on maintaining quality and quantity for the long term.

Rishit Meta - Individual Investor: When will you start receiving green ammonia?

Management: After 3 years. The plant will start in the third year. This will reduce our dependency on external suppliers and is a great achievement for the country.

Operator: Thank you. Participants, please limit your questions to two per person. We will take the next question from the line of Manali Chaturvedi, an individual investor.

Manali Chaturvedi - Individual Investor: Good evening. Input costs were rising in Q4. How did you deliver strong margins despite this?

Management: Input costs rose mostly in the last part of Q4. We maintained reasonable costs through the rest of the quarter, so margins were not under pressure for Q4.

Operator: We will take the next question from the line of Aditya, an individual investor. Please go ahead.

Aditya - Individual Investor: My first question is regarding trading margins and interest costs. If trading margins are 5-6% and borrowing costs are 8-9%, isn't the interest wiping out the trading profit?

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Management: The interest rate depends on the facility. Our average cost of borrowing is in the range of 6% to 7.5%. Net margin on trading is about 2.5% to 3%. We import these variants to ensure we can meet the total demand of the market and remain reliable to our consumers, not just to earn a large profit. The main profit comes from our own manufacturing facilities.

Operator: We will take the next question from the line of Bala Chandar, an individual investor. Please go ahead.

Bala Chandar – Individual Investor: Sulfur prices are around 90,000 per ton and sulfuric acid is 25,000 per ton. This is almost double. Can the government keep increasing subsidies? What measures is management taking?

Management: Sulfur at 90,000 is not the standard price. We have to decide how much to absorb, how much the government supports, and how much to pass on. Fertilizer is an essential part of the agricultural economy. While there is pressure, part of the cost has to be passed to the consumer. Our domestic stock positions are manageable. While there may be pressure in the next quarter, we will keep a manageable profit.

Operator: We will take the next question from the line of Anuj Hariya from Enti Globe Services. Please go ahead.

Anuj Hariya – Enti Globe Services: What will be the balance of manufactured versus trading revenue for FY27?

Management: For FY27, we anticipate importing around 1,50,000 tons. Manufacturing growth will be around 25%. Overall, we hope for 35–40% revenue growth in FY27. Phosphorus and sulfur prices are volatile, but we expect them to start declining in the next 30 days.

Anuj Hariya – Enti Globe Services: You mentioned 16,000. Is that EBITDA per ton for NPK?

Management: Yes, 16,000 is the EBITDA for NPK and approximately 1,600 for SSP. It is not the revenue.

Operator: We will take the next follow-up question from the line of Aditya, an individual investor.

Aditya – Individual Investor: Operational cash flow turned negative this year, mostly due to trade receivables. What percentage is government subsidy versus distributor extensions?

Management: Subsidy receivable is almost 400 crores and other receivables are in the range of 350–400 crores. These were supplied substantially in the last quarter. We expect this money to flow in during the current quarter, so we do not feel cash flow stress.

Operator: Next follow-up from Nitin Kaushik from Asian Capital Private Limited.

Nitin Kaushik – Asian Capital Private Limited: Since capacity expansion is done, what will be the maintenance capex going forward as a percentage of revenue?

Management: The new capacity will reach full utilization during the current year. We are expecting a topline increase of 500 crores from that expansion. Regarding future capex, we keep planning

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business expansions. We have very good cash flows and are working on different projects. We will announce specific capex once the projects are finalized and we have met our statutory obligations. We have a history of declaring capex at the appropriate time while maintaining a proper debt-equity ratio.

Operator: Thank you. As there are no further questions, that concludes the question and answer session. I would now like to hand the conference back to the management for closing comments.

Management: Thank you very much once again for joining this earnings call. If you have any further questions, please reach out to our investor relations team. Thank you, and have a great day.

Operator: On behalf of Krishna Phoschem Limited, that concludes this conference. Thank you all for joining us today. You may now disconnect.

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