GSTIN : 23AACCK4616K4ZK
CIN No. L24124RJ2004PLC019288
www.krishnaphoschem.com
accounts@krishnaphoschem.com

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KRISHANA PHOSCHEM LIMITED

(An ISO 9001:2015 Certified Company)

Date: 18.10.2025

To,

National Stock Exchange of India Ltd.

Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

Dear Sir / Madam,

Subject: Earnings Conference Call Transcript of Q2 & H1 FY26

Pursuant to Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the transcript of Q2 FY26 Earnings Conference Call organized by the Company on October 14, 2025 at 4.00 P.M. (IST).

The Transcript of the same is available on Company's website at following link :-

https://www.krishnaphoschem.com/wp-content/uploads/2025/10/Concall-Transcript-Krishana-Phoschem-Limited.pdf

Kindly take the above-information on records.
Thanking you,

Yours faithfully,
For Krishana Phoschem Limited

ANIL SHARMA

Digitally signed by ANIL SHARMA
Date: 2025.10.18 14:07:01 +05'30'

Anil Sharma
(**Company Secretary)**

Place :-Bhilwara

Krishana Phoschem Limited
Q2 and H1 FY'26 Earnings Conference Call
October 14, 2025

Moderator: Good afternoon, ladies and gentlemen. A very warm welcome to Q2 and H1 FY'26 Earnings Call of Krishana Phoschem Limited.

From the senior management, we have with us today:

• Mr. Praveen Ostwal – Managing Director & Promoter

• Mr. Pankaj Ostwal – Promoter & Director

• Mr. Sunil Kothari – Whole-time Director & Chief Financial Officer

• 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 for the introduction. Good afternoon, everyone, and welcome to the Earnings Call of Krishana Phoschem Limited.

Before we begin, I would like to mention that some of the statements made during today's discussions may be forward-looking in nature and are subject to risk and uncertainty, including those related to future financial and operational performance. In case there is a call drop during the proceedings, please bear with us. We will ensure the call is reconnected at the earliest.

With that, I would now like to hand over the call to Mr. Praveen Oswal – Managing Director. Over to you, Mr. Praveen.

Praveen Oswal: Good afternoon, everyone, and a warm welcome to Krishana Phoschem Limited's Q2 & H1 FY26 Earnings Call.

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This quarter, we are delighted to report our highest-ever quarterly revenue and record EBITDA, marking a significant milestone in the Company's growth journey.In H1 FY'26, Krishana Phoschem has also delivered outstanding half-yearly results, demonstrating strong growth, operational excellence and strong market demand for our products.

During this call, we will discuss

1. Favorable industry dynamics during the period followed by
2. Government policy
3. Financial highlights.

Then, we will discuss our operational achievements and finally provide insights into our strategic outlook for the Company. After this overview, we will be happy to address your questions.

On favorable industry dynamics

Starting with the business environment, the Kharif 2025 season witnessed favorable monsoon conditions with rainfall exceeding the long-term average supporting robust sowing activity across India. This has led to strong demand for fertilizers, especially phosphatic fertilizers, as farmers prepare for the upcoming Rabi season.

India's push towards fertilizer self-reliance continues to gain momentum. During FY'24-25, domestic urea production increased by 35%, while DAP and NPK manufacturing surged by 44%, bolstered by government initiatives emphasizing diversified sourcing and strategic long-term contracts. These efforts have helped stabilize supply chains amid global uncertainties such as geopolitical tensions and the temporary halt of fertilizer exports from China.

Especially, the SSP market remains resilient and expanding, driven by demand from cost-sensitive small and medium farmers seeking balanced nutrient solutions for the soils. Monsoons played a key role in Quarter 2 as farmers stocked fertilizers ahead of planting and during early crop growth stages, resulting in elevated capacity utilization and dispatches across our product portfolio.

Turning to raw material trends, prices remained elevated through the quarter. Sulfur prices also rose, potash and rock phosphate costs increased steadily, and phosphoric acid prices held stable. Ammonia prices softened marginally, which partially eased input cost pressures. Even in this environment, our EBITDA reached a record high, reflecting strong operational efficiencies and an optimized product mix.

Moving on to the policy environment:

1. The Cabinet approved MSP hike across all mandated rabi crops. This will support an increase in farm income and enhance demand for agri-inputs.
2. With a continued policy push towards balanced nutrition, NPK's output rose while stocks tightened in July, pointing to healthy kharif harvest season and potential restocking ahead of rabi season.

Now let us summarize what this means for Krishana.

Factors including push for balanced fertilizer to improve soil health, increased water reservoir levels combined with MSP hikes will enhance prospects of productivity for rabi season, directly supporting healthy fertilizer demand in the season ahead. In parallel, continued policy momentum towards balanced crop nutrition and farmer adoption of value-added phosphatic fertilizer reinforced constructive positioning for the Company's complex fertilizer and SSP product portfolio, indicating potential volume growth and margin resilience into rabi 2025. Here I also want to mention that the Company has introduced various ranges of fortified SSP, including Urea SSP which is being positioned as a substitute of DAP in the Indian market.

Now let us focus on our financial highlights:

- For the quarter our revenue is ₹608 Cr which is Up 102% YoY whereas during the Half Year our revenue is ₹1,003 Cr which is Up 73% YoY driven by exceptional SSP demand utilization and steady operations in complex fertilizers
- For the quarter our EBITDA is ₹73 Cr which is Up 82% YoY whereas during the Half Year our EBITDA is ₹139 Cr which is Up 69% YoY supported by higher volumes, operational efficiencies
- For the quarter our PAT is ₹33 Cr which is Up 99% YoY whereas during the Half Year our PAT is ₹64 Cr which is Up 93% YoY led by higher volumes due to demand and continued operational efficiencies
- Quarterly EPS has doubled to ₹5.4, from ₹2.7 in Q2 FY25, Half Yearly EPS near about doubled to ₹10.31 from ₹5.36, up 93% YoY, reflecting robust profitability and strong shareholder value creation.

Moving ahead, next on operational highlights:

- We achieved our highest-ever quarterly fertilizer production of 95,783 MT where our Half Yearly fertilizer production was 1,90,005 MT which also highest of all time. Remarkable SSP`s Quarterly capacity utilization of 111% showcasing our efficiency.

- We also achieved Highest Quarterly sales volume of 1,21,491 where Half Yearly sales volume was also Highest of 2,12,441 MT, driven by strong market demand and efficient plant operations.
- SSP sales reached a quarterly high of 49,389 MT, whereas Half Yearly sales of SSP at 75,359 MT which was also highest of all time.
- NPK sales stood at a healthy 72,102 MT for the quarter, while half-yearly sales reached to high of 1,37,081 MT.
- Quarterly BRP crushing stood at 38,835 MT, representing 78% capacity utilisation, while half-yearly crushing reached 86,750 MT with 87% utilisation.
- Sulphuric acid production was 46,682 MT for the quarter with 71% utilisation, and 1,04,153 MT for the half year at 79% utilisation.
- Phosphoric acid production stood at 16,589 MT during the quarter, achieving 67% utilisation, while half-yearly production was 33,030 MT, maintaining 67% utilisation.

Coming on to strategic industry outlook and growth initiatives:

Looking ahead, our Meghnagar expansion project is progressing as planned and will augment our production capabilities significantly. The project will enhance our NPK/DAP capacity by 1,65,000 MTPA and Sulphuric Acid capacity by 99,000 MTPA, with a total investment of ₹142 crore. Civil work is underway as scheduled, and the project is on track for commissioning by March 2026. The expansion is being funded through a term loan of ₹75 crore and internal accruals. Further, we are actively exploring additional strategic expansions to enhance capacity and capitalize on emerging growth opportunities

In line with our sustainability commitment, Krishana was selected as the preferred buyer of Green Ammonia under SECI's SIGHT Scheme. NTPC, the winning bidder, will supply 70,000 MTPA of Green Ammonia, marking the beginning of a decade-long partnership aimed at ensuring a reliable supply of green raw materials, reducing import dependence, and advancing India's Green India and Atmanirbhar Bharat initiatives.

India's import dependence on complex fertilizers exceeding 50% presents a strategic opportunity. Potential periodical urea price adjustments recommended by CACP could boost subsidies on phosphorus and potassium fertilizers, strengthening demand for our core NPK segment.

Our innovation-led R&D efforts remain focused on developing fortified fertilizers like Annadata Super 6 and Bharat Urea SSP to improve nutrient efficiency and address micronutrient deficiencies, further enhancing our market differentiation.

To conclude, KRISHANA is well-positioned for strong and profitable growth driven by robust demand, strategic capacity expansion, adherence to sustainability, and a relentless focus on operational excellence. With your continued support, we remain focused on driving healthy growth and creating long-term value for our shareholders.

Thank you for the trust. We now welcome your questions.

Moderator: Thank you. We will now begin the question and answer session. The first question comes on the line of Rehan Syed with Trinetra Asset Managers. Please go ahead.

Rehan Syed: Thank you for giving me the opportunity. So I have only two questions. First, on the working capital side, how has the working capital situation evolved this quarter, particularly with respect to subsidy repayments and dealer payments? Are you witnessing any tightening or improvement in the production cycle?

Praveen Oswal: Both the products have different working capital requirements. Since prices are higher, the working capital requirement for DAP and NPK complexes is relatively higher than for SSP.

Rehan Syed: Right, so my question was whether the current working capital level is expected to sustain or increase going forward?

Praveen Oswal: It will be on the same level.

Rehan Syed: Okay. And coming to my second question on the product mix — which segment is currently seeing stronger demand traction? And do you foresee any shift in the mix over the next two to three quarters?

Praveen Oswal: Presently, our key focus is on the phosphatic segment. Both SSP and DAP/NPK complexes fall under this segment, and we continue to see steady demand across these products.

Rehan Syed: Both have its own market.

Praveen Oswal: yes

Rehan Syed: And any guidance or any margin guidance for next year, or next year to next year?

Praveen Oswal: For the coming six months, we expect that the last six months results, we are going to follow that same style of production. It could be in the range of last six months data only.

Rehan Syed: Okay, thank you. That is al from my side.

Moderator: Thank you. Next question comes from the line of Vignesh Iyer with Sequent Investments. Please go ahead.

Vignesh Iyer: Hello, sir. Thank you for the opportunity. My first question is regarding the sulfur and sulfuric acid spread. Could you share the prices of sulfur and sulfuric acid for Q2 FY'26 versus the previous quarter? Also, could you provide your insights on how you see these prices trending in the coming quarters? Historically, we have never seen such high pricing in sulfuric acid, so your view would be helpful?

Praveen Oswal: Yes. Sulfur prices have been increasing continuously and are now almost at their highest levels of all time.In India, sulfuric acid has different sources some are byproducts from smelters, and some are produced through burners. While sulfur prices are going up, sulfuric acid prices are still relatively under control, and we have tie-ups in place for sulfuric acid supply.

Vignesh Iyer: Sir, could you quantify the same? I mean, what was your sulfur price like, $300 to $350?

Praveen Oswal: In April 2025, sulfur was around ₹27,500 per tonne, and now it is around ₹33,000 per tonne.

Vignesh Iyer: Okay. And sulfuric acid?

Praveen Oswal: Sulfuric acid was roughly around ₹8,000 per tonne in April 2025, and now it is around ₹9,000 to ₹10,000 per tonne.

Vignesh Iyer: Okay.

Praveen Oswal: Yes.

Vignesh Iyer: Okay sir. And my second question is, on the SSP side of the business, could you share what is the EBITDA per ton that we did in SSP in this quarter?

Praveen Oswal: It is around 13% to 15%.

Vignesh Iyer: 13% to 15%. Okay. Okay fine. Thank you. That is all for now.

Praveen Oswal: Thank you.

Moderator: Thank you. Next question comes from the line of Nishita with Sapphire Capital. Please go ahead.

Nishita: Hello.

Praveen Oswal: Yes.

Nishita: Hello. Yes. So, I have a few questions. So, my first question is, once the CAPEX is done and the capacity is operational, at full utilization, what is the revenue that you can do?

Praveen Oswal: Right now, our present capacity for DAP-NPK is 3,30,000 tonnes, and we are adding another 1,65,000 tonnes. So, the total capacity will become 4,95,000 tonnes. We expect to utilize around 75% to 80% of this capacity. The pricing per tonne of NPK is approximately ₹45,000 per tonne. So, the potential revenue could be around ₹1,800 crore from DAP-NPK, and for SSP, it would be on similar lines.So, in total, it could be around 2,000 odd crores.

Nishita: Okay. Understood. My next question is that in Q1, you have given a revenue guidance of Rs. 1,500 crores in FY'26 and we have already done around Rs. 1,000 crores in H1 only. So, are you going to increase this guidance? What will be the current guidance for FY'26?

Pukhraj Kanther: Actually, madam, this includes some trading of fertilizers. We are primarily into manufacturing of phosphatic fertilizers, and during this season, there has been very good demand. To meet this demand and expand our product portfolio, we have imported and started trading certain grades of NPK. In this quarter, trading constitutes about 20% to 22% of total revenue, compared to around 4.5% earlier. For the manufacturing segment, as our Managing Director mentioned, we will maintain the same revenue target for the next half year. As for trading, it depends on market dynamics and demand, so that portion may vary depending on market conditions.

Nishita: So, the revenue target will be at Rs. 1,500 crores only.

Pukhraj Kanther: Obviously, but if the opportunity for the trading comes, then it will go up.

Nishita: Okay. Understood. And my last question would be, we had a 1% of margin drop year-on-year. So, what is the reason for that?

Pukhraj Kanther: As I mentioned earlier, about 22% of our revenue this quarter came from trading, and in trading, the margin is hardly around 2%, compared to the 11%–12% margin in manufacturing. So, when combined, the overall margin drop becomes visible that's the first reason. Secondly, there has been a slight increase in raw material cost, as indicated by our MD. The sulfur price increase has also put some pressure on margins. However, I would like to mention that we have not yet accounted for the possible upward revision in subsidy expected in the coming six months. So, we believe that whatever margin drop has occurred in the second quarter should be well compensated in the period ahead.

Nishita: Guidance. Rs. 1,500 crores of revenue guidance for FY'26 will be on a conservative basis.

Pukhraj Kanther: Yes, we will exceed it.

Nishita: Okay. Thank you so much.

Moderator: Thank you. Next question comes from the line of Heet Modi with RV Investments. Please go ahead.

Heet Modi: Good evening, sir. Sir, my question is, what is the revenue and margin per metric ton of SSP and NPK-DAP?

Pukhraj Kanther: Our Managing Director has already indicated that the operating margin is around 13% to 14% for both SSP and NPK. As for DAP, we are currently not manufacturing DAP and are focusing on NPK production to meet the strong demand.

Heet Modi: Sir, I am asking about per metric ton.

Pukhraj Kanther: You can calculate for SSP, the realization is around ₹17,000 per tonne, so the EBITDA per tonne would be around ₹1,900 to ₹2,000. For NPK, the EBITDA per tonne is around ₹6,000 plus.

Heet Modi: Okay, sir. Thank you, sir.

Moderator: Thank you. Next question comes from the line of Rishi Mehta, an individual investor. Please go ahead.

Rishi Mehta: Sir, how you are responding to the aggressive competition from both imported and domestic fertilizer players?

Praveen Oswal: See, we are manufacturing fertilizers at a very optimal cost, and we are also importing fertilizers. If you consider it as market competition, I would say there isn't much, because fertilizers are in shortage in the country. The fertilizers, whether imported or domestically produced, are being sold very actively, and there is huge demand. So, selling fertilizers is not an issue for us.

Rishi Mehta: Okay. And just like you are the master of SSP, NPK-DAP, but is there any plan to enter in the urea segment in the future for the Company?

Praveen Oswal: Right now, there is no such plan to enter into urea segment.

Rishi Mehta: Okay. We are continuing with the NPK and SSP.

Praveen Oswal: Yes, yes. There is a huge scope of manufacturing capacity being increased in the country. So, we are still concentrating on to increase the capacity of our NPK/DAP lines.

Rishi Mehta: Okay. And you are expanding in the northern areas and also you are looking for the other zones of India like south zone, east zone and others?

Praveen Oswal: As I mentioned, there is significant potential for marketing fertilizers manufactured from our northern plants. Currently, we are focusing on the northern market. However, if opportunities arise to develop facilities in the southern part, we will consider it. We are open to setting up facilities anywhere in the country due to the high demand for fertilizers.

Rishi Mehta: Okay. Thank you, sir. And wishing you good luck for the expansion. Thank you.

Praveen Oswal: Thank you. Thank you very much.

Moderator: Thank you. Next question comes from the line of Ajit Sethi with Eco Quantum Solutions. Please go ahead.

Ajit Sethi: Thanks for the opportunity. In Q2, we are at optimum utilization for NPK and DAP. With the new capacity of 1,65,000 tonnes coming online by March end, what kind of utilization are we expecting from this new capacity in FY'27?

Praveen Oswal: As we have shared with financial institutions, based on our experience, we expect the first year of operations to see around 50%–55% utilization. These are conservative numbers, and the utilization can increase year-on-year to 80% or more.

Ajit Sethi: Okay. Thank you.

Moderator: Thank you. Next question comes on the line of Harish Sharma, an individual investor. Please go ahead.

Harish Sharma: Hi, sir. Good evening. My question is that as you are aware that the Paradeep and Mangalore Chemicals merger, it will be open for you. What are your plans for merger?

Praveen Oswal: We are currently examining the Paradeep and Mangalore Chemicals merger. As you know, there are several regulatory considerations involved in mergers, particularly in the fertilizer sector. Let us see how this merger progresses. If everything goes smoothly with these two companies, we are open to considering a merger plan in the future.

Harish Sharma: Okay. Thank you, sir.

Moderator: Thank you. Next question comes on the line of Vishal, an individual investor. Please go ahead.

Vishal: Yes. Good evening, sir. I have a couple of questions. First question on the operating margin front. So, last like we see from 2020 to till date, right, the margins are continuously kind of shrinking or a little bit impacted there from 20% to right now 13% in the latest financial year. So, your view on that part, how are we planning to improve the margins back to the level which companies used to have earlier? And second question is like the phenomenal growth that we have seen in the last couple of years. So, what is our guidance for the next couple of years or five years down the line to maintain the same?

Pukhraj Kanther: Regarding the declining margins, 2022–23 was an exceptional year with PAT margins of around 20%–21%, which is difficult to repeat. The government also expects that all first-party fertilizer companies should maintain reasonable profitability. We are eyeing an operating margin of around 13%–14%, which we hope to maintain consistently.

As for the next five years, if you look at our history, we have been gradually expanding capacity and diversifying our portfolio. We added DAP-NPK in 2023, and now we are further expanding DAP-NPK capacity. In the future, once our cash accruals accumulate adequately, we can consider expanding to other geographies or further increasing our portfolio and capacity.

As we have been doing, the Company will continue expanding over the next five years, and I am confident that the growth you are seeing today will multiply over time.

Vishal: Okay, thank you so much sir.

Moderator: Thank you. Next question comes from the line of Nitin Kaushik with FN Capital Private Limited. Please go ahead.

Praveen Oswal: Yes, good evening.

Nitin Kaushik: Sir, first of all, congratulations for this spectacular result. Sir, I have a few questions. The first one is, what revenue growth and volume growth you are expecting for FY'26 whole year for both the segments?

Praveen Oswal: As mentioned earlier, in the last six months, we have achieved strong performance from both manufacturing and trading businesses, and we expect similar numbers in the coming six months as well.

Nitin Kaushik: Sir, because here has been some outline like in this quarter, on a year-on-year perspective, you grew by 102%. So, I was asking if this growth was sustainable or not for future?

Praveen Oswal: Yes, see, our overall performance includes both manufacturing and trading activities. Trading contributed around 20% to 22% of the turnover, and as you know, trading is largely opportunistic in nature, depending on market demand and availability. This quarter being a strong season, we are continuing similar trading volumes. For the last quarter, it will depend on the market conditions and our business plan. However, we are confident that similar business trends will continue over the next six months.

Nitin Kaushik: Okay, sir. Sir, the next question was, could you guide us on what has been the price trend of SSP, DAP and NPK over the past six months and what would be its price in future?

Praveen Oswal: The price of NPK was around Rs. 45,000 per ton, with minor fluctuations of about Rs. 1,000 here and there. For SSP, it was in the range of Rs. 15,000 to Rs. 16,000 per ton, with similar variation. We expect the prices to remain largely stable over the next six months.

Nitin Kaushik: Okay, sir. Also, sir, out of SSP, DAP, NPK which segment is more profitable for you?

Praveen Oswal: See, EBITDA margins for both the products is in the range of 13% to 15%. So, both the products have a same margin and both have the same, both have the huge market. So, we are manufacturing and marketing our products in full swing.

Nitin Kaushik: Okay, sir. That is it from my side. Thank you, sir.

Praveen Oswal: Thank you.

Moderator: Thank you. Next question comes from the line of Shyam Chendliya, an individual investor, please go ahead.

Shyam Chendliya: Good afternoon, sir.

Praveen Oswal: Good afternoon.

Shyam Chendliya: Sir, I want to ask you that what risks could impact execution of your upcoming projects?

Praveen Oswal: Execution of the upcoming project, most of the things are indigenous purchases so we are not foreseeing any substantial risk or something.

Pukhraj Kanther: We also have a strong track record in implementing such projects. Over the past two decades, the group has successfully undertaken around 19–20 expansion and diversification projects. Our vendors are well-established, engineers are highly skilled, and the promoters are experienced in project implementation. With internal accruals being sufficient and debt already tied up, we don't expect any major risks, except for unforeseen natural events.

Shyam Chendliya: Okay, sir. Thank you.

Praveen Oswal: Thank you.

Moderator: Thank you. Next question comes to the line of Nishita with Sapphire Capital. Please go ahead.

Nishita: Hello, I just have a follow-up question. So, you mentioned that the next six months, the business will be in the same line as H1. So, I am assuming that you can get a revenue top-line of Rs. 1000 crores. Is that safe to assume?

Praveen Oswal: As I mentioned earlier, in Q2 we had a trading turnover of around ~20%, and we expect a similar contribution in Q3. Our production operations are running smoothly, so there are no issues on that front. The only factor to monitor is the trading component, particularly for imported fertilizers, which depends on market dynamics in Q4. We will assess that closer to the time.

However, based on our strong manufacturing performance, we are confident of maintaining similar numbers over the next six months.

Nishita: Okay.

Praveen Oswal: And there is a huge scope of demand of fertilizers. So, it is not an issue that we will be able to achieve or not. It is that we are confident and we will continue with our manufacturing and trading businesses.

Nishita: Yes. Thank you.

Moderator: Thank you. Next question comes from the line of Anubhav Sangal with Anand Rathi. Please go ahead.

Anubhav Sangal: Good evening, sir, my question is from the point of EBITDA margin. We are seeing the EBITDA margin coming down Y-O-Y from Q2 FY'25 to Q2 FY'26. So, just wanted to understand the reason behind that. If you can elaborate, please.

Pukhraj Kanther: Good evening. As mentioned earlier, the decline in EBITDA margin from Q1 to Q2 is primarily due to higher trading turnover. In Q2, around 22% of our revenue came from trading, where margins are only about 2.5%, compared to 13%–14% in manufacturing. That is the main reason for the reduction. Additionally, the increase in sulfur prices impacted margins by around 70–80 basis points. However, we expect that the expected rise in subsidy over the next six months will help offset this decline in manufacturing margins.

Anubhav Sangal: Got it, sir. Thank you.

Moderator: Thank you. Next question comes from the line of Ajit Sethi with Eco Quantum Solutions. Please go ahead.

Ajit Sethi: Thanks for the opportunity again. If possible, can you please share what is the total demand domestically of DAP-NPK and the supply against is similar with SSP also?

Praveen Oswal: The total demand for DAP and NPK in India is around 20 million tons, while the demand for SSP is about 5 million tons. SSP is entirely manufactured indigenously, whereas in the case of DAP and NPK, roughly 50% is produced domestically and the remaining 50% is imported.

Ajit Sethi: Okay, sir. Thank you.

Praveen Oswal: Thank you.

Moderator: Thank you. Next question comes to the line of Vishal and individual investor. Please go ahead.

Vishal: Thank you, sir, for the opportunity again. I have a question on the borrowing strength. So, traditionally, we have seen the debt to equity have been higher side in 2023-24. And then 2025, we have seen improvement. But again, in September'25 quarter, there is a spike. So, what are the plans for the management to bring it down to a comfortable level with a below 0.5 and how we are managing our cash flow in that?

Pukhraj Kanther: The higher borrowing in September is primarily due to trading activities, with shipments occurring in the last week of the September. The borrowings have been fully tied up. If you look at the overall interest cost versus sales turnover, it is within our planned range. In absolute terms, despite these borrowings, cash accrued during the first half has exceeded our targets by around 30%–35%. As long as borrowing translates into better profitability, we see no issue. These are all short-term borrowings, not long-term. Even at the current turnover, the long-term debt outstanding is only about Rs. 150 crore, compared to EBITDA of roughly Rs. 130–140 crore.

Vishal: Yes, I agree, sir. Borrowings are required for the business. That is understood. The only point was how we plan to bring it down further so that it helps the Company as well as the future outlook, both ways, right?

Pukhraj Kanther: That's a valid point. Most of our borrowings are short-term and related to trading operations, and overall, our outside liabilities are well-managed and under control. I don't think an immediate reduction is necessary. The focus should remain on improving operational efficiency, which we have been doing consistently. Of course, we haven't made any decision yet, but if there is a future equity infusion or preferential allotment, borrowings will naturally reduce proportionately.

Vishal: Okay, so is there any plan for such equities?

Pukhraj Kanther: No, so far we do not have any plan.

Vishal: Okay. And sir, one last question is on trade receivables. So, those are also spiked up in the current quarter. So, those are also linked to trading part or something else?

Pukhraj Kanther: Yes, they are related to trading, and we expect these receivables to be realized by December.

Vishal: Okay, that is great. Thank you, sir.

Moderator: Thank you. Next question comes in the line of Udit Pandya with MFA Capital. Please go ahead.

Udit Pandya: Sir, congratulations for a very good set of numbers this quarter and year-on-year really good numbers. I just wanted some light on the working capital days of the Company as of September.

Pukhraj Kanther: In September, our current assets appear substantially high, but this does not represent the average. As I explained earlier, the elevated level is due to trading-related current assets, such as stock and receivables. With the realization of these trading stocks by December, we expect to maintain a working capital cycle of around six months, or slightly less.

Udit Pandya: Okay. That could be great. And I wanted to understand if you can throw some color on what are the trade terms for the trade receivables in the trading business? Like how much time is the credit cycle given to, credit time given to the trade receivables in the trading business?

Pukhraj Kanther: This trading, particularly these all NPK and these products, when we are selling to the wholesalers and market federation, we are extending a 45 to 60 days of credit. But this revenue includes a part of subsidy also. And as you know, the subsidy is realized only when this fertilizer reaches in the hands of farmers. So, you can include this debtors in two parts. One is subsidy, another is debtors. So, debtors, you can say within 60 days we will be able to realize. And subsidy, yes, it can take about 100 days.

Udit Pandya: Okay. So, these are classified in the trade receivables, right? The government one

Pukhraj Kanther: Yes.

Udit Pandya: Okay. Thank you. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of question and answer session. I would now like to hand the conference over to Praveen Oswal for closing comments.

Praveen Oswal: Okay. Thank you very much, all the participants. It was really good to hear from you all the queries regarding our Company, and we are always here to give our observations and give our submissions to the participants. We welcome you again whenever you have some queries. Thank you. Thank you very much on behalf of Krishana Phoschem Limited. And that concludes the conference. Thank you very much.

Moderator: Thank you. On behalf of Krishana Phoschem Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.