



“Paradeep Phosphates Limited
Q3 and 9MFY25 Earnings Conference Call”

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MANAGEMENT: **MR. SURESH KRISHNAN – MD & CEO – PARADEEP PHOSPHATES LIMITED**
MR. RAJEEV NAMBIAR – COO – PARADEEP PHOSPHATES LIMITED
MR. BIJOY BISWAL – CFO – PARADEEP PHOSPHATES LIMITED
MR. ALOK SAXENA – HEAD CORPORATE FINANCE & IR – PARADEEP PHOSPHATES LIMITED
MR. SUSNATO LAHIRI – DGM STRATEGY, IR AND ESG – PARADEEP PHOSPHATES LIMITED
MR. HARSHDEEP SINGH – PRESIDENT AND CHIEF COMMERCIAL OFFICER -- PARADEEP PHOSPHATES LIMITED

MODERATOR: **MR. MANISH MAHAWAR – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Paradeep Phosphates Limited Q3 and 9 Months FY '25 Earnings Conference Call hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this

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. Manish Mahawar from Antique Stock Broking Limited. Thank you, and over to you, Mr. Mahawar.

Manish Mahawar:

Thank you, Nirav. On behalf of Antique Stock Broking, I would like to welcome all the participants on the call of Paradeep Phosphates. Today, we have Mr. Suresh Krishnan, MD and CEO; Mr. Rajeev Nambiar, COO; Mr. Bijoy Biswal, CFO; Mr. Alok Saxena, Head Corporate Finance & IR; Mr. Susnato Lahiri, DGM Strategy, IR & ESG on the call.

Without further ado, I would like to hand over the call to Mr. Krishnan for opening remarks, post which we will open the floor for Q&A. Thank you, and over to Mr. Krishnan.

Suresh Krishnan:

Thank you, Manish. Good morning, everyone, and welcome to Paradeep Phosphates Limited Q3 and 9 Months FY 2025 Earnings Conference Call. We have shared our earnings presentation and press release, both available on our website and Stock Exchanges, and I hope you've had a chance to review them.

Building on our momentum, Q3 FY '25 was another good quarter with a robust production, primary sales and POS sales growth, leading to improved revenue quality. Our focus on value-added NPK fertilizers remains consistent, and we produced 7 unique NPK grades in addition to DAP, ensuring greater flexibility to meet the farmers' needs.

In Q3 FY '25, the production rose by 25% year-on-year to 675,808 metric tons, while the sales surged 47% year-on-year to 870,586 metric tons. For the first 9 months, production reached 1.91 million metric tons, up 4% year-on-year, with sales climbing 13% year-on-year to 2.29 million metric tons.

We've also seen strong market traction with our newly launched Triple Super Phosphate. Our Biogenic nano-fertilizers continues good performance with sales surpassing 1.4 million bottles in the 9-month period with Zypmite production hitting all-time high of 36,000 metric tons during this period, reinforcing our commitment to circular economy and sustainable ESG practices.

On backward integration front, our sulfuric acid capacity expansion from 1.3 million tons per annum to 2 million tons per annum remains on track for completion by Q3 FY '26, supporting our phosphatic acid integration strategy. Additionally, we completed the first phase of our energy saving initiative at the Goa plant, which is expected to yield efficiency gains and cost savings in the coming quarters.

Coming to the financial performance. Q3 FY '25 income from operations stood at INR4,105 crores, marking a 58% year-on-year growth, with EBITDA at Rs. 372 crores and EBITDA margin of 9%. PAT for the quarter came in at Rs. 159 crores, up 47% year-on-year with PAT margin of 4%. For the 9-month period, income from operations totalled Rs. 10,326 crores with EBITDA of Rs. 978 crores, reflecting a 9.4% margin for the period.

PAT for the period stood at Rs. 392 crores with a PAT margin of 3.8%. So EBITDA was at Rs. 978 crores, reflecting a 9.4% margin and PAT was at Rs. 392 crores. The performance reflects our efficient raw material sourcing, strong backward integration, diverse product mix, extensive distribution network and deep rooted relationships with channel partners and farmers. Favorable rainfall, stable reservoir levels, lower-than-normal fertilizer inventory ahead of Rabi, continued government support have all contributed positively to demand.

Looking ahead, we remain focused on optimizing our fertilizer mix, managing the raw material price fluctuations and driving operational excellence. With strong fundamentals in place, we are well positioned to deliver positive finish to FY 2025.

With that, I would now like to open the floor to questions, over to you.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Prashant Biyani from Elara Securities.

Prashant Biyani: Sir, we have committed Rs. 4,000 crores of capex in Odisha. Can you share some details on project-wise breakup and time line of investment for each of them?

Alok Saxena: Let me take this. So out of the Rs. 4,000 crores investment, what we are envisaging is a Rs. 3,000 crores investments will be on the fertilizer operations, which includes phosphoric acid, sulfuric acid and the downstream granulation unit. And the balance Rs. 1,000 crores is estimated to be around green space, which includes green ammonia or a technical-grade or merchant-grade phosphoric acid.

So these are the kind of investments that we have indicated to the Government of Odisha. Having said this, these numbers are preliminary in nature, and we'll have to do a detailed project feasibility analysis before we get into the project mode.

Prashant Biyani: Okay. And sir, on MCFL concall, management has told that post merger we may plan some investments in Morocco as well. So can you highlight some details on the Morocco investment plan of ours and time line for the same again?

Alok Saxena: So we are still in discussion phase. I think we'll get back to the audience for today's call at the right stage once we have taken the proposal at the Board level.

Prashant Biyani: Okay. And sir, on the merger with MCFL, when can we expect the approvals from?

Alok Saxena: Prashant, as you know that in November, we called up for the Board meeting wherein the modified scheme was submitted. And the file is now being reviewed by SEBI. Hopefully, we are all expecting SEBI approval to come through shortly. And once that is there, then we'll have to go to the NCLT procedures.

Prashant Biyani: So then the merged financials can come in at the earliest by, from when?

Alok Saxena: See, in the scheme, we have said that the merger, once contemplated, will be effective from April '24. So that's the provision we have made in the scheme. And there is a 12-month window that is available from the date of filing of NCLT. So in case we are able to file the NCLT by this

March, then obviously, we can take the benefit of April '24 as envisaged in the scheme, but that will be effective only after getting the NCLT approval.

Prashant Biyani: Okay. And sir, according to our last quarter presentation, average rock price in general was around \$188 and sulfuric acid at \$98. For this quarter, how much could both these be, for rock and sulfuric acid?

Suresh Krishnan: Well, when it comes to rock, it's a formula that really works for us, and it's predicated to the going rate for phosphoric acid in India. So as you know that we have actually corrected ourselves to \$1,060 phosphoric acid price, which is going to be \$1,055. So rock levels are going to be pretty similar to what we saw last year.

It's not going to be a major change. And sulfuric acid is purely market driven. And so it's a dynamic situation. But I don't see a phosphoric acid phosphate rock price change in a big way going forward this quarter.

Prashant Biyani: Sir, just for the ease of convenience, would you be able to share the phosphoric acid average price for Q3?

Suresh Krishnan: Currently, the phosphoric acid price for this quarter is \$1,055 per metric ton, which is the purchased phosphoric acid that we get.

Prashant Biyani: I'm sorry, I meant sulfuric acid.

Suresh Krishnan: Sulfuric acid, we don't buy too many. Biswal, you want to share some number, you can. Because we are a manufacturer of sulfuric acid based on sulfur being available. We purchase sulfur. The sulfur is something which is \$110. So the purchase price is around \$110. That is we buy as and when we have a need. Otherwise, we normally manufacture sulfuric acid.

Prashant Biyani: Okay. Sir, for the quarter, how much subsidy have we received and how much is pending?

Bijoy Biswal: We have received around Rs. 1,750 crores of subsidy for this quarter. And what is pending is around Rs. 1,700 crores.

Prashant Biyani: Right. And sir, what would be the gross and net debt for the quarter?

Bijoy Biswal: Okay. So we have got a gross debt of around Rs. 4,000 crores. But after removing the cash, it will be around Rs. 2,600 crores.

Moderator: Next question is from the line of S. Ramesh from Nirmal Bang.

S. Ramesh: So while your commentary is positive, results are good, the one thing that I'm curious about is the margins are down in percentage terms without taking anything away from your percentage growth. So what is the reason for the decline in margin? Is it just a function of the increase in the top line?

And secondly, in terms of benefit from the captive sulfuric acid and phosphoric acid manufacturer, what would be the impact this quarter in terms of dollar per ton or percentage?

And how do you see that improving once your entire backward integration project is completed with the expansion of the phosphoric acid plant?

Suresh Krishnan:

Well, when you look at this financial year from April 1, I think first and foremost, what we need to understand is that we have been affected by primarily three factors. The first factor is currency. The second factor is the global commodity prices for raw material, which have been there. The third factor is the way the prices have moved in the Indian market for the finished goods.

So if you look at the third quarter for us, we've had a contraction of margin, which has come in and it's largely to do with DAP. It is important to understand that we have a good amount of DAP in our manufactured portfolio which is also a product that is there as part of a larger revenue mix for us.

And DAP is one product wherein we are seeing a contraction right through. And a strange thing about DAP, which we are seeing today is the raw material prices have gone up, the currency is weakening. However, the affordability of the farmer has been good. So this, in our view, is not a good situation to be in. What it does to the farm economy is that the balance fertilization that we all look at might just get disturbed if this kind of a trend continues.

So in our view, the DAP margins will expand or will have to get corrected. And the correction can come two ways. One is commodity prices correcting itself or the overall revenue mix that we'll get in terms of the revenue from the marketplace and the revenue from the Government for this particular product will have to kind of change to correct this. So I think the DAP change is something important to watch out and it should happen from April 1, 2025.

S. Ramesh:

Okay. And the other question on the value capture on captive sulfuric and phosphoric acid, how much would that...

Suresh Krishnan:

That continues, that continues. The domestic value capture for making phosphoric acid between what we can import and what we do, we've always maintained that there's about a Rs.10,000 margin that we can get. This actually has been expanding with currency today. So it could be going up to Rs.12,000 and at times even could go to Rs.14,000. So that value capture goes on. And as far as sulfuric acid is concerned, it's slightly more muted because of sulfur prices, so maybe about around Rs.2,000 a metric ton.

S. Ramesh:

Okay. So that means once your sulfuric acid project is executed and your phosphoric acid plant is in full production, you'll get this benefit based on the tonnage. So when do we expect the full benefit from fourth quarter of FY '26 or first half of FY '27?

Suresh Krishnan:

Well, you look at it, the phosphoric acid capacity has been completed, so we're getting the benefit of it today. But the key thing that we're not getting the full benefit in the phosphoric acid is because we still import a part of the sulfuric acid, which we require. So this increase in capacity by about 0.6 million tonnes is what we are expecting to do today. It's going to be there in Q3 of 2026 or next year, by about September, October we'll be ready. So the second half of next financial year, you will see the full benefit flowing in.

S. Ramesh: So one last thought. If you're looking at your current net debt and the cash flows in the future, now that you have possibly come to the end of your current capex, any further thoughts in terms of capex for the next 2, 3 years?

Suresh Krishnan: No, I think I would like to state this for the benefit of everyone. We are running a net worth of close to about Rs.3,900 crores, and our long-term debt is about Rs.600 crores to Rs.650 crores to date. And we have always maintained that we would like to keep our long-term debt within a range, maybe 0.3% to 0.35% of the overall net worth that we have. So we are planning our projects based on that.

So we will be careful in terms of capital allocation when it comes to it, and we will look at projects based on our debt flexibility that we have. So today, the key project that we are following up besides the sulfuric acid project is the expansion of phosphoric acid from 5 lakh to 7 lakh tons, which we announced in the last Board meeting.

That is one capex that we are doing, which is going to make a material change to us, and that will be available, it will not be now. It will be middle of 2026 is when this will get streamlined for us. Along with that, the other major thing that we're doing is the energy optimization, reducing the carbon footprint in Goa, wherein we expect that we will modernize our compressors in our fertilizer complex.

So that project is going to be taken up in December of 2025. So between '25 and '26, and these are all financed projects. So there is no new thing to be done here. So these are projects which are going to finally add value and give the positive support to the growth in EBITDA for us.

S. Ramesh: If I can get few more thoughts from you. One is in terms of this capex for this year and next year, what was the number? And second thing is on the energy efficiency project, what is the benefit you expect, say, in terms of rupees per ton? And when would that flow through into your numbers?

Suresh Krishnan: If you look at it, as far as the project is concerned, the residual project that we need to finish in the sulfuric acid will still cost us about Rs.200 crores to Rs.250 crores. That's the residual capex that we will have there. And when it comes to the other project, which is the new phosphoric acid capacity from 5 lakh to 7 lakh tons is going to be roughly about Rs.240 crores to Rs.250 crores.

So these are the two Rs.400 crores, Rs.500 crores investment that is going on at this point of time. And these are investments with high numbers of return on capital employed. Coming to the energy efficiency side, we have planned to incur close to about Rs.180 crores on energy efficiency.

The idea here being this project of Rs.180 crores should at least give us 25% return on capital employed. So that's the return that we are expecting to get from this project.

Moderator: Next question is from the line of Bhavya Shah from 3A Financial Services.

- Bhavya Shah:** Sir, my question is, in the recent financial budget, FY '25, Government has reduced allocation for fertilizer subsidy to Rs.167,000 crores from FY '24 of Rs.188,000 crores. So our company could have some negative or positive impact of this subsidy?
- Suresh Krishnan:** Well, coming back to the subsidy allocation, which Government does, I think it's an adequate subsidy they have provided for. These are normally an estimate based on the current trends that they get to see. So if you look at it today, from a budget estimate to a budget estimate, there is a marginal improvement.
- But from the revised estimate of last year to the current budget estimate, you may see some kind of a small reduction, which is there. But I think we see this as a comfortable position going forward. And typically, Government makes an assessment of all this in the first 9 months. And if there is no geopolitical issue that you get to see, then you might get to see fertilizer prices in a more stable range, and these numbers will come good.
- Moderator:** Next question is from the line of Riju Dalui from Antique Stock Broking.
- Riju:** Sir, my question is regarding the current budget, Government has reduced the import duty on phosphoric acid from 20% to 7.5%. So how that will impact our earnings or like our company in terms of profitability?
- Bijoy Biswal:** So phosphoric acid, I don't think there is any decrease in the rates.
- Suresh Krishnan:** Phosphoric acid is 5% to 4% for the fertilizer use.
- Riju:** Sir, if you look at the budget document, so there was a reduction in duty, so 20% to 7.5%. So is that the same grade or like...
- Bijoy Biswal:** No, this is not the same grade what we import. Right now, what we import is around 5%.
- Management:** So this is, I think, on the manufactured phos acid, which is used for the food segment. What we produce is fertilizer grade phosphoric acid, which we import from Morocco and all.
- Riju:** Okay. But sir, we import rock phosphate, right? So if we are importing rock phosphate and if phosphoric acid prices are going down, imported prices, then we might have a negative impact in terms of EBITDA per ton. So that I wanted to understand.
- Bijoy Biswal:** No. This phosphoric acid, what you are talking is something different. What we import, the custom duty is 5% right now. So it has to be understood that is maybe the food grade phosphoric acid. So it is not going to impact the import of the phosphoric acid for the fertilizer grade.
- Riju:** Understood, sir. And second question was in terms of sulfuric acid capacity addition that you have announced last year, 0.6 million tons. So like that is on track or like how it is?
- Suresh Krishnan:** Yes, it's on track.
- Riju:** Yes. So this is likely to commission by end of this financial year?

Management: This is expected to commission by September as committed to the Board. And I think it is on track, and we don't see any uncertainty in that.

Moderator: Next question is from the line of Vignesh Iyer from Sequent Investments.

Vignesh Iyer: Sir, my first question is on the backward integration part. I wanted to know what is the total savings that we did due to the backward integration of sulfuric acid and phosphoric acid in Q3 as well as 9 months? If you could give us a number for that?

Suresh Krishnan: Well, our capacity of phosphoric acid has increased by about roughly, we've increased our capacity by 600 tons per day, which is per day, that's a capacity increase that we have done. And that reflects into about 18,000 tons per month. So in a quarter, we get about 50,000 tons to 60,000 tons more.

So that has an impact of close to about Rs.50 crores in the overall mix. And the benefit of sulfuric acid and phosphoric acid get merged into that benefit, and that's what we get. And this is the difference between the phosphoric acid that we would have imported in case we have not increased our capacities.

Vignesh Iyer: Okay. So if I understand it right, I mean, this quarter, we have seen some increase in sulfuric acid prices has been reported. And also one of our peers, who is also backward integrated in this, they saved quite a lot of amount. So I mean, the margins, if I have to compare, not on a percentage basis, but on absolute basis, has seen a very good improvement on year-on-year basis. Would it be correct to say that this primarily is due to the backward integration that the margins...

Suresh Krishnan: Currently, the backward integration is what is playing out for sure, yes, because the MRP hasn't changed very much. MRP against dollar that hasn't changed very much. So it is the backward integration that is playing out for the margins.

Vignesh Iyer: Because the trend of sulfuric acid in last 4, 5 months seems to be more on upwards...

Suresh Krishnan: Yes. Currently, I mean, we have only a 1.3 million ton capacity. So once the new capacity comes in, I'm sure we'll gain from there also.

Vignesh Iyer: Just one more question on my side. I understand the new capacities coming in quarter 3 FY '26. On a normalized basis, what would be the kind of EBITDA margin we can see once all our backward integration kicks in on a full year basis, that is?

Suresh Krishnan: We have always said that for an integrated plan, we're introducing newer grades and more soil-specific grades, the range that we said is about Rs.4,500 to Rs.5,000. But I believe that once the backward integration for us across the site, I mean, the overall requirement of phosphoric acid and sulfuric acid gets back towards, then we should obviously be pushing ourselves into a range of Rs.5,500 per metric ton above.

Vignesh Iyer: Okay. Sir, just one last question from my side. So as of 9 months FY '25, I see our utilization is somewhere hovering around 83%, 84%, can we expect us to close some about this level for FY '25? And can we see the sales trend picking up going in quarter 4?

- Harshdeep Singh:** Yes. Just to share with you, the sales, if you look at it for the current quarter, we've grown by 47%, coupled by both the plants optimally supplying and also supported by the new products that we have introduced in the market. And we see that growth continues coupled with full capacity utilization and the traded volume.
- Moderator:** Next question is from the line of Aman Jain from Arihant Capital.
- Aman Jain:** Sir, just wanted to understand, sir, we have launched a new product Nano DAP in nano-fertilizers. So sir, what is the total capacity that we have for this product? And have we begun the commercial sales for it? And what is the overall market outlook for the product in the long term?
- Harshdeep Singh:** See, the first and foremost thing that I would like to share with you, we have almost touched 1.4 million nano bottle sales up to December. And the way we look at it is to kind of establish the benefit and we see a healthy 25% to 30% growth being driven into the next year also. We have a capacity, which is around 2.5 million bottles, that's 25 lakh bottles.
- And we have the capacity to also further expand this sourcing, so that's how we're planning it out. And I think the first thing is you'll be happy to note that we have a unique product, which is what we call a Biogenic Nano, and we are getting a very good response, especially for our Nano DAP. And we've got a very good growth in the current year.
- Aman Jain:** Understood. Sir, 2.5 million bottles is the total capacity for Nano DAP and Nano Urea or just Nano Urea?
- Suresh Krishnan:** Both put together is fungible.
- Harshdeep Singh:** So the capacity is flexible. So depending upon the market requirement, you can interchange between the 2 products. And we have the ability to expand this further.
- Moderator:** Next question is from the line of Dhruv Muchhal from HDFC Asset Management.
- Dhruv Muchhal:** Sir, this quarter in terms of demand in segment seems very strong. But if I look at the production numbers for the complex fertilizers, 0.6 million tons that you have done for the quarter and a simple annualization takes me to about 2.3 million, 2.4 million tons annualized complex production volumes. This is against a capacity of 2.6 million tons. So I'm just trying to understand, is this a reasonable utilization level in terms of an annualized run rate? Or can we go higher than this?
- Suresh Krishnan:** Well, Dhruv, in terms of capacity utilization, what we have to keep in mind is that the capacity of the plant depends on the kind of grades that we make. There are grades which are volume drivers, but there are grades where the volumes are less. So the kind of grades that we have made, I think we have achieved good capacity utilization this year. And you're right that we have an ability to go up to 2.6 million tons, and that's what we will try. And that will come up only when the grades like 10-26-26 come back in a bigger way in the manufactured segment.

Dhruv Muchhal: Because I'm just trying to understand, this time you've done a lot of trading volumes. So there was probably an ability to optimize your production according to the best of your requirement, hence the extrapolation from this quarter numbers. So I'm just trying to understand, is that a right extrapolation or there's some more there?

Suresh Krishnan: What we're saying is that we are currently, based on the quarter number extrapolation, leaves us at about 2.4 million tons of fertilizer annually, which is a fair number. But our ability is to go between 2.4 million tons and 2.6 million tons. Why it is showing 2.4 million tons is that we did not do the volume driver in terms of N10 as a manufactured product. Had we done that, you would have seen a far more production here.

That's the only thing. Otherwise, a fair thing. And let me tell you, this quarter, the imports were not the most exciting thing for us to do. So that's also an important thing to keep in mind. So we did some imports all right, but the imports were only to supplement the needs of our channel rather than so much from the profitability angle here.

Dhruv Muchhal: Got it. And sir, the second question was more on the structure of the market. We are seeing that for you also, and it seems also true for the industry that the NPKs are growing much stronger than the DAP. Some of this could probably be because of the shortage of DAP. But just excluding the shortage portion, I'm not sure how we can, but is there a structural shift towards NPK that we are seeing for the farmers for the benefits that they get from...

Suresh Krishnan: It's an interesting question. And I think my straightforward response is, yes. I mean, I think Harshdeep can throw some more details on this.

Harshdeep Singh: So I see a lot of effort has gone in by us, especially in terms of promoting balanced nutrition. And there is a high awareness amongst customers in terms of adopting the multinutrient NPK because they're getting better results. So specifically if you look at the category product, which we also driving the product called 20-20-0-13, so this has got sulfur along with nitrogen and phosphorus. We're seeing a very good growth in this particular segment of NPK.

Then unique products from Goa, which only we manufacture is triple 19, so balance fertilizer. So we are seeing a greater adoption by farmers for the balance nutrition. Of course, like what you rightly said, partly because of late seed availability, that also has played a role. But if you look at your organization PCL, our growth rate has been much higher as far as the farmer sales is concerned for NPK. Like we grew farmer sales of NPK by 48%, while the industry grew by 30%. So there is a lot of effort which is going on in terms of promoting NPK with the farmer.

Dhruv Muchhal: So the idea was because this has come along with the DAP shortage, but the trend towards NPK is very strong. So just was trying to understand how structural this is? Can this continue probably...

Suresh Krishnan: I think it's important for you to realize one thing. When we talk about DAP shortage, I think DAP needs a price correction. That's our strong view. And when the DAP price correction comes in, everything will fall in place. And so that is the first important point that we have. And the second thing is, for 2 consecutive years, we are seeing that some of the larger DAP consuming markets have taken NPKs, the consumption has been there.

So when you see a farmer going through 3, 4 seasons of a new product and he comes back to buy the same product again, that is necessarily a shift that you see, and that shift is positive. So the current situation of DAP, while it, in my view, is not the best situation to be in, in terms of promoting balanced fertilization, but it has certainly given some trends, which in the long term can be beneficial.

- Moderator:** Next question is from the line of Krishan Parwani from JM Financial.
- Krishan Parwani:** Firstly, on this additional DAP subsidy, Rs.3,500 per ton, how much have you received in this quarter?
- Bijoy Biswal:** This subsidy, whatever for DAP is raised, we have received up to end of this November end, so only December is pending. Now out of Rs.3,500, I think so far, we have raised Rs.3,000 based on the notification. So whatever has been raised up to up to November has been paid by the Government.
- Krishan Parwani:** So essentially, that Rs.500 per ton was pending for the last quarter and it is pending for this quarter as well. So the remaining amount could come through in the subsequent quarters. Is that the understanding?
- Bijoy Biswal:** Yes.
- Krishan Parwani:** Okay. Fair enough. And secondly, were there any inventory losses during the quarter?
- Bijoy Biswal:** No, nothing.
- Krishan Parwani:** Okay. I think even Krishnan sir was mentioning, when can we expect that DAP MRP revision given ammonia prices have moved up and probably resulted in a slight contraction in our gross profit? So when do you expect that?
- Suresh Krishnan:** Well, I think as far as DAP is concerned, as I said earlier, we'll have to first wait and see the subsidy announcement - that NBS announcement by the Government effective 1st of April 2025. I think that will set the tone and the tone for it.
- Krishan Parwani:** Understood. Well noted. And just the last bit. On your trading volumes. So what was your per ton EBITDA margin on trading volumes in this quarter and last quarter?
- Bijoy Biswal:** So the per tonne EBITDA for the trading will be around Rs.2,000.
- Krishan Parwani:** In this quarter and the last quarter as well?
- Bijoy Biswal:** Yes, yes.
- Krishan Parwani:** Okay. And just one small clarification. Can you share the trading volumes for 3Q FY '24 and 4Q FY '24, if you have that handy?
- Suresh Krishnan:** We'll ask Susnato to send you separately, Krishan.

- Moderator:** Next question is from the line of Prashant Biyani from Elara Securities.
- Prashant Biyani:** Sir, if I heard Mr. Biswal correctly, we have claimed only Rs.3,000 crores out of Rs.3,500 crores of incremental subsidy on DAP. If that is correct, why is it so that we haven't claimed the entire Rs.3,500 crores yet?
- Suresh Krishnan:** Well, as per the notification, Government said they will pay Rs.3,000 crores and Rs.500 crores will be paid at the end of the year after the audited details are given to them. So we've gone by that.
- Prashant Biyani:** Sir, typically, when does the audit get complete?
- Suresh Krishnan:** Typically, we'll have to provide them an audit at the end of the year. So we'll be doing it in the month of April.
- Prashant Biyani:** Okay. And sir, some update on where we are on widening our distribution reach, how are things panning out there?
- Suresh Krishnan:** Well, distribution reach for us as far as North is concerned, I think it has come up well. I think we are from Eastern UP, we are into Western UP. We have reached to Haryana, and we continue to be there in Punjab. And we have consolidated ourselves in Karnataka very well now right across. And then the next round of, I would say, a change in reach will come post the merger. And we expect that to happen next year.
- Prashant Biyani:** Okay. And if Mr. Biswal can share the POS sales volume for Q3?
- Bijoy Biswal:** Yes, sure, certainly.
- Harshdeep Singh:** I will tell you the numbers, POS sales, Prashant, for the quarter was 10.54 lakh metric tons versus last year of 6.4 lakh metric tons. We have a 65% growth in POS sales in Q3. Second success is 1 million tons plus POS sales.
- Moderator:** Next question is from the line of Dhruv Muchhal from HDFC Asset Management.
- Dhruv Muchhal:** Just a quick one. The DAP subsidy is Rs.3,500. We are billing Rs.3,000. But in terms of accounting, what are we doing? Are we accounting Rs.3,000 or Rs.3,500?
- Suresh Krishnan:** Currently Rs.3,000.
- Bijoy Biswal:** We have accounted Rs.3,000 only.
- Dhruv Muchhal:** Okay. So there is a Rs.500 gap which you are not accounting for, which will be accounted for only once it is probably received or confirmed by the Government that subsidy is...
- Suresh Krishnan:** Yes. That subsidy is over and above the prevailing dates.
- Dhruv Muchhal:** In your view, is that available? Or how should we think of it?

- Bijoy Biswal:** That's very much available. We have to provide the audited, based on audited account, the account finalizes, we have to book that one at the end of the year. So as per the notification, we have booked Rs.3,000. The balance Rs.500 will be booked in the coming quarter.
- Moderator:** Next question is from the line of Vignesh Iyer from Sequent Investments.
- Vignesh Iyer:** Sir, I couldn't get the clarification the first time around. So I just wanted to know, will the sales velocity continue in the quarter 4 of this year? And what would be the full year sales volume growth if I have to compare it with FY '24?
- Suresh Krishnan:** Fourth quarter is not a season sale. And by the time we come to mid of February, the season ends all over India. So you normally don't see a big growth in the fourth quarter. But obviously, the kind of momentum that you've got in growth in sales over the first 3 quarters and the kind of number that we're going to get, you will see that continuing in next year also. Like we are nearly going to be hitting closer to the 2.9 million ton to 3 million ton mark that we had in mind in terms of overall sales. So I think that will be a significant milestone for us.
- Vignesh Iyer:** Okay. But if I'm right, our 9 months FY '25, the volume is around 23 lakhs, right? And you are saying will hit around 29 lakhs?
- Suresh Krishnan:** Something around that. That's what you see. That's the kind of material that will be available. But it's an off-season. So you have to be careful in terms of what kind of demand that you get to see in the field.
- Vignesh Iyer:** And a similar number, when it comes to FY '26, just that with a better margin profile due to our backward integration, right?
- Suresh Krishnan:** Yes, we believe that in FY '26, I think now we are coming closer to that 3 million target that we had in mind, as Paradeep Phosphate, the way we have it today.
- Moderator:** Next question is from the line of Harikumar, Individual Investor.
- Harikumar:** Regarding this Government support from this currency depreciation and increase in raw phosphate price, what is the support from the Government, sir, as per new policy?
- Suresh Krishnan:** Government doesn't directly intervene in these subjects. Only thing they do is, the current prices of international prices and currency is factored into whenever they announce the NBS rates for the season, which is from 1st of April 2025. So we will get to see whenever they announce the next round of rates for NBS maybe end of February or end of March.
- Moderator:** Next follow-up question is from the line of S. Ramesh from Nirmal Bang.
- S. Ramesh:** So if you look at the base, we have already achieved for this year FY '25 and year-to-date, what is the kind of volume growth you're expecting point of sale of NPK and DAP fertilizers next year?
- Suresh Krishnan:** I think they're doing well as far as cost is concerned. And the kind of levels that we have, the ideal situation would be that we are able to do 9 months or 10 months of primary sales that we

end up doing, that just convert to POS sale and trying to restrict the non-POS component to 2 to 3 months at best.

S. Ramesh: So would that be in that range of maybe 3% to 5%? I'm asking because this base is very high in terms of sales...

Suresh Krishnan: I think we will continue with this base. This base will be continued. And why is this base good today? It's good today because of the robust demand that we have seen in the farmer level right through. And the reservoir levels have been good and there have been good agriculture activity that we've seen. So if this continues, this POS sale should not be a dampener for us at all, for sure. And we believe that these trends will be maintained.

S. Ramesh: So on the Nano DAP, what's the percentage margin you're earning now? And what is the kind of revenue margin you were saying...

Moderator: Sorry to interrupt you, Ramesh, we are not able to hear your question completely. Can you repeat your question once again, please?

S. Ramesh: Can you hear me now?

Suresh Krishnan: Yes, go ahead.

S. Ramesh: So on the nano-fertilizer sales, if you can give us the share of revenue for year-to-date and what is the percentage margin? And what is the kind of growth you can expect in this over the next 2, 3 years?

Suresh Krishnan: Let me tell you, I mean, these are early days as far as nano is concerned. So I think the revenue details, I'm sure Susnato can share that with you. And profitability is not something that is very significant at this point of time. I mean we would kind of look at about 10% to 15% margin. And because a lot of development activity, promotional activity is involved for nano.

S. Ramesh: Okay. And what would be the growth rate likely over the next 2, 3 years?

Suresh Krishnan: Growth can be quite significant. I mean when you're looking at, say, capacity available with us of 2.5 million tons, I think we should be, ideally speaking, at the end of this year, what we should see going forward would be maybe a substantial 40% growth from where we are today.

Moderator: Thank you very much. As there are no further questions, I will now hand the conference over to the management for closing comments.

Suresh Krishnan: Thank you all for joining the call today. And should you have any further questions, please don't hesitate to reach out to our IR team. Thank you, and have a good day.

Moderator: Thank you very much. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.