



“Paradeep Phosphates Limited Q4FY25 Earnings Conference Call”

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

Moderator: Ladies and gentlemen, good day, and welcome to the Paradeep Phosphates Limited Q4 FY25 Earnings Concall 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 touchtone 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, sir.

Manish Mahawar: Thank you, Navya. On behalf of Antique Stock Broking, a warm welcome to all the participants on the call of Paradeep Phosphates.

Today, we have Mr. Rajeev Nambiar – Chief Operating Officer; Mr. Harshdeep Singh – Chief Commercial Officer; Mr. Bijoy Kumar Biswal – Chief Financial Officer; Mr. Alok Saxena – Head (Corporate Finance) and Mr. Susnato Lahiri – DGM (Strategy, IR & ESG) on the call.

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

Rajeev Nambiar: Good morning Manish, thank you for the call. And good morning everyone and warmly welcome you to Paradeep Phosphates Q4 as well as Financial Year 2025 Earning Conference Call. We have shared our Earnings Presentation and Press Release both available on our website and stock exchanges, and I hope you have had a chance to go through them.

FY25 has been a truly transformational year for the Company, marked by healthy profitability, improved operational efficiency and significant strategic progress.

On the financial front for FY25, the Company posted a very healthy 452% year-on-year surge in profit after tax, powered by the highest ever fertilizer sale of 3.03 million tons. Revenue from operation stood at Rs.13,820 crore, registering a 19% growth over the previous year. EBITDA rose sharply to Rs.1,367 crore, up by 91% year-on-year, while the profit before tax increased by 434% to Rs.752 crores. In Q4 alone, revenue grew by 56% to Rs.3,494 crores, with EBITDA doubling to Rs.389 crores, and PBT rising nearly eight-fold to Rs.223 crores.

In line with our dividend policy, the Board has recommended a dividend of Rs.1 per equity share on the face value of Rs.10 for the Financial Year 2025. Over the past four years, PPL has demonstrated industry leading growth across the fertilizer production, sales volume, market share and key financial metrics, including revenue, EBITDA and PAT. The successful execution of key CAPEX proposals is now yielding the visible cash flow benefits.

On the operational front, the Company reported production volume of 2.63 million tons, and primarily sales of 3.03 million tons for the full year, reflecting year-on-year growth of 14% and 20% respectively.

PPL served over 9.5 million farmers across 15 Indian states through a wide network of more than 95,000 retail points.

Our product basket includes nine diverse, crop and soil specific NPK grades, with N-20 sales crossing a record 1.06 million tons for the first time. Our share of NPK in the product mix has steadily increased over the last two years, reinforcing our ethos of balanced fertilization for the soil.

We produced 4.86 lakh tons of phosphoric acid during the year making a 30% year-on-year increase while the sulphuric acid production stood at nearly 1.3 million tons. PPL also achieved record POS sales, maintaining high sales velocity, which led to improved receivables and better working capital efficiency. We continued our innovation led offerings, selling 1.66 million bottles of nano fertilizers and receiving a strong market response for our recently introduced TSP product, with sales of nearly 1.5 lakhs during the year.

We maintained a sharp focus on strategic sourcing and supply chain agility, leveraging a long-term supply relationship and robust onsite, storage infrastructure to navigate raw material price volatility during the year. The Company ended FY25 with a net debt to equity ratio of 0.78, marking a 28% reduction over the previous year, along with improved net debt per ton of sales. This operational efficiency is translated into healthy free cash for generation, post working capital and capital.

On the ESG front, PPL achieved a significant milestone by being ranked among the top 2% globally in the chemical sector by S&P Global as a part of the 2024 Corporate Sustainability Assessments, which forms the basis of the Dow Jones Sustainability Indices. This recognition underscores our growing leadership and sustainability and our continued focus on embedding ESG into every layer of strategy and operations. Our strategic roadmap anchored in three core pillars. They are scale in operation, backward integration and product innovation. The ongoing merger with MCFL is expected to enhance our overall sales volume by approximately 23%, taking them to 3.7 million tons. This will also enable deeper penetration into key Southern markets and provide opportunities to upsell as well as cross sell.

In parallel, we have been investing in backward integration with the name of enhancing our margins. The expansion of sulphuric acid capability to 1.9 million tons at our Paradeep site is progressing well and is expected to be commissioned by Q3 of this year. Additionally, our plans to augment phosphoric acid capacity to 0.7 million tons from the current 0.5 have commenced, and we expect completion within two years. These expansions will help us achieve greater self-reliance and long term sustainability operations.

On the product innovation front, we were the first to introduce a Triple Super Phosphate, TSP and Biogenic nano-fertilizers in the country, both of which saw healthy sales in FY25. Our focus going forward remains on developing differentiated low carbon products tailored to soil and crop specific needs, aligning with both farmer expectations and the environmental goals. Overall, FY25 has been a defining year for the Paradeep Phosphates, we have strengthened our market

position, delivered strong financials and built a resilient and agile operating model. I want to thank our employees, channel partners, customers and all stakeholders for their continued trust and support. We look forward to building on this momentum and delivering a greater value in the years to come. Thank you, and I now look forward to your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rishi Kothari from Pi Square Investments. Please go ahead.

Rishi Kothari: Sir, I have a couple of questions, first regarding the current margins that we are sustaining. So of course, it was the effect of backward integration that we are eventually incorporating the Company. So these margins will be sustainable for the next two to three years, how exactly are we looking at and will it be similar range or will it increase eventually?

Management: Regarding this, this backward integration and the impact on the margin, this is what on account of this process, integration from three lakh to five lakh tons. So that will be continued, and it will be sustained. Apart from that, whatever the things we are doing which is in pipeline this new sulphuric acid, which is going to stream by Q3, that will also add to, that will also impact the margin positively.

Rishi Kothari: Okay. So what are PPL margins that we have for EBITDA as well as PAT that will be sustainable, or rather increase as and when the backward integration process is completed by Q3 FY26, right?

Management: Yes, we expect it to improve.

Rishi Kothari: Okay. So in terms of demand if I say, what exactly is the scenario I heard that we are more focused towards the rural part of India, these are my concerns sir.

Management: So, the demand outlook remains very, very strong. If you see the current forecast for the monsoon, it's expected to be around 103% to 104% of the long period average. Which augurs well for the Indian economy and Indian farmers, the farmers are getting good price for their produce, which also augurs well for the strong demand in the year ahead. Thank you.

Rishi Kothari: Okay. So, in terms of growth rate, let say for top line for two to three years what exactly do we have those targets like?

Management: So, in terms of top line, we actually did a record sales of 3 million tons for the first time. We are looking at organically having a 5% increment this particular year. Plus, MCFL when it gets added on that kind of add on another 23%, 24% so, net-net we are looking at North of 3.7 million tons this year.

Rishi Kothari: Okay. So, in terms of growth rate numbers if I say so that would be around what mid-teens of growth 15%, 17%?

Management: About 23% little more than that.

- Rishi Kothari:** Okay, for next two to three years. It's all because of the increase in backward integration as a production that we are looking in terms of.
- Management:** Yes, if we were talking about FY26, about 20%.
- Moderator:** Next question is from the line of Jignesh Kamani from Nippon AMC. Please go ahead.
- Jignesh Kamani:** Just on the DAP side, government announced an additional subsidiary of around Rs.3,500 last year, and we book, Rs.3,000 out of Rs.3,500 for the nine months. So just want to check in the 4th Quarter have we book additional amount for the entire year, and what is the quantum?
- Management:** See, the policy says that Rs.3,500 but whatever has been paid that has been booked at this, this Rs.500 has not been booked, as and when it will be declared, then it will be booked.
- Jignesh Kamani:** So in 4th Quarter there was no incremental benefit which is booked it was a pure you can say profitability which was there?
- Management:** Yes.
- Jignesh Kamani:** Understood. And with the revised subsidiary on the DAP import trading, is there any margin now, because earlier there was not much margin left, and then there was a shortage of DAP?
- Management:** See currently the government policy the way they have announced it's going to be a positive margin on the trading so they have given an indication for that in the subsidies policy. So that's very, very positive actually.
- Jignesh Kamani:** So what happened, last year you were saying that there was shortage of DAP, so that's why adoption of the NPK was pretty good, which now easily available your DAP are you seeing some moderation in the NPK growth rate or some of the farmer who is compulsory shifted from DAP to NPK might revert?
- Management:** So there are two factors, see one is the NPK growth which is driven by a fundamental awareness for the balance nutrition, what is actually helping us to grow the NPK portfolio and the industry also to grow that, of course there was a constraint of a DAP and which limited the DAP sales as far as the current year is concerned, we see basically a steady growth for NPK is still continuing, but there is still room for balance nutrition as we move forward. However, DAP availability if it's better, we can expect a marginal growth there also. And we are trying to position innovative offering which is TSP, which is 46% P and that basically creates value for the farmer, because you prevent overuse of nitrogen basically through TSP.
- Jignesh Kamani:** So despite a healthy availability of DAP, TSP and NPK growth will remain reasonably good, right for this year?
- Management:** Yes.

- Jignesh Kamani:** And last one, have you finalized the fine print of Rs.4,000 crore capex MOU with Odisha government?
- Management:** As in the few years that will be done in a phase manner, so right now we are taking this expense on a phosphoric acid and the sulphuric acid and this dry gypsum, all those things that is the pipeline. So once that will get completed then we will go to the next level of expansion. So that is pretty much in the pipeline.
- Moderator:** Next question is from the line of Ahmad Madha from Unifi Capital. Please go ahead.
- Ahmad Madha:** Just to understand Q4 number with the change in subsidiary rates for Kharif is there any change in the major inventory gains for us in Q4 and if yes, can you please quantify it?
- Management:** This Q4 whatever subsidy is there, now from the Kharif the new subsidy has been notified, NBS rate has been notified, due to that the order of stock is there that also has been properly taken care, which has been accounted for.
- Ahmad Madha:** Can you quantify that number?
- Management:** Whatever as per the stock available, thing is taken care of.
- Ahmad Madha:** Okay. And in terms of working capital, are you seeing any challenges in terms of receivables from government. That's my first question and second part of the question is, if I compare our receivable days compared with our other peers of us, be it in urea business or NPK business, our relative receivable days look higher. So is there any sort of technical reason, which I am missing, which explains the higher receivable days relatively?
- Management:** Just to kind of clarify, basically we are trying to look at how we can drive improvement. So if you look at our performance vis-à-vis last year, the receivable days both from the market and the subsidy receivables there is a significant improvement which has happened, and that's the direction which has been enabled well, by good market demand and good cash flow from the government as well as the market. If you look at the trend, it's very strongly positive for the current year.
- Ahmad Madha:** Okay, got it. And in terms of inventory in the channel can you give any comments on how is the inventory in the channel by the end of March, and how do you see the placements for the next Kharif panning out?
- Management:** So just to kind of tell you the channel inventories are at a very optimal level, if you look at the POS sales, also the farmer sales like well our primary sales was 3 million ton plus the farmer sales also was 3 million ton plus. So we maintain consistent inventory level, which is a steady state around four lakh metric ton, three and a half to four lakh metric ton.
- Moderator:** Next question is from the line of Riju Dalui from Antique Stock Broking. Please go ahead.

- Riju Dalui:** Just a bookkeeping question, how was the capacity addition at the Goa non-urea plant for the full year?
- Management:** That is actually an outstanding year actually last year we almost touched the fullest capacity utilization. So that's good news for us last year.
- Riju Dalui:** So it's a 100% utilization is there for the non-urea plant?
- Management:** Yes, it's almost like the fullest utilization, one of the best utilization in the recent years.
- Riju Dalui:** Understood. And the other question is that, in April 2025 for the whole year we have seen strong volume growth in the manufacturing fertilizer side. So probably we are utilizing roughly around 85% of our total installed capacities in the non-urea side. So if you could highlight, with the current capacity, how much incremental volumes we can sell into the market for over the next two years?
- Management:** This year we have sold 3 million ton, out of that this product is manufactured around 2.6, so we plan to grow around 5% to 7.5%, as a this on an overall basis.
- Riju Dalui:** So, we are saying that we might be utilized 95% of our total capacity in terms of manufacturing fertilizer?
- Management:** Yes, we are aiming for that.
- Riju Dalui:** So with that run-rate, we might exhaust our 100% utilization level by FY28, so is there any plan to debottleneck our existing facility to improve the capacity?
- Management:** That is actually an ongoing project, just a smaller nature it always goes along with the normal production, located to all the trains actually after this year shutdown which is almost over. We expect actually to come to the next level, so that debottleneck is an ongoing job for us, and that will definitely realize much better utilization for the equipment's and overall equipment effectiveness.
- Riju Dalui:** Understood. And in terms of profitable products. So in Q4 like we have registered one of the great EBITDA per ton and in terms of EBITDA margin, the margins are at the highest ever in the last few quarters. So, was there any kind of inventory gain in terms of your non-urea side business, especially in the manufacturing fertilizer or on the DAP side?
- Management:** Yes, due to the NBS impact, notification whatever this off site that has been accounted for as an accounting policy.
- Management:** Riju, it's basically a function of multiple things, backward integration is one, the right product mix is one wherein we have had more of NPKs and of course, there have been some inventory as part of our channel inventory, and that's been accounted for as part of the NBS, whatever was given out.

- Riju Dalui:** Understood, but see, I just want to understand one thing is that, if we look at the RM prices, which are continuously increasing for last couple of months. So was there any kind of inventory gain for this quarter and if you could quantify that gain?
- Management:** No, we can't quantify what we say that, whatever the stock is there that will be utilized in the process and that will be accounted for in due course.
- Riju Dalui:** Okay, understood and in terms of your growth in the Northern region or the Northern market. So, is there any kind of market share gain that we have witnessed during the quarter?
- Management:** So, just to kind of currently market share, not in the public domain, but at the overall level, if you look at it, we almost gained more than 1.5% of NPK market share. Our growth of NPK portfolio as far as farmers sale were concerned, was upward of 50% vis-à-vis industry growth of 31% and North remains to be a focus market, but these are irrigated markets, and the way PPLs portfolio is concerned, we are in a very balanced kind of volume contribution from North, East, West and South.
- Riju Dalui:** Okay, understood. And one last question in terms of your Goa plant energy efficiency that you have mentioned in the PPT. So, how much you are going to spend there for energy efficiency and what is the expected benefit in the EBITDA level?
- Management:** So this is a phase two energy efficiency level what we are embarking, so that will be completed by Q4 this year. And the capital outlay is around Rs.190 to Rs.200 crore.
- Riju Dalui:** Okay. And expected gain out of this investment?
- Management:** It will be the payback, in terms of payback I can tell that it will be four to five years.
- Moderator:** Next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** So my first question would be to understand how has been towards Kharif season, how has been the availability of that, especially if we have to comment for the month of April. And secondly, wanted to understand, can we see the velocity when it comes to NPK sales, similar to what we are seeing in Q4 going ahead as well?
- Management:** So, like when we discuss for the Kharif season, just two, three fundamentals. One is first and foremost which is a good monsoon, so the current forecast is very, very strong and positive 103% to 104%, the reservoirs are carrying good water level, which also augers well for the agriculture. In terms of the stock inventories as a country, the DAP inventory currently is low, and we maintain still a good stock of NPKs, basically which is available with the trade. We see a good demand in the Kharif season, and the DAP availability is going to be mixed basically, in view of limited availability from China. However, the government policy has been very favorable, and it supports that the customer requirements are met. So you are going to see a good demand for NPKs because of the fundamental kind of demand from the customers, and also good demand

for DAP and new products like TSP. So it's going to be good season ahead. DAP availability is going to be limited.

Vignesh Iyer: Okay. Sir can you quantify the inventory that we carry from March to April and in total inventory in tons, if you could?

Management: Basically for us, we will be having approximately 3.5 to 4 lakh tons of stocks.

Vignesh Iyer: Okay. So, considering we have almost done sales more than capacity for obvious reason that we would have carried forward some inventory last year as well. Can we expect, like a 3.3, 3.4 lakh ton type of volume number in FY26?

Management: So we don't give a forward-looking thing. You should expect a good set of numbers like we have clarified, we are planning to augment our capacity, we also strategically do trade volumes based on driving profitable growth. And since we are carrying opening trade stocks, which is like a regular routine in nature that augurs well for both Kharif season and the season ahead. So sales are going to be strong, that's how we look at it.

Vignesh Iyer: Okay. Just one last question before I get back in the queue. Wanted to understand how the prices of sulphur and sulphuric acid that was panned out in Q4 and can you say if there is any meaningful change that we have seen in the month of April?

Management: Yes, so basically we are seeing some sort of an uptake in raw material commodities. Sulphur right now, as we are speaking is trending at about a \$300 odd. Sulphuric acid is about a \$125 ish. But given the fact we have about 1.4 million tons of Sulphuric acid captive capacity, we kind of stand to benefit by kind of procuring sulphur and making acid in-house.

Vignesh Iyer: What were these prices in Q4, for sulphur and sulphuric?

Management: Q4, sulphur was about \$190 odd, sulphuric was about \$102. These are published numbers, not specific to our Company, but generic numbers.

Moderator: Next question is from the line of Dhruv Muchhal from HDFC Asset Management. Please go ahead.

Dhruv Muchhal: So it's a repetition of the earlier question on the manufacturing capacity almost fully utilized. So as you may grow by 5% next year you will be about 90% capacity utilized on your manufacturing volumes. So just trying to understand, how much more can you do from debottlenecking, and when do you probably will have to go for the next phase of expansion and how do you time it better?

Management: Actually last year we witness actually one of the best capacity utilization of all the trades what we operate. This year actually, like we said about debottleneck, is an ongoing activity for us at least 5% to 8% of the capacity we expect to come out of the debottleneck. And accordingly, there are a lot of other things happening parallelly in terms of reliability improvement and the

excellence in terms of manufacturing, in terms of improving capability of people. So this all should result, actually if you look at it actually 7% to 8% of the capacity should increase year-by-year by various means, and also once the backward integration projects are handy, definitely we will be on the drawing lot of other actions plans are already lined up.

Dhruv Muchhal: I am just wondering, are we a bit late in terms of the announcement given that demand is reasonably good, and also your capacities are fully utilized, or there is lot of scope from debottlenecking that you can try for one, two years. Because I am just wondering, if you announce the capacity expansion even today for granulation, it would take about one, two years, probably for the phase to come up. So just trying to understand this capacity constraint become a bottleneck for growth?

Management: So, if I may add actually, the growth for Paradeep Phosphates for the last four years has been a mix of both organic as well as inorganic.

Dhruv Muchhal: I understand the inorganic part will drive just from the organic segment, I am just asking.

Management: So, organic in fact let the merger kind of get complete, and then we should have very quick plans in terms of how to augment the capacity further. So, we have to wait.

Management: We have got is spare capacity of 1.5 lakh ton, which can take care of this whatever growth you are talking. So, we can easily have 1.5 to 2 lakh addition, with doing little, this whatever the debottlenecking we are doing, that is what we are right now doing.

Management: And just to add, we are also trying to augment the business growth through the traded volumes. However, philosophy and trade volume is to drive profitable growth, but we will be augmenting the market requirement through full capacity utilization, as well as through traded volumes also and of course, the inorganic growth through NPSL integration.

Management: Yes, Dhruv just to give you a number, if you look at the overall market growth, it's about 5%, 6% whereas PPL for the last four years have grown at a compounded rate of more than 15% 16%, that kind of really it's a good number for us. And we will announce further plans once the merger is complete.

Dhruv Muchhal: Got it perfect. And is there also a scope from optimizing your portfolio further for example DAP this year, if I understand, is about 30% is your overall manufacturing mix, versus it was about 45% earlier. So can you trade more in DAP and produce more of NPK, is that a possibility to also drive volumes, manufacturing volumes?

Management: So, the way we look at it is, see the product mix is a function of the market requirement, profitability and as well as optimal use of the RM materials available. So our focused path is to drive the NPK growth. However, in order to meet the customer requirement, we offer DAP which is partially through the manufactured volume, and we are also going in for traded DAP to augment that.

- Management:** Dhruv, look at it actually the last two years it will be very clearly consolidated towards the NPK volumes. And that path is actually going to get strengthened in the coming years.
- Dhruv Muchhal:** The second question is on the capex, if you can guide for the capex for FY26?
- Management:** So the project what we are now undergoing, we have got around Rs.500 crores all put together. So out of that, why I am talking about cash outflow, whatever we are going to invest so in that, energy efficiency what I told, just sometime back Rs.200 crore, for the P2O5 augmentation of the capacity around Rs.100 crore and, sulphuric acid what we are increasing the capacity by five lakh ton, for that this is around Rs.100 crores what we will be spending.
- Dhruv Muchhal:** Got it. And last question is on the DAP, the subsidy and some of the under recovery, in the last call you had mentioned that, at the end of the year when the government looks at the audit accounts, if there is any loss on DAP sales that would be adjusted for and would be given to the companies, may go to the companies. So, I am just trying to verify, does that still hold. And assuming you were to go to the government and claim for that under recovery, how much that amount would be?
- Management:** No this, whatever has been notified by the government based on that we have claimed it, and that has all been accounted for. So, nothing is there which is further to be claimed.
- Dhruv Muchhal:** So except for the Rs.500 which you have not provided for, the remaining everything else has claimed?
- Management:** Yes.
- Moderator:** Next question is from the line of Ayush Jha from Sagun Capital. Please go ahead.
- Ayush Jha:** My question is for the Goa plant, ammonia and urea, when the plant starting 2023 I have seen there is a frequently breakdown of the plant. And if I put the number, it's around more than six and seven times the plant has broken down, and I have read that. So what's the issue there and when we can see the stability of that plant?
- Management:** Okay, it is unfortunate we had multiple stoppages in the ammonia urea last year. If you look at it, actually we have recovered from that, and majority has come from basically the ammonia side. And to remove all these things, once for all actually by end of this year actually we will be replacing the critical ammonia compressor program address both reliability as well as energy efficiency. And apart from that, there is a lot of other investment we have done in terms of maintainable and reliability improvement. So we expect this year is going to be much better than last year. And just to add that in spite of all this we have crossed our RAC, excess capacity to what has been allotted to us 4 lakh ton we have crossed.
- Ayush Jha:** Okay, sir. And my second question is about the merger which agent is going to take place, and is there any future guidance you want to give about that?

- Management:** We have received the SEBI approval. We are with the NCLT bench, the shareholder meeting is being convened on 2nd of June, once that is approved then we will go to NCLT for the second motion. So all in all, we expect that, within the next three to four months, we should be able to close the process.
- Moderator:** Next question is from the line of Krishan Parvani from JM Financial. Please go ahead.
- Krishan Parvani:** Couple from my side. First one clarification, you mentioned about capacity debottlenecking, so probably about 1.5 lakh to 2 lakh tons. So by when can we expect that?
- Management:** This is ongoing actually, this will get realized this current year itself.
- Krishan Parvani:** Okay. So basically your overall capacity could go from 2.6 to 2.8 by FY26, is that correct?
- Management:** Yes.
- Krishan Parvani:** Okay, that's fine. And for that, what was the capex that you did?
- Management:** Not a major capex, in fact actually there is a lot of debottleneck which is taking both the revenue as well as smaller capex.
- Krishan Parvani:** Got it. And secondly, on the overall volume so, we have seen that, DAP volume has declined to 660 KTPA in FY25 obviously, because NPKs volume sold are higher. So what's your aspiration for that sales in FY26?
- Management:** So, we don't give a forward guidance for a particular product. However, the intention is to overall grow the numbers, and like what we said, around 5% to 7% will come from the organic and the further growth will come from the merger basically, and we are also trying to drive traded volumes of DAP and TSP. So, TSP is another product in the similar portfolio with 46% P, that's how we are trying to meet the requirement. DAP will be done in-line with the market requirement. However, the intention is to kind of offer farmers a balanced portfolio of NPKs, because that is much better for agriculture.
- Krishan Parvani:** Okay. And when you say 5% to 7%, that's basically ex of MCFL correct?
- Management:** Yes.
- Management:** Yes, you are right.
- Krishan Parvani:** Okay, got it. And just a last bit, I know you don't indicate this, but can you give some understanding about what's your traded volume EBITDA like, what is your trading EBITDA like? In FY25, if you could just give some indication?
- Management:** So, the general trade volume last year we have done around 3.9 lakh ton, 4 lakh ton so the EBITDA will be around Rs.2,000, Rs.2,500 lower than the manufactured EBITDA level.

- Krishan Parvani:** Okay. So that's more like Rs.2,000 give or take?
- Management:** Yes.
- Krishan Parvani:** Okay. And last bit, what's your subsidy outstanding currently?
- Management:** Around Rs.1,900 crores.
- Moderator:** Next question is from the line of Sophia Musta from Elara Securities. Please go ahead.
- Sophia Musta:** I just would like to know that what are the kind of trading volumes that we expect in FY26, if you could give any guidance on that?
- Management:** So, we clarified we are not giving forward guidance on the numbers ahead. We have indicated a growth of 5% to 7% on the overall portfolio and trading will be done to support the market requirement basically, and as well as driving profitable growth. So it's going to be, we are going to be looking at DAP and PAP, I would not like to give standalone forward guidance.
- Sophia Musta:** Okay. And what are like a fixed capex plan for the coming year?
- Management:** In terms of the de-carbonization and carbon neutral path, there are severe, big investment which is going to come in terms of energy improvements, especially in a Goa plant and in Paradeep plant, actually it's going to be backward integration of sulphuric acid as well as phosphoric acid, and some debottleneck to increase the capacity of the current range. The outlay will be around 500 crores.
- Moderator:** Next question is from the line of Sandeep Mukherjee from SKP Securities Limited. Please go ahead.
- Sandeep Mukherjee:** Sir, sighting that the NBS subsidies are revised so, any other products in Goa plant are you targeting like N10 or something?
- Management:** Just to kind of share with you, our Goa remains a dedicated site for making NPK portfolio, and one of our flagship products that we are trying to grow is Triple 19. And of course we got a strong portfolio of other NPKs like N10 and N12 and N20. So Goa is a dedicated NPK site.
- Sandeep Mukherjee:** Okay, your EBITDA per ton guidance of Rs.5,500 by FY27 is intact?
- Management:** No, we continue to give guidance of Rs.4,500 to Rs.5,000 as sustainable EBITDA and whatever expansion in EBITDA will happen, it will happen because of the backward integration projects that we are undertaking. So to that effect, the EBITDA per ton will increase, but the sustainable EBITDA per ton guidance continues to be Rs.4,500.
- Moderator:** Next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

- Vignesh Iyer:** Sir my question is more on the other income side of it. Wanted to understand what is the income that we are deriving through, on the other income side, we are booking Rs.35, Rs.40 crores now consistently for the last two quarters. So earlier the run rate used to be Rs.15, Rs.20 crores, so it is mainly Treasury income or how is it?
- Management:** This is mainly on account of the Treasury income. And during this year the cash flow, subsidy flow, the trade collection is good. So lot of surplus we have put it in management Treasury, and that has yield this type of income.
- Vignesh Iyer:** Okay. And can we expect that the net debt to equity to improve and to see more probably near 6.5 times in the next two years?
- Management:** Certainly, with this type of what the backward integration and this EBITDA, margin we are talking and the growth in the volume with the free cash flow we can expect that, we believe that we will be able to achieve that.
- Moderator:** Next question is from the line of Manish Mahawar from Antique Stock Broking Limited. Please go ahead.
- Manish Mahawar:** We are gaining share in terms of a North market. So, just wanted to understand that we are growing NPK at a faster pace. So it's a market in the North, which is more of a DAP heavy and it's shifting towards the NPK at a much faster pace, because our competitor is also highlighting the same thing. So, just wanted to understand from the market perspective.
- Management:** Just to share with you, we have been pioneer in driving the Northern market as a shift to NPK is concerned, especially through our flagship grade 20-20-0-13, which is nitrogen, phosphorus and sulphur. And we are seeing a good acceptance for that product happening right across Punjab, Haryana, UP, Bihar. So which augurs well, because the farmer, instead of just putting one or two nutrients, is getting a balanced nutrition of nitrogen, phosphorus and sulphur. And we also see a good scope for NPKs like 12-32-16 to also grow in that geography.
- Manish Mahawar:** Okay. But market side, more of a shift is happening towards DAP to NPK at a faster pace in this markets?
- Management:** It is definitely happening, and one of the key products which is going in the overall market is 20-20-0-13. So out of almost the 14 million tons of NPKs, almost 7 million is approximately N20. So you can see a clear shift which is happening, and that is more dominant in the North because the South and West were already dominant NPK market.
- Manish Mahawar:** And these markets are within the 1,400 kilometer range of which is subsidy, freight subsidy which get right, or it is over and above that in terms of a reach perspective?
- Management:** Yes. So just to kind of give you a kind of see the synergistic effect that we have, that we got Paradeep and Goa, and we are able to serve the markets based on what is the most optimal thing from both the plants.

- Manish Mahawar:** Okay, understood. And second question, in terms of your EBITDA per ton, Alok has said in one of the answers, Rs.4,500 per metric ton will be the sustainable number, and how basically, my sense is that the next FY27, your energy efficiency in Goa, as well as sulphuric acid plant will come. So this EBITDA per ton has to improve in FY27, FY26 maybe will be the operating leverage will play out?
- Management:** What Alok, has told based on that, on a steady state basis you can have 4,500 and due to this, all the backward integration and what are the cost saving project we are doing, it will have definitely positive impact on our product portfolio. But that also depends, what is the international prices at all these things, depending on all these things. But, it will have a definitely good impact, positive impact on our EBITDA, bottom line.
- Management:** Actually, if we look at it in terms of two, three actions, one is the scale in terms of the production improvement as well as the total sale and obviously the backward integration and energy improvements. This is a key thing which is going to be playing out in the coming days against the risk involved in terms of the turbulence which happens. We are quite positive that actually we will derive much higher numbers.
- Manish Mahawar:** Okay, understood. And two bookkeeping questions, one in terms of subsidy as you said, Rs.1,900 odd crores of a subsidy outstanding. Can you break it up into the due and non-due subsidy from the government?
- Management:** Out of that, whatever due is around Rs.700 crores should be. And one of the pipeline now that cost is around Rs.1,200 crore.
- Manish Mahawar:** Okay, understood. And the next one is interest cost basically, if you look at this year, we have closed at around Rs.360 odd crores of interest cost. How do we see this number will be next year or maybe you can share the average rate of interest for us?
- Management:** During this year, even though the MCLR rate and RBI rate, there is an increase then subsequently decrease. But, our rate has substantially reduced, our interest rate which was earlier last year, around 8.5%, this year it is around 7.6% to 7.7%. So this is on account of this portfolio of more this supply credit, bad credit, and good management of working capital. And this year also because of this good subsidy and trade collection, so utilization of fund base limit also quite muted.
- Manish Mahawar:** Okay. But do you think this overall interest outgo which is last two years the same range of Rs.360, Rs.370 odd crores will come down from this levels now, as we have good cash now?
- Management:** We expect it to come down.
- Moderator:** Next question is from the line of Rohit Nagraj from B&K Securities. Please go ahead.
- Rohit Nagraj:** Sir first question is on phosphoric acid. So currently we have 0.5 million tons of capacity. Are we currently using the entire Phos Acid for our fertilizers? And the second question is, the

additional 0.2 million tons which we are adding that will be sufficient for how many years in terms of the growth that we are targeting. Thank you.

Management: So hi Rohit. First of all, there was a bit of confusion. So in terms of Phos Acid we have 0.5 million tons as we speak, and that is sufficient for the Paradeep site. The incremental 0.2 million tons will be helping us to kind of support the other sites in addition to Paradeep, that's one. In terms of the other intermediary, which is sulphuric acid, we are augmenting the capacity to 2 million tons, which will kind of, which is expected to complete in another four, five months. That should kind of make Paradeep more than 100% backward integrated.

Rohit Nagraj: Sure. And second question in terms of the battery grade Phos Acid, so any comments on that, from your side. Thank you.

Management: Rohit, as you would realize we have quite a healthy level of free cash on the balance sheet at the moment, we wanted to kind of complete the couple of important items at hand, namely the merger, the Phos Acid and the sulphuric acid post that we will announce further plans in terms of utilization of the remaining free cash.

Moderator: Next question is from the line of Subro an Individual Investor. Please go ahead.

Subro: The Rs.3,500 additional subsidy on DAP has been extended till the month of September is that correct?

Management: Yes, it has been extended up to September.

Subro: And regarding the balance Rs.500 subsidy, which is due, by when do you think it will be cleared?

Management: That still not notified the way it has to be cleaned and all things. So we are waiting for that notification, once it comes, once it's certain then we will do it.

Subro: So it should be same for all the industry players on DAP correct?

Management: Yes.

Subro: I asked this because the government has extended this for another six months, and the previous dues are also not yet clear when it will be paid out, so that's the reason I was asking.

Management: No, your question is valid. This Rs.3,500 has been extended, but last year whatever they have paid Rs.3,000 we have accounted for this whenever they notify the balance Rs.500 that will be accounted.

Moderator: We take the last question from the line of Sophia Musta from Elara Securities. Please go ahead.

Sophia Musta: I just wanted to ask that, how much capex have we already put into our sulphuric and phosphoric acid plants respectively?

- Management:** Sulphuric acid plant, whatever we are talking that 0.5 million tons on that, out of Rs.480 crore what are the capital outlay we have already spent, Rs.360 odd crores. So that balance will be spent during this year. Phosphoric acid, at a 0.2 million is what we are talking, out of that we have just started, we have spent around Rs.30 crore.
- Sophia Musta:** How much, sorry?
- Management:** We have spent around Rs.30 crore and balance Rs.100 odd crore will be spent during this year.
- Moderator:** Thank you. I would now like to hand the conference over to the management for closing comments.
- Management:** Thank you everyone for joining us today and for your continued trust and interest in our journey and the Company. Should you have any further questions please feel free to reach out to our Investor Relations Team anytime. Thank you, thank you all.
- Moderator:** On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.