

Earnings Presentation

Q2 FY2023



Paradeep Phosphates Limited

Nourishing the Future - Feeding the Nation



Paradeep Phosphates is India's second largest integrated phosphatic private sector company

- Paradeep Phosphates Limited (PPL) is India's second largest private sector phosphatic company with a capacity of 3.0 MMTPA (finished fertilizers NPK, DAP and Urea)
- Diverse consumer product portfolio of phosphatic grades of fertilizer:
 - N-10, N-12, and N-20: Core NPK products
 - N-14, N-19 and N-28: Recent NPK products
 - DAP
- Industrial supplier of Phospho-gypsum, Zypmite, Sulphuric Acid and Hydrofluorosilicic Acid (HFSA)
- PPL also trades in Muriate of Potash (MOP)
- Two manufacturing plants in Paradeep (1.8 MMTPA) and Goa (1.2 MMTPA) with ISO 9001, ISO 14001, ISO 45001 and ISO 50001
- PPL's recently acquired Goa plant has co-located facilities manufacturing both phosphatic fertilizers and urea
- Well-diversified customer market across India covering 16 states with 21 regional offices, 510 stock points and 5,322 dealers
- Zuari Agro Chemicals (ZACL) and OCP Group hold 56.1% of PPL post IPO on 27th May, 2022

3.0 MMTPA

Installed Capacity

16 States

Geographical Presence

Rs. 78,587 million

FY22 Revenue

+1,500

Employees

19.7% 15.0%

FY22 ROE ROCE

+8 million

Farmer Connect

1.06x

FY22 Net Debt / Equity

ICRA A-1 Stable

Credit Rating

Backward integration resulted in competitive EBITDA / tonne in an industry with attractive dynamics

1

Well-positioned to capture favorable Indian fertilizer market with enabling and conducive government regulations

- PPL will be able to capture a major share of growth in DAP / NPK arising out of higher demand for fruits and vegetables, sugarcane and cotton
- PPL is supported by certified manufacturing facilities, backward integration and an extensive distribution network

2

Second largest phosphatic fertiliser manufacturer

- India's 2nd largest private sector phosphatic fertiliser company
- Post acquisition of Goa Plant, enhanced capacity of DAP and NPK from 1.2 MMTPA to 2.6 MMTPA
- Total PPL finished fertiliser capacity of 3.0 MMTPA
- Incremental capacity will enable PPL to bridge the domestic supply gap and drive market share across East, West and South India
- Diversified customer market across India covering 16 states with 21 regional offices, 510 stock points, 5,322 dealers and 8 million farmers reach

3

Competitive EBITDA per tonne in the industry led by backward integration

- PPL has a long-term agreement with the OCP Group (Morocco), a leading rock phosphate producer globally
- OCP Group is also part of the promoter group and strategically important given India imports most of its raw material for phosphatic fertilizer
- OCP Group relationship secures PPL's requirements of phosphatic fertilizers and raw material

4

Secure and certified manufacturing facility and infrastructure and unutilised land available for expansion

- PPL owns large parcels of land of 2,282 acres in Paradeep and the existing manufacturing facility is constructed on 33% of the land
- The company has the capacity to expand facilities on the remaining portion of the land
- The ability to store raw materials at its own facility enables it to withstand disruptions in supply

Q2 FY23 Performance Highlights

(in Million)

Total Income

Rs. 28,698



48.1% Y-o-Y

EBITDA

Rs. 1,875

Goa Plant one time cost : **Rs. 422**

Adjusted EBITDA : **Rs. 2,297**

Adjusted EBITDA Margin : **8.0%**

PBT

Rs. 684

Goa Plant one time cost : **Rs. 422**

Adjusted PBT : **Rs. 1,106**

Adjusted PBT Margin : **3.9%**

Net Profit

Rs. 511

Post Goa Plant one time cost: **Rs 422**

Adj. EBITDA/Tonne

Rs. 5,190

Quarterly Developments

- Production contribution from Goa Plant of 209,115 MT with 3 trains fully operational
- Choice to manufacture a higher amount of NPK-20 (216,397 MT, up by 43% YoY) over other NPKs this quarter reflects the flexibility of our production trains to adapt as per market demand
- Completion of the revamp process of the 4th granulation train at the Paradeep Plant is in advanced stages
- Three new NPK grades, NPK 14:28:0, NPK 14:28:0:13 and NPK 24:24:0:0 launched during the quarter. Improves farmer choice in their requirement for soil-specific and crop-specific applications

Q2 FY23 PPL Operational Highlights



(Production Volume)

Total Fertilizers

506,194 MT
37% Y-o-Y

DAP

49,450 MT
(73)% Y-o-Y

N-20

216,937 MT
43% Y-o-Y

Other NPK

115,432 MT
233% Y-o-Y

Zypmite Maha

4,923 MT
2% Y-o-Y

Zypmite+

6,978 MT
4% Y-o-Y

Sulphuric Acid

340,710 MT
(2)% Y-o-Y

Phosphoric Acid

79,610 MT
(10)% Y-o-Y

Fertiliser Products

Industrial Products
and Intermediaries

Urea Production: **124,375 MT**
Ammonia Production: **77,873 MT**
Trading Products MOP: **29,613 MT**

Leverage Profile and Working Capital Cycle

(In Rs. millions)	FY20	FY21	FY22	H1 FY23
Long Term Debt	1,394	1,134	5,282	6,619
Short Term Debt	20,791	11,378	24,261	38,233
Total Debt	22,185	12,512	29,543	44,851
Less: Cash & Cash Equivalents	58	932	5,977	1,710
Net Debt	22,127	11,580	23,566	43,142
Total Equity	16,035	18,275	22,250	33,185
Net Debt / Equity	1.38x	0.63x	1.06x	1.35x

Key Observation

Increase in short term debt is balanced by increase in current assets

Short term debt was availed to manage the temporary increase in payables and subsidy payment timings



Commenting on the performance, Suresh Krishnan, Managing Director, said:

“During the second quarter, we have been able to start the Goa Plant operations and all the 3 trains there are fully operational now. Also, the completion of the revamp process of the 4th granulation train at the Paradeep Plant is in advanced stages. Regarding the product mix, our choice to manufacture a higher amount of N-20 over other NPKs this quarter reflects the flexibility of our production trains to adapt as per market demand. However, certain onetime expenses and a delay in commissioning the NPK trains at the Goa Plant resulted in higher fixed costs and a consequential impact on EBITDA. Going forward, we believe robust demand experienced in Kharif will continue into Rabi and the industry will benefit from low inventory levels, high reservoir levels and an overall decline in some raw material prices.”

Our core products

NPK - 10



NPK - 12



NPK - 20



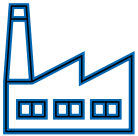
DAP



Q2 FY23 Business Highlights



Goa Plant Integration



Brownfield expansion through acquisition of the Goa Plant enhanced the leadership position by providing **wider geographical access**

Strategic location of the plant and **diversified product portfolio** provide benefits through lower transportation costs. This has resulted in improvement of overall **cost efficiency**

Capacity Addition



Increased annual capacity to **3.0 MMTPA** that will **boost** our **earnings** and **shareholder return** and better management of **demand supply gap**

Organic capacity expansion and repurposing surplus land at Paradeep Plant will provide for long term growth

New Product Launches



New product launches: **NPK 14:28:0, NPK 14:28:0:13 and NPK 24:24:0:0**, aimed at wider geographies and to cater to new agronomic requirements

Initiated **strategic plans** to maximise farm production by ensuring easy availability of fertilizers at affordable prices, thereby **growing and expanding the business demand**

Strengthening Distribution Network

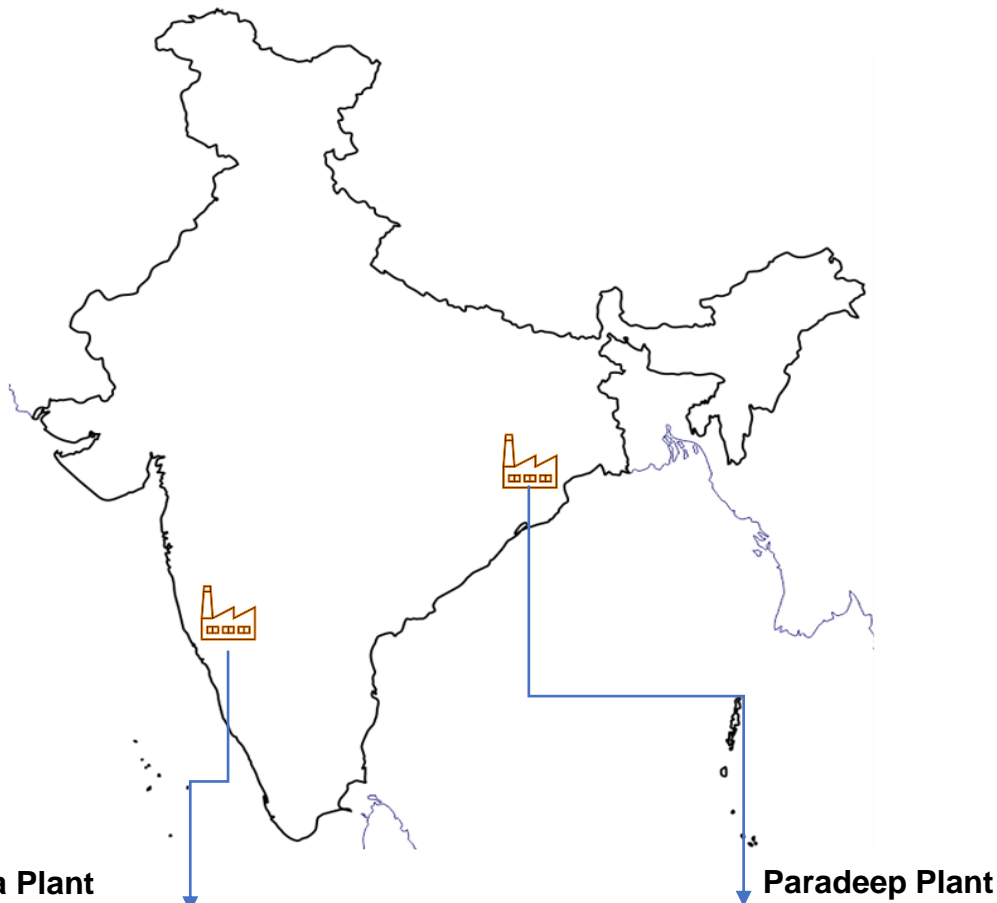


Widened **distribution network** to ensure adequate, timely and **reliable** supply to support **volume growth**

Goa Plant related sales and distribution network enhanced geographic coverage, totaling to about **8 million farmers** across 16 states

Goa Plant proximity to port leading to seamless access to a larger network of railways, waterways and highways

Manufacturing Locations



Goa Plant



Paradeep Plant



Location	Paradeep, Odisha	Zuarinagar, Goa
Area (Acres)	2,282	260
Target Market	East, Central and South	West, Central and South
Fertiliser Products	DAP, NPK-20, N-12, N-10, N-14	NPK-10, N-12, N-14, N-19, N-28, DAP, Urea
Brands	Navratna and Jai Kisaan	Jai Kisaan
Installed Fertiliser Capacity (MMTPA)	NPK / DAP: 1.8	NPK / DAP: 0.8 Urea: 0.4
Strategic Position	<ul style="list-style-type: none"> Backward integration of rock phosphate Captive berth at port Land available for future expansion 	<ul style="list-style-type: none"> Backward integration of ammonia Diversified product portfolio Access to developed markets

Sales and Distribution Network



	PPL Total
States Currently Present	16
Regional Marketing Offices	21
Stock Points	510
No. of Dealers	5,322
No. of Retailers	72,925
Farmers Covered	~ 8 Mn

- Structured distribution network facilitates efficient sale of products and promotes brand visibility
- Undertakes various marketing activities to enhance customer loyalty and further penetrate geographic markets

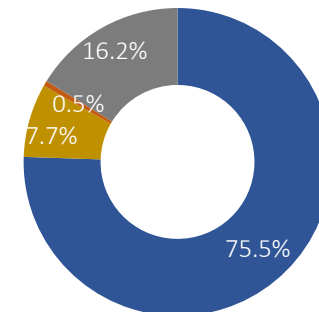
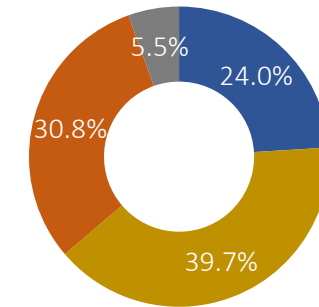
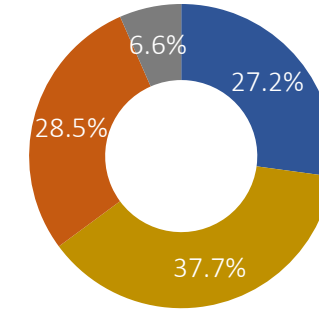
Sales and Distribution Network H1 FY2023

Extensive sales and distribution network drives revenue growth and promotes brand visibility

Regional Sales Volume Mix



Regional Dealers Nos.



■ West ■ East ■ North ■ South

Well diversified product portfolio to cover the entire range of the non urea fertilizer market



NPK - 10



NPK - 12



NPK - 20



DAP

- Contains Nitrogen, Phosphorus and Potassium in the ratio of 10:26:26
- Suitable for all types of soil
- Presence of 1:1 ratio of Phosphorus and Potassium makes it suitable for crops such as sugarcane and potatoes

- Contains Nitrogen, Phosphorus and Potassium in the ratio of 12:32:16
- Suitable for all types of soil and enhances the yield and quality of crops such as onions, tobacco, ginger, garlic, tomato, cabbage and oil seeds

- Contains Ammonia, Phosphate and Sulphate in the ratio of 20:20:0:13
- Utilized for fertilizing vegetables that require frequent application of fertilizers
- Enhances the yield and quality of crops such as oil seeds, pulses, onions, soybean, garlic, sugarcane, paddy and cotton

- Granulated, high quality, water-soluble, complex mineral fertilizer containing primarily of 18% Ammoniacal Nitrogen by weight and 46% Phosphate by weight
- Suitable for all types of soils and can be used as a base fertilizer for all crops

Competitive Positioning



Paradeep Phosphates Limited



Manufacturing Capabilities

Paradeep capacity 1.8 MTPA:

NPK / DAP – 1.8 MTPA

Goa capacity 1.2 MTPA:

NPK / DAP – 0.80 MTPA

Urea – 0.40 MTPA

More than 78% reduction in power cost from Sulphuric Acid production



Comprehensive Product Portfolio

Consumer product portfolio:

Five grades of NPK

DAP

Industrial product portfolio:

Phospho-gypsum, Zypmite, Sulphuric Acid and HFSA

Availability of extensive storage area for raw materials and finished goods



Backward integration of rock phosphate

Raw material:

Stable source of raw materials, especially rock phosphate, by entering into long-term agreements with suppliers

Operational volatility hedge with backward integration of facilities



Logistics Advantage

Paradeep plant:

Proximity to Paradeep port and seamless access to waterways, railways and highways

Ability to expand facilities given one third of land currently utilized

Goa plant:

Strategically located close to the Mormugao port with captive power plant



Well Established Sales and Distribution Network

Consolidated pan india network:

21 regional marketing offices

510 stock points across India

5,322 dealers

72,925 retailers



Experienced Board and Management

Independent Board of Directors:

4 out of 8 Board of Directors are independent

Non-Executive Board of Directors:

88% of the Board of Directors are non-executive

Capacity Expansion and Product Diversification

- Expansion of Paradeep production capacity of DAP and NPK to 1.8 MMTPA
- Goa plant capacity addition by 1.2 MMTPA
- Paradeep sales volume mix of 54%, 28% and 17% from NPK, DAP and Urea products respectively in H1 FY2023
- Plan to utilize the available land area with the current utilization being one third of the 2,280 acres land of the Paradeep site

Productivity and Cost Improvement Programmes

- 0.5 MMTPA retrofit of Phosphoric Acid plant capacity by February 2023 from existing capacity
- More than 78% reduction in power cost from Sulphuric Acid production
- Planned installation of a new evaporator to increase Phosphoric Acid by 116,000 MTPA

Market Expansion through New Channels

- Extending market presence in Odisha, West Bengal, Chhattisgarh, central and eastern parts of Uttar Pradesh, Andhra Pradesh, Telangana and Madhya Pradesh
- Relationship building with retailers, select dealers and institutions through the Jai Kisaan Sambandh reward program

Identify Inorganic Growth Opportunities

- Completed the acquisition of Goa facility from ZACL in June 2022
- Continue to explore potential inorganic growth opportunities in the future
- Expand into allied areas such as crop protection and specialty plant nutrition

Key Growth Drivers in the Fertilizer Industry



Food Security

- **Global food demand** continues to rise as population increases. However, land available for food production is limited
- The future of food production depends on **new technologies** for farmers that support a more **sustainable agricultural** system
- Global **demand for phosphate** is expected to **increase** due to global population growth
- Phosphate has **no substitute** and is a **key component** essential for root development and drought resistance in plants
- **Higher cropping intensity** is a key driver for phosphatic fertilizer in India

Policy Support

- **National Food Securities Act** (2013) covers 75% of the rural and 50% of the urban population under the schemes
- Decontrolled retail prices for Phosphatic fertilizers and NBS Policy (Nutrient Based Subsidy)
- **Subsidy** for primary freight movement of decontrolled fertilizers
- Additional **Rs 609.4 bn** subsidy approved by the government for Phosphoric and Potassic fertilizers for Kharif Season
- Enhance soil fertility through soil health cards, including **higher NPK fertilizer adoption**

Industry Opportunity

- Growing populations and **shrinking agricultural lands** due to urbanization and industrialization
- **Need for higher productivity** per acre, resulting strong demand for fertilizers
- Rise in per capita incomes and ease of **access to credit** to framers
- Increasing urbanization levels and corresponding decrease in arable land
- Increase in per capita demand and consumption of food
- Government announcement of discovery of **indigenous** deposits of **phosphatic rock** will boost domestic fertilizer production and self-reliance

Consolidated Financial Performance Summary



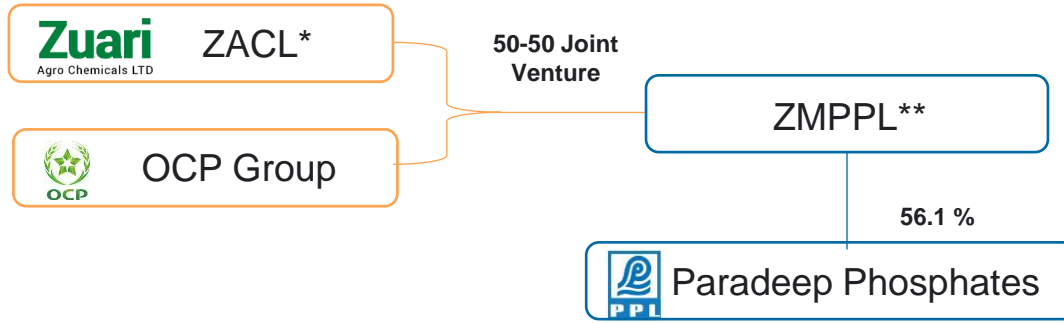
(in Rupees Million)

(Rs. Million)	Q2		Y-o-Y	Q1		Q-o-Q	H1		Y-o-Y
	FY2023	FY2022	Growth(%)	FY2023	Growth(%)	FY2023	FY2022	Growth(%)	
Revenue from Operations	28,637	19,347	48%	24,347	18%	52,984	32,507	63%	
Other Income	61	30	107%	97	(37)%	159	74	115%	
Total Income	28,698	19,376	48%	24,444	17%	53,142	32,580	63%	
Cost of Material Consumed	26,227	13,277	98%	15,515	69%	41,741	20,856	100%	
Purchase of Trading goods	382	3,247	(88)%	312	22%	693	6,997	(90)%	
Changes in Inventories of Finished Goods, W-I-P & Stock in Trade	(4,648)	(2,045)	-	3,480	(234)%	(1,168)	(3,282)	(64)%	
Employee benefits expense	558	357	56%	451	24%	1,009	656	54%	
Other expenses	4,305	1,831	135%	3,017	43%	7,322	3,576	105%	
EBITDA	1,875	2,710	(31)%	1,670	12%	3,545	3,777	(6)%	
Margin	6.5%	14.0%		6.8%		6.7%	11.6%		
EBIT	1,407	2,485	(43)%	1,361	3%	2,769	3,338	(17)%	
Margin	4.9%	12.8%		5.6%		5.2%	10.2%		
PBT	684	2,342	(71)%	849	(19)%	1,532	3,128	(51)%	
Margin	2.4%	12.1%		3.5%		2.9%	9.6%		
Reported Profit After Tax	511	1,752	(71)%	628	(19)%	1,139	2,351	(52)%	
Margin	1.8%	9.0%		2.6%		2.1%	7.2%		
Basic EPS	0.62	3.04	(80)%	0.93	(33)%		4.07	(100)%	

Notes:

1. EBITDA includes Other Income
2. All Margins are calculated on Total Income

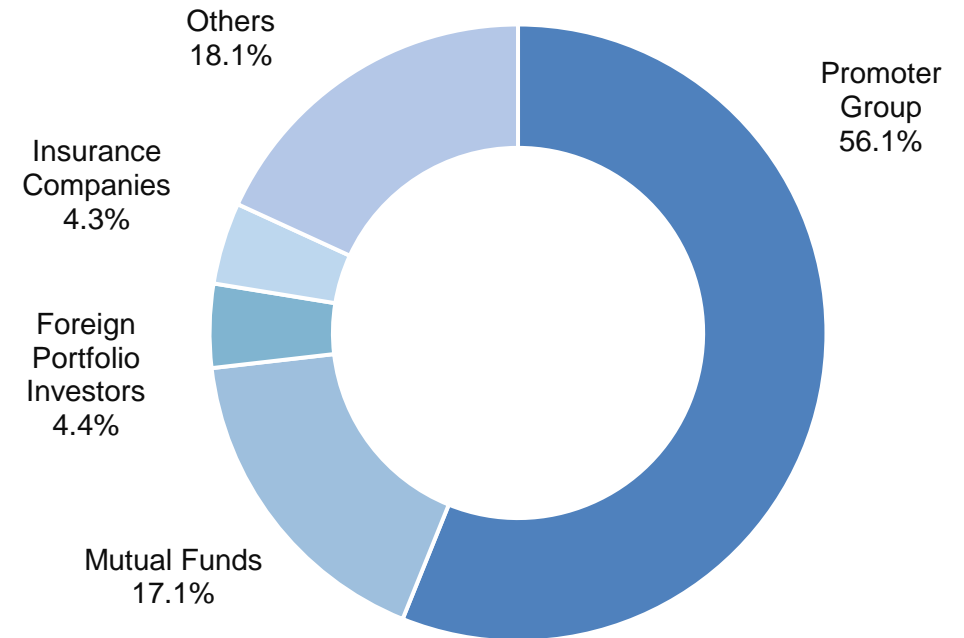
Promoters Group



[Zuari Agro Chemicals](#) (ZACL) has been a leading fertilizer player in India. It was promoted by the eminent industrialist Dr. K K Birla and incorporated jointly by the House of Birlas and US Steel Corporation in the year 1967

[OCP Group](#) is one of the leading producers of Phosphate rock globally with approximately 70% of the global Phosphate rock reserves and exercises the monopoly for the exploration and operation of phosphates. The group is owned by the Moroccan Government

% PPL Shareholdings – Sept 30, 2022



* Zuari Agro Chemicals Limited

**Zuari Maroc Phosphates Pvt Ltd

Disclaimer

This presentation contains statements that are “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to “Paradeep Phosphates” future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

Paradeep Phosphates undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.

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Thank You

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