

# Earnings Presentation

Q2 and H1 FY2024



Paradeep Phosphates Limited

Nourishing the Future - Feeding the Nation



# Business Overview



Paradeep Phosphates Limited

- 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:
  - **Core Products** : DAP, NPK-20:20:0:13, NPK-12:32:16, NPK-10:26:26, NPK-19:19:19, NPK-28:28:0
  - **Recent Launched** : NPK-14:28:14, NPK-14:28:0, NPK-14:35:14, NPK-24:24:00
- 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 **15 states with 21 regional offices, 512 stock points and 5,322 dealers**
- Zuari Agro Chemicals (ZACL) and OCP Group hold **56.1% of PPL** post IPO on 27<sup>th</sup> May 2022



## Financial Strength (FY23)

<u>Revenue</u>	<u>ROE</u>	<u>ROCE</u>	<u>Net Debt / Equity</u>
Rs. 133,407 Mn	10.6%	20.9%	1.3 x

## Key Metrics

**3.0 MMTPA**

Installed Capacity

**15 States**

Geographical Presence

**+8 Mn**

Farmer Connect

**+1,500**

Employees

**ICRA A-1  
Stable**

Credit Rating

## Backward integration and 3 MMTPA fungible capacity resulting in higher market share and competitive EBITDA / tonne



India's 2nd largest private sector phosphatic fertilizer manufacturer with pan-India distribution capability

- Total finished fertilizer capacity of 3.0 Million Metric Tons Per Annum (MMTPA) across two sites – Paradeep and Goa
- Paradeep site can produce 1.8 MMTPA of DAP / NPK and Goa site can produce 0.8 MMTPA of DAP / NPK and 0.4 MMTPA of Urea. All DAP / NPK capacities are fungible in nature
- The Goa site is capable of producing unique value-added NPKs (NPK 19, NPK 14, NPK 28) and services agriculturally developed states of Maharashtra, Karnataka and others
- PPL sells in 15+ states across 72,900+ retail points to 8+ Million farmers



Competitive EBITDA per tonne in the industry led by backward integration

- Paradeep site is backward integrated in phosphate while Goa site is backward integrated in ammonia
- PPL sources rock phosphate from OCP and manufactures phosphoric acid in-house leading to huge bottom-line gains
- The OCP Group (Morocco) owns 70% of known global rock phosphate reserves and is a promotor in PPL
- PPL sources all raw materials through long term contracts ensuring quality and guaranteed availability



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 of balanced fertilization with a crop and soil specific application
- The Indian government's subsidies in the fertilizer industry have created favorable conditions for growth and development by increasing the availability of affordable fertilizers to farmers, ultimately improving the demand



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

- Both plants at Paradeep and Goa are strategically located close to the ports and the agriculturally fertile states
- PPL owns large parcels of land of 2,282 acres in Paradeep and the only 33% of the land is being utilized leaving room for expansion
- Both sites have the ability to store raw materials at its own facility enables it to withstand disruptions in supply



# Q2 FY24 Performance Highlights (YoY Growth)



(in Million)

## Total Income

Rs.36,940



28.7% Y-o-Y

## EBITDA

Rs. 2,670



42.4% Y-o-Y

Margins : 7.2 %

## PBT

Rs. 1,204



76.1% Y-o-Y

Margins : 3.3 %

## Net Profit

Rs. 894



75.0% Y-o-Y

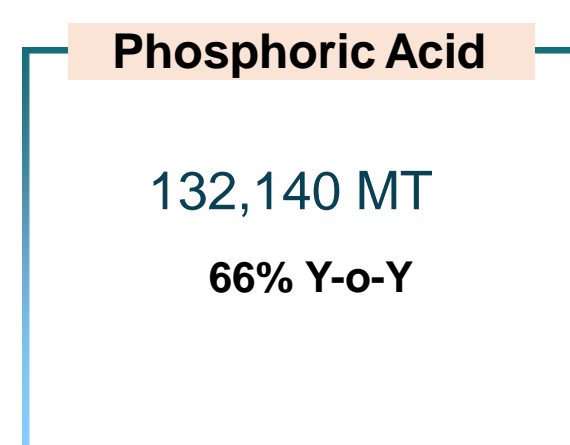
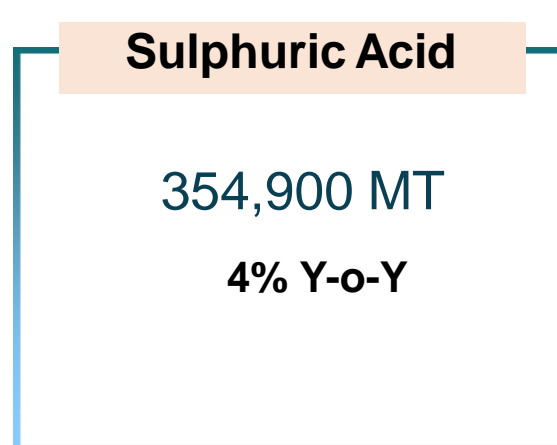
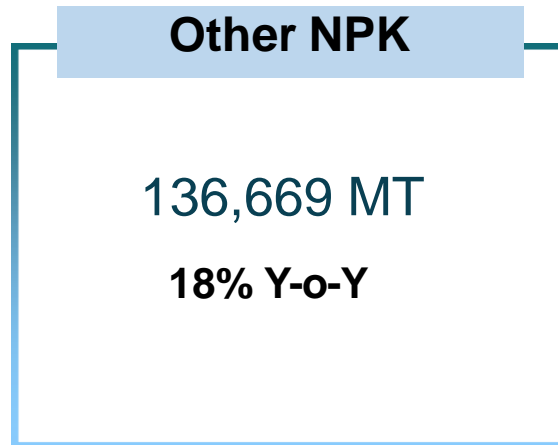
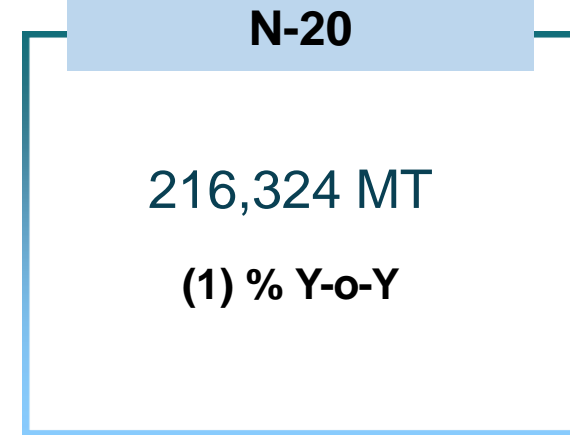
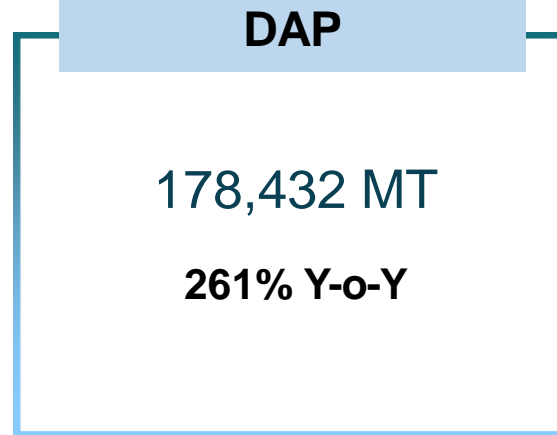
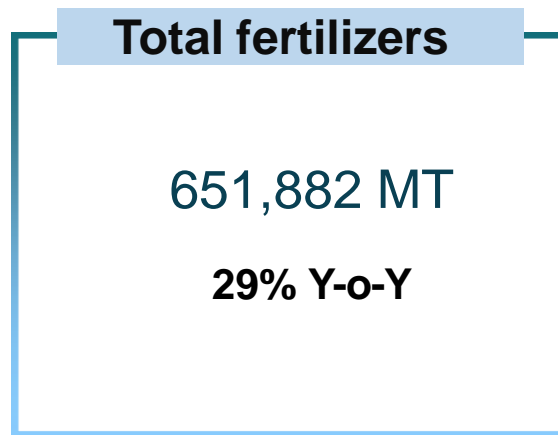
Margins : 2.5 %

## Quarterly Developments

- The quarter witnessed a strong growth in sales and production volumes leading to significant improvement in top-line and bottom-line.
- Primary sales volumes grew by 78% in Q2 on YoY basis led by strong focus on farmer and channel connect initiatives.
- The impact of the revised subsidy rates, announced in October, has been fully accounted in this quarter.

# Q2 FY24 PPL Operational Highlights

(Production Volume)



# Q2 FY24 PPL Operational Highlights

(Sales Volumes)

## Total fertilizers

807,400 MT

78% Y-o-Y

## DAP

252,009 MT

500% Y-o-Y

## N-20

234,361 MT

24% Y-o-Y

## Other NPK

198,963 MT

72% Y-o-Y

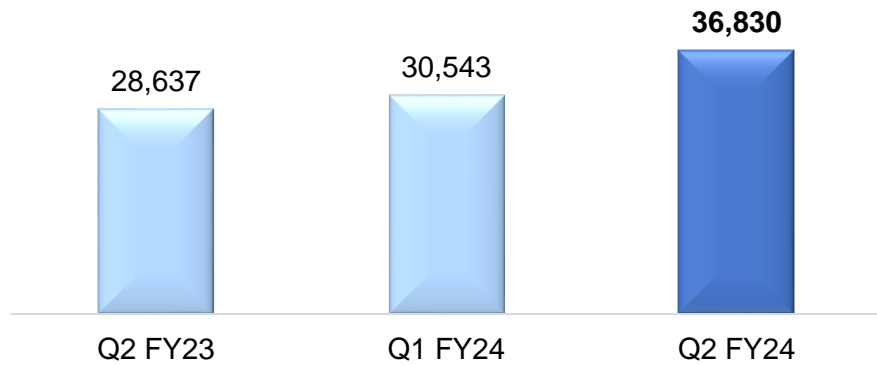
Urea Sales: 120,957 MT

Fertilizer Products

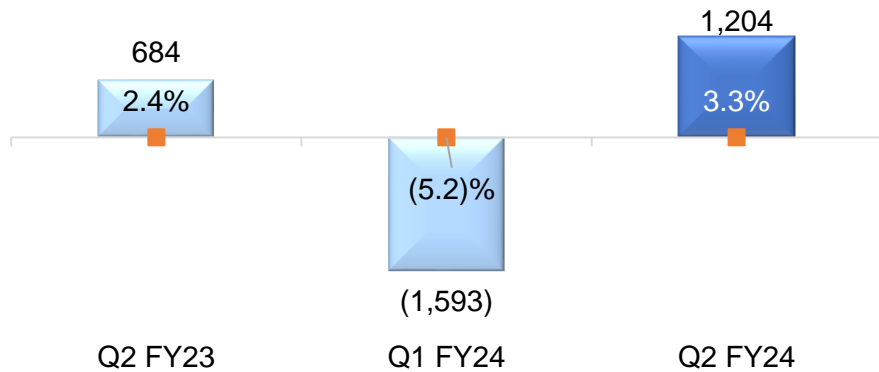
# Q2 FY24 Performance Trends

Delivered strong year on year revenue and profitability growth with improved margins

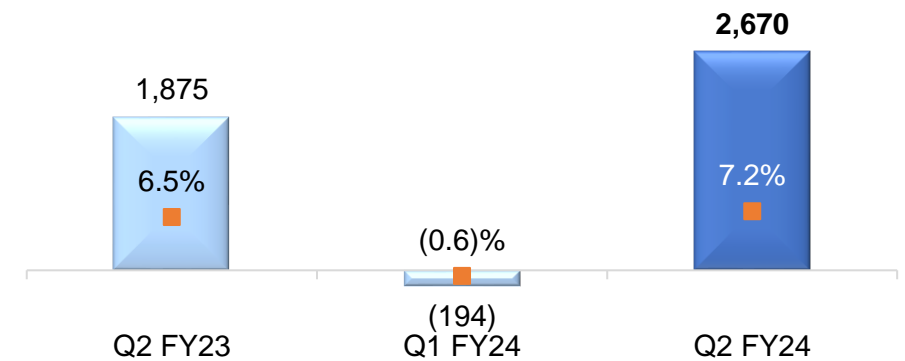
## Revenue from Operations



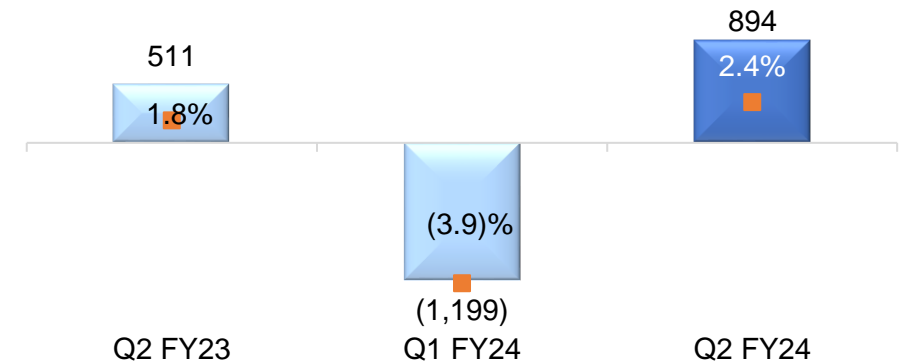
## PBT and Margins



## EBITDA and Margins



## Net Profit and Margins



(in Rupees Million)



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

“We have been able to achieve a good set of numbers in Q2 of FY 24. Our Q2 production volumes rose by 25% YoY and sales volumes increased by 78% YoY leading to a 28.72 % growth in our topline and 42 % to our EBIDTA on an YoY basis. Despite a less than adequate rainfall compared to last year our teams have achieved good primary and secondary sales numbers. This was attained through a strong focus on nurturing our brands – Jai Kisaan and Jai Kisaan Navratna - through continuous farmer and channel connect programmes. We have also seen a significant improvement of our short term leverage led by higher velocity in subsidy receivables. With normalization of raw material prices and a concomitant decrease in subsidy rates announced in October 2023, we will increasingly see a true balance towards market realizations vis a vis subsidy realizations. This is expected to augur well for the sector. Our newly expanded captive phosphoric acid plant at Paradeep site – from 3 lakh to 5 lakh ton annual capacity - is now running at optimal capacity. We are focused on achieving maximum value for the upcoming Rabi season utilizing our competitive, operational, geographic and backward integration advantages.”

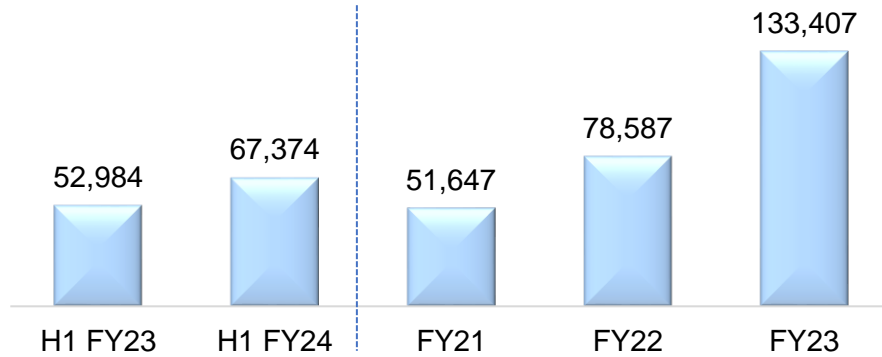


# Annual Performance Trends

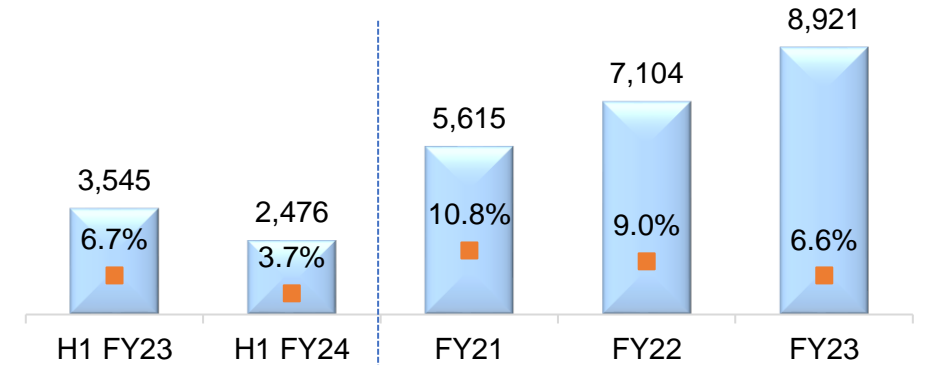


(in Rupees Million)

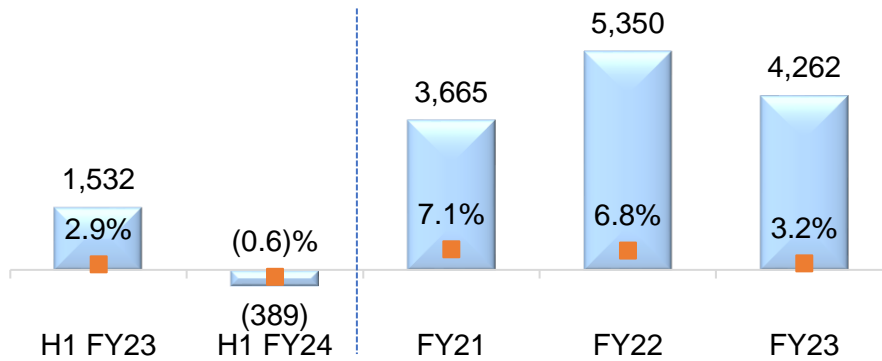
## Revenue from Operations



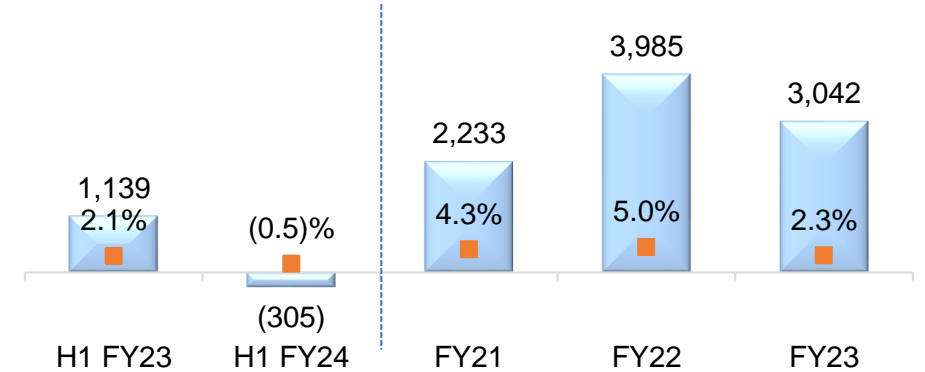
## EBITDA and Margins



## PBT and Margins



## Net Profit and Margins



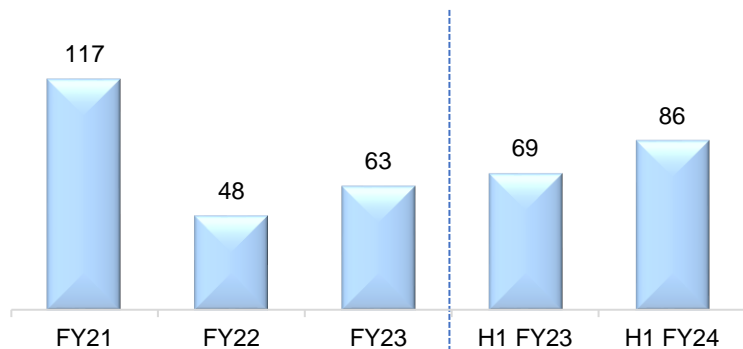
# Leverage Profile and Working Capital Cycle

(In Millions)	FY21	FY22	FY23	H1 FY24
Long Term Debt	1,134	5,282	6,119	5,955
Short Term Debt	11,378	24,261	40,192	32,896
<b>Total Debt</b>	<b>12,512</b>	<b>29,543</b>	<b>46,311</b>	<b>38,852</b>
Less: Cash & Cash Equivalents	932	5,977	1,099	3,263
<b>Net Debt</b>	<b>11,580</b>	<b>23,566</b>	<b>45,213</b>	<b>35,589</b>
Total Equity	18,275	22,250	35,047	34,357
<b>Total Debt/Equity</b>	<b>0.63x</b>	<b>1.06x</b>	<b>1.32x</b>	<b>1.13x</b>

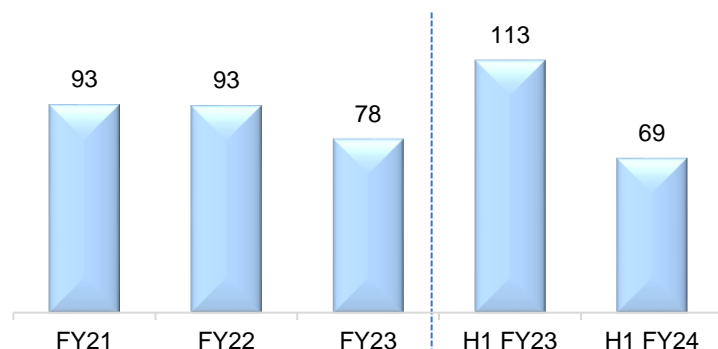
## Key Observations

- Short-term debt has improved significantly due to higher velocity in subsidy receivables.
- The inventory days has improved leading to an overall improvement in working capital cycle.
- Debt to equity ratio and cash on the balance sheet have improved.

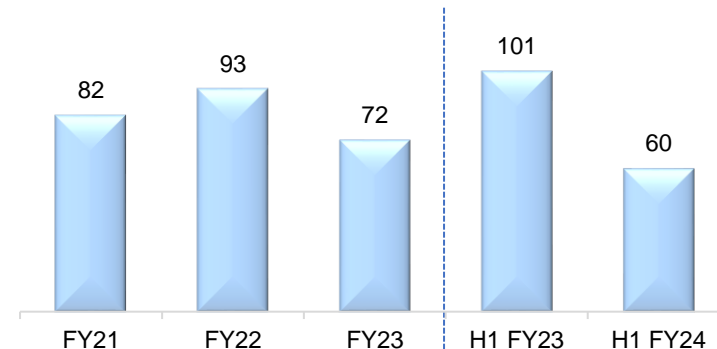
## Receivables Days



## Inventories Days



## Payables Days



# Consolidated Financial Performance Summary



(in Rupees Million)

(Rs. Million)	Q2		Y-o-Y	Q1	Q-o-Q	H1		Y-o-Y
	FY2024	FY2023	Growth(%)	FY2024	Growth(%)	FY2024	FY2023	Growth(%)
Revenue from Operations	36,830	28,637	28.6%	30,543	20.6%	67,374	52,984	27.2%
Other Income	110	61	79.6%	192	(42.7)%	302	159	90.3%
<b>Total Income</b>	<b>36,940</b>	<b>28,698</b>	<b>28.7%</b>	<b>30,735</b>	<b>20.2%</b>	<b>67,675</b>	<b>53,142</b>	<b>27.3%</b>
Cost of Material Consumed	20,177	26,227	(23.1)%	24,428	(17.4)%	44,605	41,741	6.9%
Purchase of Trading goods	1,548	382	305.6%	6,771	(77.1)%	8,319	693	nm
Changes in Inventories of Finished Goods, W-I-P & Stock in Trade	7,340	(4,648)	nm	(5,485)	nm	1,855	(1,168)	nm
Employee benefits expense	578	558	3.6%	582	(0.7)%	1,161	1,009	15.0%
Other expenses	4,627	4,305	7.5%	4,633	(0.1)%	9,260	7,322	26.5%
<b>EBITDA</b>	<b>2,670</b>	<b>1,875</b>	<b>42.4%</b>	<b>(194)</b>	<b>nm</b>	<b>2,476</b>	<b>3,545</b>	<b>(30.1)%</b>
<b>Margin</b>	<b>7.2%</b>	<b>6.5%</b>		<b>(0.6)%</b>		<b>3.7%</b>	<b>6.7%</b>	
EBIT	2,163	1,407	53.7%	(664)	nm	1,499	2,769	(45.9)%
<b>Margin</b>	<b>5.9%</b>	<b>4.9%</b>		<b>(2.2)%</b>		<b>2.2%</b>	<b>5.2%</b>	
<b>PBT</b>	<b>1,204</b>	<b>684</b>	<b>76.1%</b>	<b>(1,593)</b>	<b>Nm</b>	<b>(389)</b>	<b>1,532</b>	<b>nm</b>
<b>Margin</b>	<b>3.3%</b>	<b>2.4%</b>		<b>(5.2)%</b>		<b>(0.6)%</b>	<b>2.9%</b>	
<b>Reported Profit After Tax</b>	<b>894</b>	<b>511</b>	<b>75.0%</b>	<b>(1,199)</b>	<b>nm</b>	<b>(305)</b>	<b>1,139</b>	<b>nm</b>
<b>Margin</b>	<b>2.4%</b>	<b>1.8%</b>		<b>(3.9)%</b>		<b>(0.5)%</b>	<b>2.1%</b>	
Basic EPS	1.10	0.63	74.6%	(1.47)	nm	(0.37)	1.53	nm

Notes:

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

## Recent Developments

- The Indian government has implemented a number of policies to increase the use of fertilizers and to boost agricultural production
- These policies include subsidies on fertilizers, tax breaks for fertilizer companies, and investment in research and development
- Indian soils are low in major and micronutrients. Large-scale soil testing in farmers' fields suggests that more than 70% of soils suffer either from soil acidity or soil alkalinity
- Poor soil leads to poor nutritional value. Balanced fertilization therefore plays a pivotal role in augmenting plant growth in suboptimal soils and improve soil quality

## Growing Demand

- Increasing awareness pertaining to soil profile and nutrition management of soil is expected to spur the market growth over the next few years
- India recorded a significant increase in the production, import, and sales of major fertilizers like Urea, DAP, and NPKs in recent past
- Rise in per capita incomes and ease of access of credit to farmers are expected to boost the growth of the fertilizer industry
- Farmers are increasingly adopting modern farming practices. These technological advancements are expected to boost the growth of the Indian fertilizer industry

Committed to creating a food secure nation through innovative and affordable solutions for the farmers

3,170+  
Farmer Meetings

220+  
Crop Seminars

120+  
Retailer Meetings

360+  
Demonstrations

1,780+  
Campaigns



Retailer Meetings



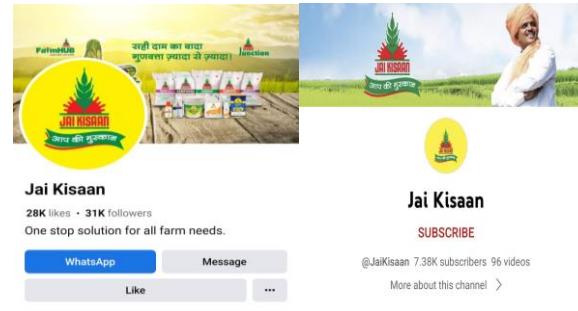
Crop Seminars



Field Demonstrations



Mobile Soil Testing Labs –  
Odisha



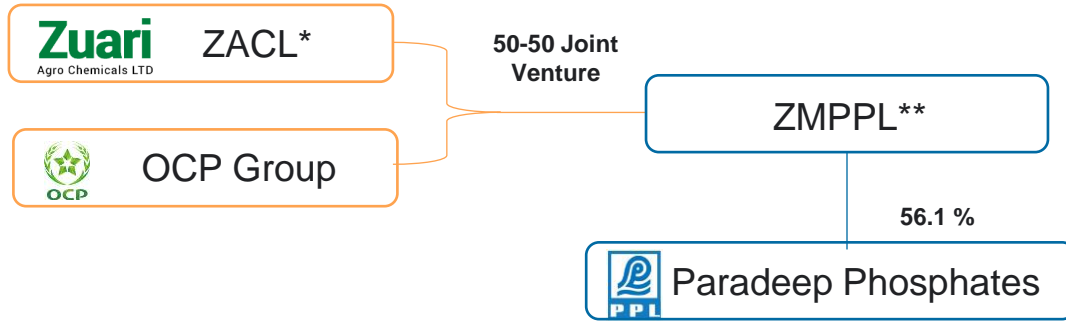
Digitalisation of Agri Services



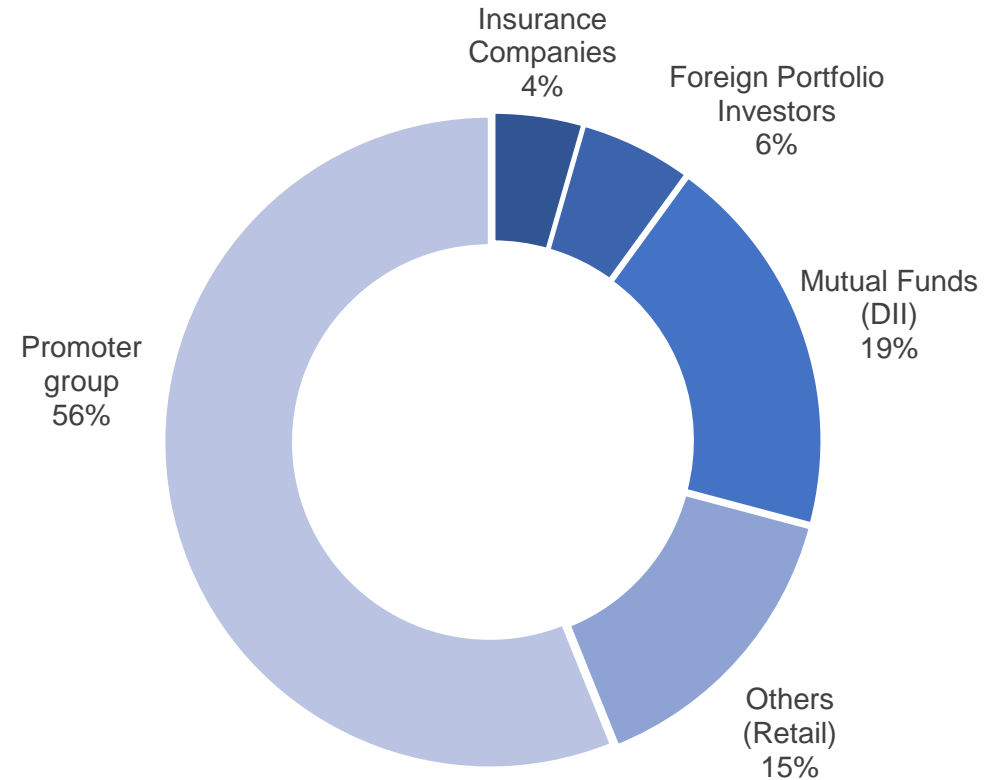
Farmer Meetings

# Share Holding Pattern Top Shareholders - Sept 2023

## Promoters Group



## % PPL Shareholdings #



## Top Shareholders# in DII, FII and Insurance

SBI MF Total	7.09%	Domestic
Life Insurance Corporation Of India	4.28%	Insurance
Nippon Life India	3.60%	Domestic
DSP Small Cap Fund	2.91%	Domestic
Mirae Asset Total	2.75%	Domestic
Goldman Sachs Total	2.71%	Foreign
HDFC MF Total	1.47%	Domestic
Tata Mutual Fund Total	1.13%	Domestic

\* Zuari Agro Chemicals Limited, \*\*Zuari Maroc Phosphates Pvt Ltd, # As on 30<sup>th</sup> Sept 2023

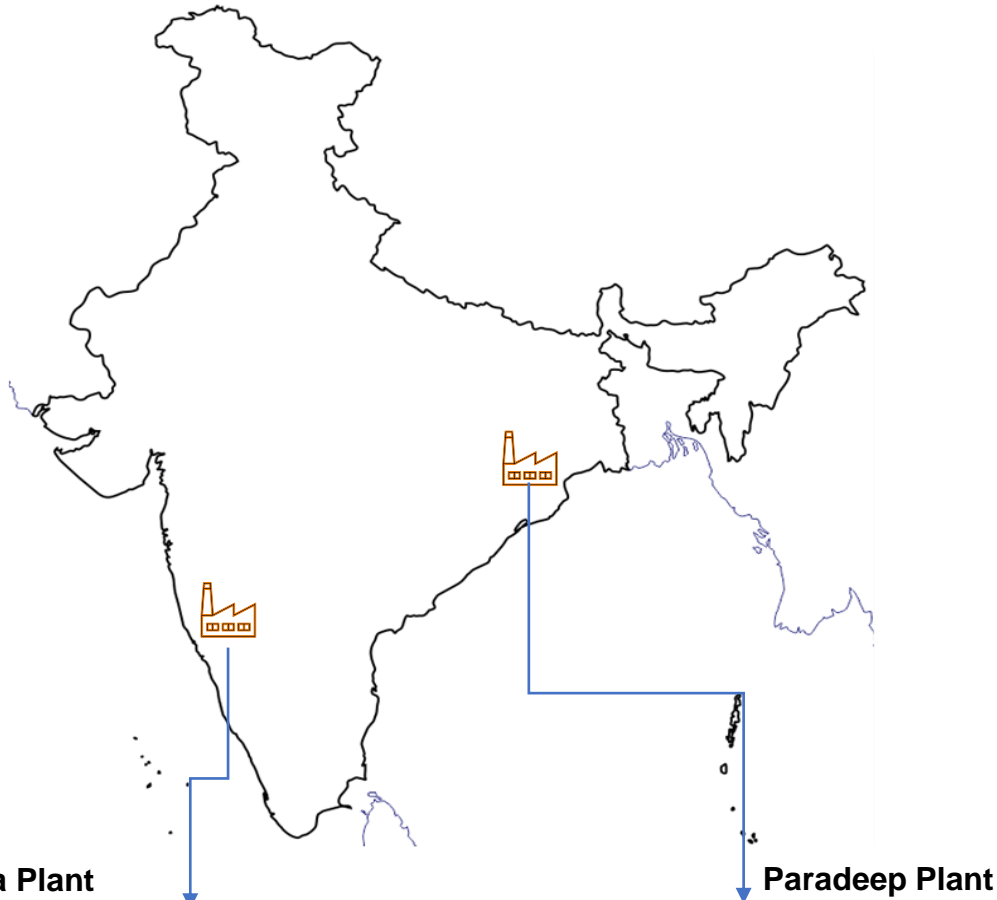




# About PPL



# 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
Installed fertilizer Capacity (MMTPA)	NPK / DAP: 1.8	NPK / DAP: 0.8 Urea: 0.4
Strategic Position	<ul style="list-style-type: none"> <li>• Backward integration of phosphoric acid</li> <li>• Captive berth at Paradeep port</li> <li>• Land available for future expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Backward integration of ammonia</li> <li>• Diversified product portfolio</li> <li>• Access to developed markets</li> </ul>

# Sales and Distribution Network



Market Presence	PPL
States Covered	15
Regional Marketing Offices	21
Stock Points	512
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



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



DAP 18:46:0



NPK 20:20:0:13



NPK 12:32:16



NPK 28:28:0



NPK 19:19:19



NPK 10:26:26

- Leadership position in the non-urea fertilizer market with diversified product portfolio ensuring that farmers have access to the right products to improve their yields
- The product portfolio of PPL makes it possible for the farmers to provide balanced fertilisation to the crops, with a supply of essential plant nutrients for optimum plant growth, yield and quality
- This diversified product portfolio enables PPL to address the varied requirements of farmers and increase market share



## NPK 14:28:14

- Contains Nitrogen, Phosphorus and Potassium in the ratio of **1:2:1**
- Suitable for basal application across different crop segments like cereals, pulses, oilseeds, vegetables, commercial crops



## NPK 24:24:00

- It contains two major plant nutrients, Nitrogen and Phosphorous in the ratio of **1:1**
- Suitable fertilizer to meet nutritional requirements of all crops, as they require an equal amount of nitrogen and phosphorus in the initial stages of plant growth



## NPK 14:28:0

- Contains a minimum of 24.0% Nitrogen and 24.0% Phosphorous as P205 by weight
- The increased root mass helps the plant in making better use of nutrients and soil moisture
- Enhanced root growth, increased nutrient and water uptake and healthy plant growth resulting higher yield



## NPK 14:35:14

- Complex fertilizer containing all major nutrients with scientific NPK ratio **1:2.5:1**
- Suitable for all soils as it is neutral in nature and does not leave any acidity or alkalinity in soil
- Ideal and suitable complex for all crops for basal application



## Backward integration of rock phosphate, NH<sub>3</sub>

### Raw Material:

- Competitive edge in stable source of raw materials via long-term agreements with suppliers
- Operational volatility hedge with backward integration of facilities and leverage cost efficiencies



## 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



## 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



## Well Established Sales and Distribution Network

### Consolidated Pan India Network:

- 21 regional marketing offices
- 450 plus stock points across India
- 6,500 plus dealers
- 65,500 plus retailers

To be amongst the 'Top fertilizers manufacturers in the world'





## Capacity Utilization and Product Diversification

- To achieve best capacity utilization for 3 MMTPA capacity
- To have the product mix aligned to market need and to have more NPK mix in our overall portfolio compared to DAP
- Enter into nano-fertilizers (nano DAP, nano Urea)
- Expand into allied areas such as crop protection and specialty plant nutrition



## Productivity and Cost Improvement Programs

- Enhanced the captive Phosphoric Acid capacity from 0.3 to 0.5 MMTPA in Q1 FY 24 to further improve earning potential
- Enhance the captive Sulphuric Acid capacity from 1.39 to 2 MMTPA to backward integrate in line with phosphoric acid and to generate captive green power at 78% reduced cost compared to the grid



## 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 Kisan Sambandh reward program

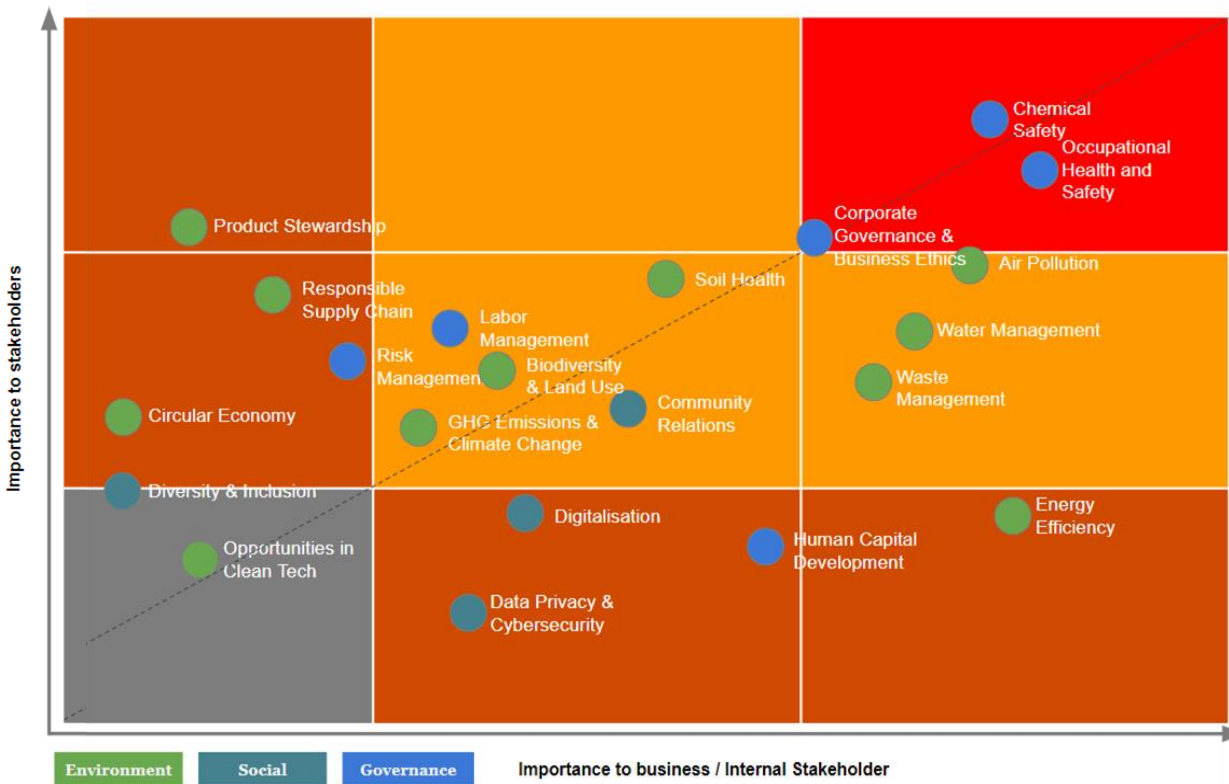


## Identify Inorganic Growth Opportunities

- Completed the acquisition of Goa facility from ZACL in June 2022
- Continue to explore potential inorganic growth opportunities in the future

# Key Highlights of the Sustainability Report

## Key Material Topics and Materiality Index



### Environmental

- 276,506 Kwh Total renewable energy consumed
- 97% Waste recycled
- 100% Operations are ZLD
- 225,191 tCO2e GHG emissions saved
- 6.85 Lakh Trees planted
- 235 MG Rainwater harvesting capacity
- Circularity : Zypmite, Gypsum for cement, roads



### Social

- 2,480 employees including contractual workers
- 25 Average hours of training, ESOPs
- 8+ Million farmers active outreach
- 43 Training sessions to 20,000+ farmers
- CSR initiatives impacted 50,000+ lives
- 5,29,584 Soil samples tested



### Governance

- 60% Independent Directors on Board
- 100 % Employees trained on code of conduct
- ISO 9001, 14001, 45001 50001 at Paradeep site
- ISO 14001 and 45001 at Goa site
- ESG Steering Committee formed led by the MD
- New Corporate Website (Digital Transformation)

## Aligned with United Nation's SDG

Reduce environmental impact by **localizing the raw material** Molten Sulphur from Indian Oil Corporation Limited (IOCL). This eliminates the cost of converting it from solid to molten form (steam cost). It has helped us save approximately 22MT of steam per day and **reduce greenhouse gas emissions by 41 tCO2e annually**

**Transformed schools to 'SMART Schools'** through upgradation of E-library, Smart classrooms, Toilets, school infrastructure, etc

Supported in **bridging the learning gap** through our initiatives such as: TARA English learning programme, Digital service, Remedial coaching, Computer training, etc.

Captive Power is generated by utilizing the steam generated from the Sulphuric acid Plant. Daily, our heat recovery system generates power equivalent to 245 MW. It is equivalent to **replacing 142 MT of coal on a daily basis and eliminating 225,191 tCO2e annually**

Provided regular basic health facilities via the **'Mobile Health Van'** initiative led by a team of **trained doctor covering 24 villages and 22,658 individuals** till date

Carried out **multiple water body cleaning drives, covering 10 villages**, which are now being used for fisheries related interventions

Initiated **'Youth4Water Campaign' in collaboration with UNICEF** (Odisha), focused on **adopting 1000 ponds** and maintaining them for water conservation and groundwater recharge

**Installed solar and LED streetlights** at various villages with low or poor **public infrastructure**

Established and promoted livelihood generation activities, with special focus on **women empowerment**, via SHG formation, grant-support, exposure support and similar **training activities and programmes**



Innovate



Protect



Empower

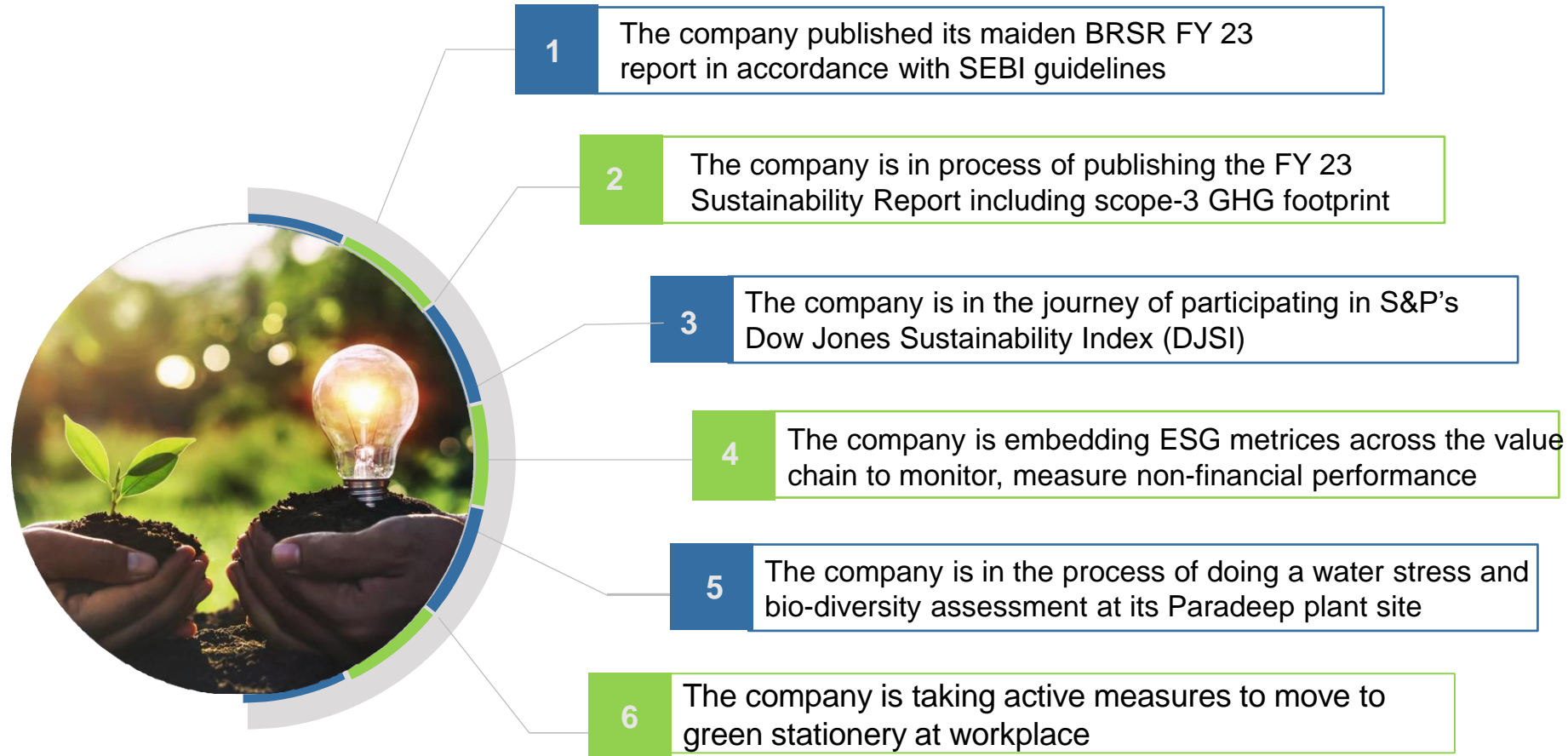
“Since inception, we have placed a strong focus on enhanced energy efficiency by harnessing the heat created in our intermediary production processes. This also results in an equivalent reduction in GHG emissions. Additionally, we have positioned the principles of circularity i.e., reduce, reuse, and recycle in our operations. Along with internal research, our team is collaborating with external scientific experts to reuse and recycle waste. e. With our continuous efforts, we have also utilised Phosphogypsum in cement production and road construction. We are successfully selling a valuable product 'Zypmite' for soil conditioning made from process by-product Phosphogypsum.”

– S. K. Poddar, Chairman

## Representation on various platforms and industry bodies that play a significant role in the fertilizer sector



PPL is in the journey of implementing various ESG initiatives in the FY 24 fiscal year





## Industry Recognition



CIDC Vishwakarma Award  
Best Professionally Managed Co.



Accolades by CII for  
Energy Conservation Initiatives

## Awards



CSR Golden Peacock  
Award - 2022



Excellence Award by  
Odisha CSR Forum - 2022

## Awards



Kalinga Environment Excellence  
Award - 2022



Greentech Foundation Safety  
Award -2022



Exceed Award 2022 on  
OSH  
in Platinum category,  
Goa



Recognition for "Shared  
Vision for a Better World"  
by Bureau of Indian  
Standards



PAP Best  
Performance Award,  
FAI - 2022

## 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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