



Paradeep Phosphates Limited
Q1 FY26 Results Conference Call
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MODERATOR: **MR. RIJU DALUI – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Paradeep Phosphates Limited Q1 FY26 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 the conference call, please signal the 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. Riju Dalui from Antique Stock Broking Limited. Thank you, and over to you, sir.

Riju Dalui: Thank you. Good morning, everyone. On behalf of Antique Stock Broking, a warm welcome to all the participants on the call of Paradeep Phosphates. Today from the management side, 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 of Corporate Finance; and Mr. Susnato Lahiri, Joint GM, Strategy IR and ESG on the call.

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

Rajeev Nambiar: Thank you, Riju. Good morning, everyone, and welcome to Paradeep Phosphates Q1 FY2026 Earnings Conference Call. Thank you for joining us today and for your continued interest in Paradeep Phosphates. I trust you have reviewed our earnings presentation and press release, which are also available on our website and with the stock exchanges.

The fertilizer sector began FY26 on a solid footing, supported by a favourable monsoon pattern, healthy reservoir levels and government initiatives to promote soil health and balanced nutrient applications. With this backdrop, Paradeep Phosphate delivered a strong start to the fiscal year through operational discipline and execution strength, capitalizing on sustained demand for phosphatic fertilizers.

For the first quarter, revenue from operation rose 58% Y-o-Y to INR 3,754 crores. EBITDA, including other income, nearly doubled to INR 493 crores, while profit before tax increased to INR 342 crores. Profit after tax reached a level of INR 256 crores, driven by higher production and sales volumes, strong sales velocity and improved product mix, backward integration and strategic sourcing.

Rajeev Nambiar: Operationally, we produced 6.64 lakh tons of finished fertilizers, up 23% year-on-year and achieved primary sales of 7.42 lakh tons, a 34% increase over the same period last year. Our product portfolio included diverse NPK grades in addition to DAP. Our flagship N-20 grade maintained strong momentum, delivering sales of 2.24 lakh tons. We also sold nearly 7 lakh bottles of our indigenously developed biogenic nano fertilizers during the quarter, underscoring their role in enhancing nutrient absorption and improving farm yield.

On the intermediary front, phosphoric acid production grew 22% year-on-year to 1,13,000 tons, while sulphuric acid output increased 30% to 2,83,000 tons, further strengthening our integrated

operations. We maintained a healthy net to debt equity ratio of 0.77x, continue to operate with a lean cash conversion cycle and leverage our supply relationship and captive infrastructure to secure raw materials at competitive costs despite elevated input prices.

Progress on our strategic growth projects also continued as planned. The sulphuric acid capacity expansion Paradeep from 1.39 million tons per annum to 2 million tons is on schedule for commissioning by the third quarter of this fiscal year. The phosphoric acid expansion, which will raise capacity from 0.5 million to 0.7 million ton annum is progressing well and is expected to be completed within the next 2 years.

Additionally, our proposed merger with Mangalore Chemicals & Fertilizers, which received shareholder approval in June, is advancing through the final stages of the NCLT process. Upon completion, this will enhance our scale and market reach. We intend to announce our further capex and growth plans following the conclusion of the merger process.

Looking ahead, we remain confident of sustaining our momentum through FY26, supported by above normal monsoon forecast, stable subsidy disbursements and increasing demand for value-added and soil-specific fertilizers. With our integrated supply chain, flexible production capabilities, pan-India distribution network and established brand equity, Paradeep Phosphate is well-positioned to deliver consistent growth and long-term value for all the stakeholders.

Thank you once again for joining us today and for your continued trust in Paradeep Phosphate. I will now be happy to take your questions. Thank you.

Moderator: Thank you very much. The first question is from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: Sir, congratulations on great financial performance. While you have mentioned in the opening remarks, but if you can elaborate further as to what drove this extraordinary growth in EBITDA?

Rajeev Nambiar: I think if you look at it, actually, our production volumes jumped up and early onset of monsoons and which has actually aided in terms of increased sales volume. If you look at it, we have an increase of sales volume plus 30 percentage compared to year-over-year.

And the product mix also helped us in terms of optimizing whatever resources we have in terms of converting to the EBITDA levels. And our backward integration programs, which are going on are also well like Phosphoric acid of 0.5 million, we could actually completely make a target clear and the further expansions also will drive our future things.

Prashant Biyani: Sure. Sir, between the 3 levers of high volume growth, backward integration benefit and maybe some inventory gains, how was the contribution of all 3?

Harshdeep Singh: Prashant, this is Harshdeep here. So if you look at it dominantly, the volume growth of 34% significantly contributed to the growth in the revenue and the bottom line. The further thing was even with the combination of what Rajeev was saying, the benefit because of backward integration and the market realization.

In line with the market requirement, we could take a realistic pricing for NPK grade, which resulted in a revenue growth higher than the volume growth. So that's what helped us really get good EBITDA in the first quarter.

Prashant Biyani: Sir, how much price increase have you taken?

Harshdeep Singh: So currently, like the complex fertilizers like 10:26:26, they've been in the range of INR 1,850 to INR 1,900 a bag. If you remember, they used to be earlier capped at around INR 1,470 a bag.

Prashant Biyani: Okay. And sir, Paradeep's view is very well-respected within the government circle. So what would be your view as a company on the trajectory of subsidy for H2?

Alok Saxena: Prashanth, we can't comment on this right now. We will have to wait till we have the government notification.

Prashant Biyani: Okay.

Harshdeep Singh: Prashant, you are familiar with the process which the government follows, okay. They typically tend to look at the cost curve from Jan to June, okay. And that should be in the right direction. That's it.

Alok Saxena: Yes. And just adding, I think we have been good support and we feel that, that will continue for us to benefit.

Moderator: The next question is from the line of Ahmed Madha from Unifi Capital.

Ahmed Madha: Congratulations on great execution and financial performance. Sir, I have 3 questions. First to start with in terms of understanding the strategy behind the product mix, I can see the traded volumes this quarter have been much lower, while we have manufactured a decent amount of DAP. So in terms of changing the mix, in terms of increasing DAP trading and manufacturing more NPK, what is the thinking behind the entire product mix and mix between the trading manufacturing? And also, any thought trading more TSP as well as DAP?

Harshdeep Singh: Harshdeep here. See, the strategy is to maximize the NPKs that is as far as our manufacturing strategy is concerned, and we are moving well in that respect. Our Q1 growth for NPKs has been 48% compared to the regular portfolio growth of 35%. So that direction, we continue that.

Trading, we are going to look at supporting the market strategically, and we will be doing both DAP and TSP in the Q2 because arrivals would happen. But the objective will be to do profitable trading volumes. So that's how our overall core strategy is.

Ahmed Madha: Got it, sir. My second question is on the increase in RM prices. The sulphur prices have been up materially and same is with phosphate prices. I'm not sure how the rock prices are moving for you guys considering you have long-term contracts. But do you see any material change in profitability margins for the balance of kharif season?

I understand you answered to Prashant that you cannot comment for the next because the subsidy are yet to be announced. But for the balance of the kharif season, do you see any major risk in terms of margins?

Rajeev Nambiar:

These prices have been actually going up, and we see some of the area now a little softening. Maybe I think certain area, it has peaked out, but I think sulphur it is showing some little softening. Other things remain little on the growing side only.

But I think counter this, if you look at it, actually, our operational efficiency has actually been quite stronger actually. And in Q1, we have taken most of the shutdowns and other things. So Q2 in terms of operational efficiency, ability to produce should be much better than Q1.

And overall, if you look at it, the early monsoons and availability of more crop area, all those things basically facilitate our Q2. But definitely the RM prices are a concern for all of us, but we'll see what best can be done actually to mitigate this.

Ahmed Madha:

Okay. My third question is on the inventory channel positioning. So can you give some broad numbers, what was our channel inventory as of Q1 end, which is June 2025 and comparable numbers for Q425 and Q125, which is March2025 and June2024. That will be very helpful.

Rajeev Nambiar:

Bijoy, could you take this one?

Bijoy Biswal:

Yes. This is Bijoy Biswal from PPL. So the inventory level has increased because of the stock we have purchased towards the end of this quarter. So inventory level, if you compare to 31st March2025, so this has gone up. So this is around INR 1,000 crores has gone up. And even the subsidy receivable also gone up. So that is mainly on account of the cost which has been accumulated and which will get the liquidated in this coming month in this kharif season. But inventory level, yes, it has gone up.

Ahmed Madha:

Can you quantify on what.

Harshdeep Singh:

I'll just clarify on the quantified value, Harshdeep here. See, if you look at last quarter YoY as across trade and primary stocks, we were almost 10.9 lakh metric tons, which has come down to 7.2 lakh metric tons as on 30th of June 2025. So the company stock, the primary stocks are down from 1.4 lakh metric ton to 80,000 metric tons. And the trade stocks are down from 9.5 lakh metric ton to 6.4 lakh metric tons. So overall, trade stocks compared to last year's same level 30th of June, they are on the lower side.

Moderator:

The next question is from the line of Pratik Oza from Systematix.

Pratik Oza:

Just one question on the PPT. So on Page 7, it is shown that N-20 sales grown at 45% Y-o-Y. And on Page 11, it is mentioned that N-20 sales grew 89% Y-o-Y. So which figure is correct?

Harshdeep Singh:

Yes. See, the N-20 sales are 2.24 lakh metric tons, okay? And last year sales was 1.55 lakh metric ton. There is a 45% growth in primary sales vis-a-vis last year.

Pratik Oza:

Okay. And sir, on page number 11, it is mentioned that N20 sales grew by 89%.

- Susnato Lahiri:** No, I think we can stand corrected. It is 45%. But in terms of the overall NPK portfolio, it is about 60% of the entire product mix.
- Moderator:** The next question is from the line of Puran Mangilal Tak from Oracle Capital services.
- Puran Mangilal Tak:** Congratulations sir. I just wanted to understand the unit economics of phosphoric acid production for Paradeep. So just three questions. What is the conversion ratio for our phosphoric acid? That is phosphatrol to phosphoric acid, sulphuric acid to phosphoric acid, and sulphur to sulphuric acid?
- Bijoy Biswal:** Yes. So rock to phosphoric acid is 3.5x for each set of sulphuric acid will consume 3.2 to 3.5 tons of rock and sulphuric acid to sulphur, it is 1/3. So for each ton of sulphuric acid, we consume 1/3 of the rock in sulphur. And what is last question?
- Puran Mangilal Tak:** Sulphur to sulphuric acid.
- Bijoy Biswal:** That's what I'm saying that for sulphuric acid, we consume 1/3 of the sulphur.
- Puran Mangilal Tak:** Okay. And what is for sulphuric acid to phosphoric acid? Like how much we require sulphuric acid for phosphoric acid production?
- Bijoy Biswal:** 3.2x of the phosphoric acid. For each ton of phosphoric acid, we require 3.2 to 3.5 tons of sulphuric acid.
- Moderator:** The next question is from the line of S. Ramesh from Nirmal Bang Equities.
- S. Ramesh:** Congratulations on a spectacular set of results. So if you look at the current quarter and the remaining nine months, how should we see the performance? Will we be able to maintain the EBITDA per ton and improve that based on the backward integration benefits, particularly in phosphoric acid where the contract prices have gone up?
- Bijoy Biswal:** No, I can put this way that right now for this quarter, we have a little bit higher EBITDA per ton. But going forward, as per our guidance, it will be around INR 5,000 per metric ton in around that, that will be the EBITDA what we'll be maintaining for the rest of the quarter.
- Alok Saxena:** We always believe that the sustainable EBITDA number that we have. for a company like us with the kind of backward integration that we have is around INR 5,000, and we continue to maintain that view. But directionally, with the kind of operational reliability improvements that we have embarked on, the kind of backward integration that we are doing and the market interventions that we are doing, obviously, directionally, we are in the right direction, but the sustainable number as we speak today is around 5,000 number.
- S. Ramesh:** Yes. In this first quarter, what would be the benefit from the backward integration, if you can quantify per ton?
- Susnato Lahiri:** Well, it will be difficult for us to quantify. As we mentioned earlier, it's a combination of 3, 4 factors driven by higher realizations, higher volumes of production and sales as well as backward integration. But we won't be able to give you a quantified number for backward integration.

- S. Ramesh:** So if you look at the longer term, big picture, sulphuric acid expansion, phosphoric acid expansion, once everything is done, what is the benefit you expect from these projects in terms of backward integration?
- Alok Saxena:** In the long term, we should assume that whenever the backward integration gets into in the picture, there is always a \$150 captive advantage vis-a-vis imported phos acid per ton. So that will reflect into your EBITDA improvement.
- S. Ramesh:** That is taking both sulphuric acid, phos acid and the benefit of steam everything put together, right?
- Alok Saxena:** Yes.
- S. Ramesh:** So just one last thought. So if you look at your overall balance sheet, what is the kind of increase in working capital? And what is the kind of movement in debt you expect this year and next year?
- Bijoy Biswal:** So I'll tell you that this year, the working capital is similar to the last year, the 31st March closing. It has not gone in a high. And long term, we have got around INR 1,000 crores we will be maintaining that one, provided whatever we repay and base load we take. But our guidance is that it will be around INR 1,000 crores.
- S. Ramesh:** So this current trend in interest cost reduction that will be sustained? Or do you see any risk on the interest cost going up over the next 2 years?
- Bijoy Biswal:** No, I think we have got this reduction of the repo rate and all thing has really impacted positively. And as and when there is a reduction by the RBI, we negotiate with the banks and get this rate reduced. So we are quite hopeful that in case there is any reduction by the RBI, that benefit will accrue to us.
- Moderator:** The next question is from the line of Krishan Parwani from JM Financial.
- Krishan Parwani:** Congrats on a good set of numbers. Firstly, can you please highlight the MRP and subsidy realization of DAP and NPK 20 in Q1 FY26 and July2025 again?
- Bijoy Biswal:** During this quarter, we have the subsidy realization of around INR 1,500 crores at market less of around INR 2,000 crores, which is what we have sold has been converted the subsidy and the realization.
- Harshdeep Singh:** Just to add to your specific point on the MRPs, the MRP for DAP currently is INR 1,350 a bag. DAP is INR 1,300 a bag. And for the NPKs, the ranges from INR 1,400 to INR 1,915 a bag. So depending on the grades that we're doing. And we maintain leadership as far as market is concerned on the price realization.
- Krishan Parwani:** And on the follow-up on that, like how much per bag MRP you have taken increase from the last quarter?

- Harshdeep Singh:** Yes. So specific grades, if you look at it, like, for example, NPKs, N-10 and N-12, the average per bag realization was INR 1,470 a bag. Currently, it is around INR 1,850 to INR 1,900 a bag.
- Krishan Parwani:** Okay. And that continues in July also?
- Harshdeep Singh:** Yes. Continue means, it's a part of the process. We review our cost curve and we look at what's the best from the market optimization point of view. So that's how we're looking at it. So we already clarified the guidance on the EBITDA. So that's what the intention is to maintain that, grow that.
- Krishan Parwani:** Okay. And government isn't stopping you from taking MRP increase because I think.
- Harshdeep Singh:** The policy is clear on the NPK. On the DAP and TSP, they expect us to keep the MRP as per the guidance. However, for NPK, there is no restriction from the government.
- Krishan Parwani:** Okay. Secondly, we have reported INR 6.5 per ton, while our targeted EBITDA, I think you reiterated around INR 5 a kg or let's say, INR 5,000 per ton. So is it fair to say, let's say, there has been kind of an inventory gain of INR 120 crores, INR 150 crores during the quarter, taking incremental INR 1.5 per kg for 7.5 lakh ton sales volume?
- Harshdeep Singh:** That's not the way to capture that. It's a combination of factors. That's what we have clarified.
- Rajeev Nambiar:** Also, the current financial situation volatility needs to be kept in mind.
- Krishan Parwani:** That I understand. But could you quantify the inventory gain you could have had in the first quarter?
- Harshdeep Singh:** I would like to clarify before we quantify that, the product mix did not have any traded volumes. So once the traded volumes set in, there is some normalization of the EBITDA, which happens. And first quarter was pure manufacturing volumes. So that's how you look at it.
- Moderator:** The next question is from the line of Dhruv Muchhal from HDFC AMC.
- Dhruv Muchhal:** Sir, one data point in case I missed earlier is what is the subsidy outstanding for the quarter end?
- Bijoy Biswal:** The subsidy outstanding is INR 2,200 crores.
- Dhruv Muchhal:** And sir, is it possible to share what was the volumes with the dealers or distributors as of the end of last quarter, I mean Q4 inventory of your products with the dealers at the end of Q4.
- Harshdeep Singh:** Wholesaler and retailer was 6.7 lakh metric ton, trade total volume 9.5 lakh metric tons, wholesaler plus retailer. This year, the inventory is lower, and it is around 6.4.
- Dhruv Muchhal:** Is the inventory with dealers, distributors, everyone in the system?
- Harshdeep Singh:** Yes, this is with dealer and retailer. This does not include the primary inventory which the company holds, which is also lower compared to the last quarter. That's around 18,000 tons this quarter end.

- Moderator:** The next question is from the line of Mr. Riju Dalui.
- Riju Dalui:** Congrats for great set of numbers. So in terms of some book keeping question. So how much we made in terms of EBITDA per ton for the DAP this quarter?
- Bijoy Biswal:** Generally, we don't give a guidance or say that what is that product wise. What we can say it this quarter we have EBITDA of around INR 6,600 per metric ton on an overall basis.
- Riju Dalui:** Understood, sir. And we have seen some increase in the RM prices from Q4. So if you could share some view about the inventory gain that we have reported this quarter, if it is possible?
- Bijoy Biswal:** Can you repeat the question again?
- Riju Dalui:** Inventory gain in Q1, if you could quantify that?
- Bijoy Biswal:** Riju, regarding the subsidy impact already that has been factored in 31st March 2025. So that impact has already been considered. And whatever we have taken this inventory at cost, now that has been realized because of the MRP in place. We can't quantify that.
- Riju Dalui:** Understood, sir. And regarding the capex projects that we have. So in PPT, Page 11, we have mentioned that the upcoming phosphoric acid backward integration, so that will be beyond Paradeep site. So like can we assume that the Paradeep site is 100% backward integrated and the upcoming capacities will support the Goa plant in terms of backward integration?
- Rajeev Nambiar:** So far, whatever we announced, basically, it is for Paradeep only. So you can take it actually the backward integration is now concentrated on Paradeep.
- Alok Saxena:** As we said earlier that after the ongoing merger process of MCFL is closed, then we'll get into more detailing of the next investment plan. But as of now, the 0.5 to 0.7 expansion is coming for Paradeep.
- Riju Dalui:** That is for Paradeep, but in the PPT you have mentioned that beyond Paradeep site.
- Bijoy Biswal:** Whatever excess phos acid out of this 2 lakh metric ton we are increasing, if that is available, then definitely that will support this Goa plant or Mangalore plant going forward.
- Riju Dalui:** Okay. Understood, sir. So with the current capacities in terms of phos acid and the sulphur to sulphuric acid, the Paradeep plant, we have 1.8 million metric ton of capacity. So how much that plant is backward integrated? Is it 80%, 90% or 100% if you could quantify that?
- Susnato Lahiri:** Riju, on a thumb rule basis, typically 30% of the capacity should be backward integrated. So right now, as the CFO mentioned, we are about 95%. Once we reach 7 lakh tons, we will actually be in excess of 100%. And that incremental can be then transferred to the other sites that we have.
- Riju Dalui:** Okay. Understood. And one last question. So yesterday, MCFL announced some kind of a capex, roughly around 6% kind of a capex for the NPK integrated with this phosphoric capacity expansion. So if you could highlight something like this new capex that announced by the

MCFL? Will this be stand-alone capex for MCFL or like post-merger, we'll have a combined capacity addition for MCFL and Paradeep site?

Rajeev Nambiar: It's improper for us to actually comment on MCFL currently. But once the merger is done, actually, we'll definitely get back to you.

Moderator: The next question is from the line of Vignesh Iyer from Sequent Investment.

Vignesh Iyer: Congratulations on a great set of numbers. Sir, 2 questions from my side. My first question would be procurement of sulphur, is it more like a yearly contract that is set? And is there a pattern of revision of prices when it comes to that?

And second question is on procurement of DAP. I mean there is clearly some shortfall in DAP as per the industry commentary, right, mainly because of import from China. So I wanted to understand what is our strategy and where are the other sources we are looking to procure that DAP for trading?

Bijoy Biswal: No, regarding sulphur, the contract is a yearly basis, it's a long-term contract. In case there is any shortfall, we go purchase the spot market based on this price viability and other things. But regarding DAP, I think Harshdeep can tell you regarding the DAP procurement.

Harshdeep Singh: Yes. See, the DAP, typically, what we are doing currently, we are buying dominantly from OCP as a part of a long-term contract. And that is driven by a formula pricing. Both DAP and TSP.

Vignesh Iyer: Sir, the pricing of sulphur, I mean, it is a long-term contract, but is there a reset on pricing every 15 days or every month?

Bijoy Biswal: This follows the price given by international market. Even though the long-term contract is for the quantity assurance.

Susnato Lahiri: Just to clarify, most of the long-term contracts are governed by formula and every formula is actually linked to the current market dynamics. So as and when there is a swing upward or downward of the prices internationally in the commodity markets, that will reflect on our pricing.

Vignesh Iyer: Right. Just one last question to this. So would it be fair to assume that since the spread has improved between sulphuric and sulphur, we might see some gains coming to us in Q2?

Susnato Lahiri: The gains have already been coming. If you look at the prices, the spread has actually been there for the last few quarters. So we are realizing the prices. And as and when the spread kind of improves or reduces, we'll stand to kind of gain accordingly.

Moderator: The next question is from the line of Saumil Shah from Paras Investments.

Saumil Shah: So most of my questions were answered. I just had one data keeping question. I just needed some clarity on the shareholding in promoter category. So per notification, it will be 58.64% held by the promoters. Is my understanding right?

- Alok Saxena:** So after the merger, the controlling entity of PPL, which is Zuari Maroc Phosphates Limited will hold more than 51%.
- Saumil Shah:** Okay. And the rest will be by Zuari Agro Industries and others.
- Alok Saxena:** Yes. That together will be around 7%. So you're right, 58% will be the collective promoter holding after the merger.
- Saumil Shah:** Okay. And ZMPPL will be a 50-50 joint venture only no?
- Bijoy Biswal:** Post merger. Yes, it will continue that way.
- Moderator:** The next question is from the line of Shaurya Punyani from Arjav Partners.
- Shaurya Punyani:** First quarter was very good in terms of volume. So what kind of growth can we expect in terms of volume?
- Bijoy Biswal:** No, this past quarter, we sold around 7 lakh tons. So we have established capacity of 2.7 million, 2.8 million tons, and we expect to deliver those volumes.
- Susnato Lahiri:** So we are targeting about 3.1 million tons, and this should actually include a bit of trading as well. And once the MCFL merger is complete, that will kind of get us another additionally 7 lakh tons.
- Shaurya Punyani:** Okay, sir. And sir, at what utilization are we operating? Can you repeat it?
- Susnato Lahiri:** We are close to 100% utilization at the moment, and we will try to maintain this kind of utilization levels throughout FY26.
- Moderator:** The next question is from the line of Sandeep Mukherjee from SKP Securities Limited.
- Sandeep Mukherjee:** Can you share the CU volume and EBITDA per ton for Paradeep and Goa separately for the NPK?
- Bijoy Biswal:** So generally, what we always mentioned that we don't give these numbers on a unit basis. Now company as a whole, what is reflected is around INR 6,600 on the overall product for this quarter. And the volume what is sold is around 7.4 lakh tons.
- Sandeep Mukherjee:** All right, sir. Sir, my next question is, how are you seeing the TSP as a substitute to DAP? And what are the challenges of this product?
- Harshdeep Singh:** So you see, we are positioning TSP as a powerful phosphate fertilizer with 46% fee. And we have found good traction. We have been doing a lot of groundwork in terms of promoting it amongst the farmers. We see a good acceptance happening with farmers where the awareness level is high, like potato farmers in Punjab, soybean farmers in Madhya Pradesh and Maharashtra. So the product has been introduced in almost 10 states currently.

It's a product which is gaining acceptance. However, based on the soil and the crop, part of the nitrogen could be supplemented by the farmer. But we see it as a good powerful phosphate fertilizer. And from a sustainability dimension also, it's something which is good because you're preventing overuse of nitrogen.

Sandeep Mukherjee: And are you producing or manufacturing the product?

Harshdeep Singh: No, we're currently importing the product from OCP Morocco.

Moderator: The next question is from the line of Manish Mahawar from Antique Stock Broking.

Manish Mahawar: Yes, sir, a couple of questions. One, in terms of phos acid and DAP and the rock value chain, it is a couple of quarters, we are seeing the phos prices are going up. It's been, 5 or 6 quarters. However, rock prices are still at a lower level. So any specific reason rock prices are not going up in tandem with the phos acid and DAP? Because historically, if you look at the cycle last 15, 20 years, right, the rock price always follows phos acid and DAP. Any specific reason this time it's not following?

Harshdeep Singh: No, just to kind of give you a clarity here, see, while rock prices will follow the overall direction as far as phosphates is concerned, but there is not a one-to-one correlation. DAP is a purely demand kind of supply-linked commodity. And currently, because the inventory levels in the country are low, so you're finding typically the prices have moved up significantly.

However, rock, the sources are multiple and the import pattern is different. There are not too many players buying rock today vis-a-vis DAP, which everybody wants to build up the inventory to ensure that the farmers get the availability of the material. And this year, China has not been on the supplier side as far as DAP is concerned, which has pushed up the prices.

Manish Mahawar: But what you're talking about, it's more of an Indian situation? Globally, I think DAP and phos acid prices are still up. So basically, rock has to follow the prices?

Harshdeep Singh: Yes. The pace will not be the same as with the finished product.

Manish Mahawar: And phos acid price, as I understand for Q2 is around INR 1,250 or maybe INR 1,260, right, \$1 for Indian contract price.

Rajeev Nambiar: Yes, INR 1,250.

Manish Mahawar: Okay. And are we or industry are taking price hikes in DAP and NPK to offset this?

Harshdeep Singh: No, DAP is covered under this price basis. That's why there is no increase of MRP in DAP. But in case of other NPKs, it is of this price regulation. So we have increased the price. The MRP has been increased compared to last quarter.

Manish Mahawar: That was 1st June, right? Last price hike was 1st June, what I understand, right? Or after that, we've increased also in NPK?

Harshdeep Singh: During this quarter, this has been increased.

- Manish Mahawar:** Okay. In July month, you're talking about? What was the quantum for this MRP hike in NPK in July month?
- Harshdeep Singh:** I think we have clarified, see the overall price hike for the NPK, see, what was there last year was around INR 1,470 a bag. And over a period of time, currently, our average range is between INR 1,400 to INR 1,900 per bag depending on the product basically. So N-20 has a different price, N-10, N-12 has a different price. So there is a significant increase that we've taken in line with our RM increase.
- Manish Mahawar:** Okay. Just giving an example, N-20, what was the price?
- Harshdeep Singh:** N-20 current MRP is around INR 1,400 a bag, depending on different price point, it was prevailing between INR 1,200 to INR 1,300 a bag. N-10 was INR 1,470 a bag. Currently, N-10 prices is around INR 1,900 a bag.
- Manish Mahawar:** Okay. Understood. And maybe 2 book keeping questions, sir. You have said in the call, inventory at a dealer and wholesale or retail level is INR 6.4 lakhs for us by the end of this quarter. Can you break it up in terms of DAP and NPK?
- Harshdeep Singh:** We can do that, but there are a number of grades of NPK. So I'll give you that as an overall.
- Manish Mahawar:** NPK total number, you can highlight.
- Harshdeep Singh:** Yes. So currently, the trade inventory for DAP overall is around 1.3 lakh tons, okay? And for NPK would be around 4.35, 4.3 lakh metric tons.
- Manish Mahawar:** Understood. And second question, in terms of gross debt and net debt number by end of June.
- Susnato Lahiri:** Yes. So the gross debt is close to about INR 4,000-odd crores. Long term is very minimal, about INR 500 crores because there aren't too many capex projects, new projects running at the moment. In terms of net debt, I think we are doing a net debt-to-equity ratio of 0.77 with INR 1,200 crores of cash at hand.
- Manish Mahawar:** Okay. So it's around INR 2,800 crores roughly is a net debt number by end of June, right?
- Susnato Lahiri:** Yes.
- Moderator:** The next question is from the line of from Yatharth from IGE India.
- Yatharth:** Congratulation on the results. Just wanted to ask a small question regarding nano DAP fertilizers. How do you see nano DAP fertilizers going ahead in the market in the next 3 to 4 years compared to NPK?
- Harshdeep Singh:** See, we are finding quite a good acceptance for our nano products, okay? Nano product is a biogenically done nano. And we are seeing the farmers getting a good result with that. Our current volumes have grown in the Q1 significantly. And we see a good traction building up for nano DAP.

However, we have to see it in the context. It is not a replacement for the existing DAP or NPK. It's a partial supplementation of the current phosphate application which happens through the nano DAP. And good thing about our nano DAP is that it's got nitrogen also as a built-in this thing, and we see a good response from the farmers and good acceptance.

- Moderator:** The next question is from the line of Amit Agicha from HG Hawa.
- Amit Agicha:** Sir, could you give insights into the order book visibility or the demand pipeline for the rest of FY26?
- Harshdeep Singh:** Biswal, I'm just taking this. In terms of the overall guidance, I think we have already indicated that we would be doing 3.1 million ton plus in line with our budgeted numbers. The demand is strong. We are finding good traction for the farmer sales as well as phos sales is concerned. And Q2 is a strong consumption quarter. And we maintain the guidance as far as overall volume of 3.1 million ton plus is concerned for the whole of the year.
- Amit Agicha:** And the second question was with government subsidy rising, like how much of your revenue is exposed to delayed subsidy payments?
- Harshdeep Singh:** See, currently, the payments from the government are happening quite on a timely basis linked to the phos sales. And as long as farmer sales are happening on time, we are getting a good cash flow as far as company is concerned.
- Susnato Lahiri:** So currently, there are no constraints in terms of getting the receivables from the government. So the subsidy receivable days are pretty much under 50 actually for us.
- Amit Agicha:** Under 50?
- Susnato Lahiri:** Under 50 and the trade receivables are under 17.
- Bijoy Biswal:** Subsidy receivables are a little bit higher because of the phos acid as of this quarter, is around 100 days and trade 30 days.
- Moderator:** The next question is from the line of Rithik Shravak from Nirmal Bang Securities.
- Rithik Shravak:** Congratulations on a good set of number. I just want to ask one question that how much of additional phosphoric acid from expansion will reduce the import? And how much will it add to fertilizer volumes?
- Bijoy Biswal:** What I'm saying that this 2 lakh ton of this phos acid what we'll be adding, that will be consumed for the NPK products and it depends on the percentage of what are the NPK we are making. And now if you look at mostly we'll be doing N-20 product. This will give 2 lakh tons means it will give around 9 lakh ton of N-20, which can be processed.
- Moderator:** The next question is from the line of Ajit Sethi from Eiko Quantum Solutions.

- Ajit Sethi:** I just need some clarification. Sir, can fertilizer we produce in smelter grade sulphur. The reason for asking this question is the sulphur which came out from smelter is of low purity as compared to the sulphur which came out from refining crude or natural gas.
- Rajeev Nambiar:** Normally, we prefer actually the refinery grade because of purity to avoid most of the operational-related issues.
- Ajit Sethi:** Okay. So next question is, sir, going forward, many of the global refineries will be closing down. So do we see any shortage of sulphur going forward?
- Rajeev Nambiar:** Not really. In fact, our procurement team is working in terms of mapping all the resources. And since we have got a lot of long-term contracts, we don't see any problem in terms of the availability of sulphur.
- Moderator:** The next question is from the line of Prashant Biyani from Elara Capital.
- Prashant Biyani:** Sir, in the RM price chart that you have shared in the PPT, rock and sulphur price movement is difficult to assess because of high index value of acid. Can you spell out rock phosphate value in that chart for Q1 and Q4, what we have seen last year?
- Rajeev Nambiar:** No, I can take the call. This rock phosphate price in the Q4, it was around \$200. I think similar terms it is there in Q4, Q1 of this year also. So there is no much change in the Q4 and Q1.
- Prashant Biyani:** And how was it for sulphuric acid?
- Susnato Lahiri:** Acid actually moved up from, say, about 100 levels in Q4 to a current level of about 130-odd.
- Prashant Biyani:** And sir, how much was the subsidy received in Q1?
- Susnato Lahiri:** About INR 1,477 crores, INR 1,500 crores.
- Prashant Biyani:** Okay. And sir, lastly, Harshdeep, sir, what was the trade inventory in Q1 last year?
- Harshdeep Singh:** Trade inventory in Q1 last year, we were discussing was around 9.5 lakh metric tons.
- Prashant Biyani:** That was for Q4, right?
- Harshdeep Singh:** No, I'm talking of 30th June 2024.
- Prashant Biyani:** Okay. Then how much was it for Q4?
- Harshdeep Singh:** I can Prashant share with you that number 31st March number.. I can get back to you. Just compare the quarter-to-quarter, like I have clarified from 9.5 lakh, we are currently down to 6.4, 6.5 lakh metric tons. So that way, the absolute inventory in the trade has come down because of good onset of monsoon season. So that's a very, very positive thing that helps the cash flow both on the market front and as well as the subsidy realization.
- Prashant Biyani:** Yes. Sir, one last question on the fundamentals of phosphate. DAP because of government regulation, prices are not able to increase. And on NPK, we are increasing the price, but by their

very nature, the price difference between DAP and NPK is increasing. So the balanced nutrition concept isn't it going for a toss? And will the market accept such kind of price increase?

Harshdeep Singh:

So Prashant, what you're saying is absolutely right. What is important is for us to promote balanced nutrition. And in line with our motto of healthier soil, healthier people, our focus is to promote complex fertilizers, which have a combination of nitrogen, phosphorus and potash. And wherever farmers are buying, let's say, a stand-alone DAP or urea, we also promoting that they use specialty nutrient as well as potash and the nutrient. But our focus remains on promoting a combination of nutrients that is NPK.

However, there would be a certain set of farmers who still would want DAP and there, we promote them to use potash. But you're right, there is a distortion which happens in the market because of a cap on the prices as far as DAP is concerned.

Prashant Biyani:

And sir, this is acceptable right now buying NPK even at higher price vis-a-vis.

Harshdeep Singh:

Yes. So if you look at the overall trend, Prashant, that I'm talking of as an industry, you look at the NPK growth, which has happened for the Q1, the NPK growth has been almost 34%. And the DAP is down by around minus 19%, so partly it is linked to the supply side issues also. However, what is important is that you are finding farmers getting a good acceptance for the NPKs.

Moderator:

The next question is from the line of Gagan Thareja from ASK Investment Managers.

Gagan Thareja:

First question from my side is on your capacity expansion trend. You are at 100% utilization currently. Can you lay out the expansion trend for FY2026, FY 2027 and FY 2028?

Rajeev Nambiar:

A lot of plans are going on. I think we will be able to announce it once the MCFL merger goes on. Currently, the expansion in terms of backward integration is rock solid, 1,500 tons sulphuric acid plant is expected to get commissioned in Q3 beginning and the phosphoric acid capacity by September 2026. So that gives us enough leverage in terms of managing the cost. And additional PA will definitely get converted into other products.

Gagan Thareja:

So I mean, when you get into the next financial year, given the current status, is it reasonable to infer that you will have further benefits from backward integration. But in terms of output of final tonnage, it may not grow. You may choose to vary the mix basis market and basis backward integration. Is that how it will play out?

Rajeev Nambiar:

There are a lot of operational related, we may not be announcing big capex as of now in terms of capacity expansion, but there are a lot of operational capex will also take the expansion plans on a routine basis, which goes up. But we'll definitely announce bigger plans once the MCFL merger is done.

Gagan Thareja:

Right. And can you possibly also enumerate synergies from the MCFL acquisition? And over what time can you realize that?

- Susnato Lahiri:** Yes. So a couple of points there. In terms of the synergies on the revenue side, of course, that gives us an access to markets, important markets down south. And also in terms of the product mix rationalization, we can do a lot with the existing sites that we have in both Goa and Paradeep. And on the cost side, of course, the Mangalore asset can get benefit through the economies of scale and scope, procuring from the kind of partners that we have been procuring. So there are synergies, very strong synergies on both revenue and the cost side.
- Gagan Thareja:** Is it possible to enumerate the number and the time frame over which you can achieve that number?
- Susnato Lahiri:** See, we are in the last stages of the regulatory process. So it should happen any time now. You can really just kind of keep looking at the website for the update. In terms of numbers, it's a listed entity. So I'm sure you can do the math very easily.
- Gagan Thareja:** Fine, sir. And you indicated INR 6,600 kind of EBITDA per ton for the quarter. Is it possible if not any, give us some flavor of how it would work out for Paradeep versus Goa?
- Susnato Lahiri:** No, we are not giving any unit-wise guidance to be very frank. We work at a company basis, company level, all the numbers at company level. Having said that, in fact, we will try to kind of have a number better than INR 5,000, which has been the guidance a little on the conservative side from us.
- Gagan Thareja:** Right. And is the gross debt expected to go up further in the coming year? And to what extent, at what level do you intend to sort of cap the gross debt?
- Susnato Lahiri:** See, debt is largely a function of the price of the raw materials because if you look at the total debt composition, it's largely the working capital debt, and that's a function of the raw material prices. So depending upon how the RM prices move, the debt will kind of improve or decrease. But more or less, we believe that it should be near about this level.
- Gagan Thareja:** Okay. Even if you announce further capacity expansion, you don't believe?
- Susnato Lahiri:** That is separate. We would not like to cross the bridge at the moment. Let us complete the merger, and we'll announce the larger plans.
- Moderator:** Thank you. Ladies and gentlemen, we'll take this as the last question for today. I would now like to hand the conference over to the management for closing comments.
- Rajeev Nambiar:** Thank you, everyone, for taking the time to join us today and for your continued trust in our journey. Should you have any further questions, please feel free to reach out to our Investor Relations team. Thanking you again. Thank you.
- Moderator:** Thank you very much, sir. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.