Paradeep Phosphates Limited Q2 and H1 FY26 Earnings Conference Call

November 07, 2025

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

Moderator: Ladies and gentlemen, good day and welcome to Paradeep Phosphates Limited Q2 and H1 FY26 Earnings Conference Call hosted by Antique Stock Broking.

As a reminder, all participants 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 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. Thank you and over to you, sir.

Manish Mahawar: Thanks. Hello everyone. I am pleased to host today's Earnings Call of Paradeep Phosphates.

We have a Leadership Team represented by Mr. Rajeev Nambiar – COO, Mr. Harshdeep Singh – Chief Commercial Officer, Mr. Bijay Kumar Biswal – CFO, Mr. Alok Saxena – Head (Corporate Finance & IR), Mr. Susnato Lahiri – Joint GM (Strategy, IR & ESG) on the call.

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

Rajeev Nambiar: Okay. Good afternoon, everyone and welcome to Paradeep Phosphates Earnings Call for the 2nd Quarter and First Half of FY26. I appreciate your time and interest in our company. I trust you have seen our Earnings Presentations and Press Releases which have been circulated and are now available on Website and Stock Exchange.

Giving an overview of the quarter as well as the H1:

Q2 and H1FY26 have been strong and defining periods for PPL, underscoring the strength of our operations, the execution of strategy and our readiness for the next phase of growth. This quarter we not only delivered a robust financial and operating performance but also took a transformational step towards the completion of the merger of Mangalore Chemicals and Fertilizers with ourselves. This integration positions PPL as a truly pan-India fertilizer company, broadening our southern market presence, strengthening customer access and the unlocking synergies in procurement logistics and product mix.

Coming to the performance highlights:

Our Q2 operational performance was robust. Production rose 19% year-on-year to 10.06 lakh tons and the sales volume grew by 30% to 13.55 lakh tons. Growth was broad-based, led by value-added NPK grades, notably N20 volumes grew by 52% and TSP 339% year-on-year.

For the first half, production and sales reached 1.86 million tons and 2.3 million tons respectively, up by 17% and 28%.

Financially, the company continued to demonstrate scale leverage and margin discipline. Revenue from operations in Q2 rose 49% year-on-year to Rs. 6,872 crores, EBITDA grew by 32% to Rs. 698 crores with a margin of 10.1% and PAT improved by 34% to Rs. 342 crores.

For the first half, revenue grew by 46%, EBITDA by 69% and PAT by 135% year-on-year, a reflection of both volume growth and mixed enrichment. We also sustained a strong financial foundation. Our cash conversion cycle improved by 30 days, coming to 58 days now, and net debt-to-equity stood at 0.66, maintaining ample balance sheet flexibility to fund future growth.

Strategic progress:

A key highlight in this quarter was the announcement of Rs. 3,600 crore investment program, which marks the next chapter of PPL’s growth. This program will add a million ton of new granulation capacity at our Paradeep site, expanded backward integration of phosphoric acid by 0.5 million ton, and sulphuric acid by 1.5 million tons across Paradeep as well as Mangalore site, which will make all the three sites fully backward integrated. These projects will elevate PPL’s total capacity to almost 5 million tons over the next 2.5 years, positioning us as India's largest fully integrated private sector fertilizer manufacturer. This strategic investment exemplifies our focus on self-reliance, cost competitiveness and long-term value creation, funded through a disciplined balance of internal accruals and long-term debt.

Coming to brand and market leadership:

On the brand front, we are privileged to welcome our ace cricketer Rahul Dravid as the PPL's brand ambassador. Rahul's values, trust, consistency and integrity mirrors PPL's ethos and our relationship with the Indian farming community. His association will amplify our efforts in promoting innovative and sustainable farming solutions under our Jai Kisan Navaratna and Jai Kisan Mangala brands. Through our expanded distribution and digital outreach, we now engage with more than 10 million farmers across 18 states, supported by 75,000 retailers, 6,000 dealers and a strong on-ground advisory network.

Coming to the outlook:

Looking ahead, we remain optimistic about fertilizer demand, supported by a favorable Rabi season, continued government thrust on soil health and rising shift towards balanced and specialized nutrient application.

Our strategic priorities are pretty clear:

- Scale Efficiency
- Deepen Backward Integration
- Accelerate Product Innovation
- and Embed sustainability at the core of our operations.

We continue to advance our ESG journey with our fourth ESG Report now published and externally assured by TUV India. Our S&P Corporate Sustainability Assessment Score continues to place PPL among the top 2% of chemical companies globally, reaffirming our leadership in sustainable business practices.

In summary:

Q2 and H1 FY26 demonstrates PPL's operational resilience, financial strength and strategic momentum we are building on. With MCFL integration complete, capacity expansion underway, a strong market fundamentals, we are building a larger, stronger and more future-ready PPL that is positioned to create enduring value for our shareholders and for India's farming community.

Thanking everyone for their continued support, I now open the floor for questions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. First question is from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: Yes, thank you for the opportunity. Sir, it is heartening to see what our market cap was three years back when we listed. We are investing almost similar amount today in capacity expansion. Surely, we have come a long way in a short period of time. My first question is, if you can share the year-wise split of Capex of Rs. 3,600 crores that would be helpful.

Management: Yes. So, this investment will be made over a period of two and a half years. So, every year, we will have around Rs. 1,500 crores of investment. So, in two and a half years Rs. 3,600 crores will be invested. So, by the end of FY28, the full capacity, whatever we are envisaging that increase, that will be commercially starting production.

Prashant Biyani: Sir, for the remaining period of 2026, how much should we take as investment towards these Capex?

Management: It will be around to the tune of around Rs. 500 crores.

Prashant Biyani: Okay. And FY2027, Rs.1,500 and then another Rs.1,500 in FY2028.

Management: Yes. Perfect.

Prashant Biyani: And secondly, can you also share PPL's standalone performance, how it was in Q2? That will be great.

Management: No, generally, the post-merger activities, you know, the appointed date April 1, 2024, we are supposed to consolidate the account. So, the account has been consolidated as per the Indian Accounting Standards mandated and this result reflect the consolidated account with erstwhile MCFL. So, we are not supposed to prepare on a standalone basis.

Prashant Biyani: Sure. That is it from my side and all the best for a flawless execution. Thank you.

Management: Thank you.

Moderator: Thank you. Next question is from the line of Riju from Antique Stock Broking. Please go ahead.

Riju: Hello. Hi, sir. Congrats on a great set of numbers. So, my question is regarding the capacity addition that we have announced. So, at the Paradeep site, we have stated that we will be doing additional 0.25 MMTPA of phos acid. So, this is including what we have announced earlier or excluding of that Capex?

Management: This will be excluding the last Capex. Currently, we are at 0.5 and we are increasing it by 0.2, which is expected to come in stream next year. And this is going to be beyond that.

Riju: Okay. So, total at the Paradeep site will be roughly around 0.95 million or maybe a million metric tons capacity.

Management: Yes, absolutely.

Riju: Okay. Understood. And second in terms of, we have stated that the capacity will take roughly around two and a half years. And, yes, so two and a half years it will take. But in the PPT, we have mentioned that the flow into the numbers should come from FY28. But as per the calculation, I think the numbers should come from the H2 of FY28. Is that correct assumption?

Management: Yes.

Riju: And in terms of the other aspects, if I look at your current granulation capacity, so the volume growth will not be there may be in FY27. So, can we expect the granulation capacity might come a bit early or maybe the Capex that we have announced for roughly Rs.3,600 crores. So, that will not be in a phased manner or maybe it will come like at a one go. So, if you could clarify that thing?

Management: The capacity addition of one million will come at one go. And to answer your earlier question that there will not be any capacity addition, but there will be incremental capacity addition by way of brownfield expansion, which is ongoing in the granulation trains at all the three locations. So, we expect at least 0.2 million to come for the next year.

Riju: Yes. So, that you have indicated earlier, right. So, two lakh tons kind of capacity by de-bottlenecking, like it will be on line from next year onwards. Right? And in terms of the subsidy receivables, if you could indicate the number for this quarter.

Management: The subsidy receivable as on 30th September is around Rs. 3,275 crores.

Riju: And how much is due out of this?

Management: Now, out of this, around Rs. 1,000 crores is due and Rs. 2,200 crores on account of the POS which has happened in these subsequent months.

Riju: Okay. Understood. And, sir a bookkeeping question, if you could answer that, how much is the closing inventory we have at the dealer or retailer level and out of which how much will be the best manufacturing volume for DAP and NPK?

Management: Yes. So, in terms of the trade stocks that we are currently having, we are having approximately two months' inventory, approximately around 8 lakh metric tons, including the urea and other products. And we have got a big consumption season in November and December. And this will go up for farmers' consumption in the immediate next two months.

Riju: Understood. And, sir, in terms of DAP availability in the domestic market, so how is that the — contribution?

Management: So, I mean, approximately the country's stocks are around 2 million tons. So, it is fairly kind of good availability, which is there as a combination of DAP, TSP and NPK. The availability is pretty decent this year.

Riju: So, 2 million NPK stocks we have only for DAP. Is that correct?

Management: No, this is not our stock. I am talking of the industry stock.

Riju: For the industry, DAP is 2 million metric tons. Right? And, sir, last year, how much was the number?

Management: Last year was a lower availability compared to this number. Approximately, I think, maybe around 12 lakh metric tons or 13 lakh metric tons, approximately.

Riju: Okay, understood. Thank you, sir. Thanks for answering all my questions.

Management: Thank you.

Moderator: Thank you. Next question is from the line of Gagan Thareja from Groww Mutual Fund. Please go ahead.

Gagan Thareja: Yes. So, the first question is on the funding of this Capex of Rs. 3,600 crores. How much incremental debt will you require for this? And what could then the peak leverage be?

Management: The project, this Rs. 3,600 crores will be financed through 30% equity and 70% debt. So, we have the headroom to have that.

Gagan Thareja: Okay. And the granulation capacity of 3.9 million tons currently, what is the utilization of that?

Management: We are 100% utilized.

Gagan Thareja: Okay. So, you are 100% utilized. And next year, you might have an incremental 0.2 million tons from brownfield. By when will that be commissioned?

Management: Yes, Gagan, for the purpose of modeling and all, FY26, we are almost close to 10%, you know, utilized in terms of capacity utilization. Next year, we will have some sort of a backward integration coming through in terms of phosphoric acid of 200,000 tons and sulphuric acid of 100,000 tons at the Mangalore site. So, this should incrementally give us about close to Rs. 350 crores of EBITDA in FY27. And FY28 is when the entire Capex plan of Rs. 3,600 crores will get fructified in terms of the granulation and concomitant backward integration.

Gagan Thareja: But if I look at the commissioning time period, it is two and a half years out, which means it will get commissioned in FY29 and not FY28. Am I wrong there?

Management: No, we are actually contemplating to kind of start the operations by the end of FY28. So, we might kind of get to realize some cash flows in FY28 itself. But you are correct, the fully realizable cash flows will come through in FY29.

Gagan Thareja: So, in FY28, then from a volume perspective, how would you address the volume growth requirements if there are any?

Management: Yes. So, the way we look at it is, see, our kind of target number, what we are gearing up for is around five million tons. And we are looking at trading opportunities to augment the volume. So, that is how we look at the overall basket. But the whole kind of distribution network and the market network that we have put up, so we are now geared up for a five million metric ton plan. And that is in line with our growth plan for the capacity expansion.

Gagan Thareja: Okay. My question was that, is it reasonable to assume that between 2027 and 2028, in terms of manufacturing, your volumes are capped because you are at more or less

Management: Yes, you are right. That is a part of the growth cycle. That is a normal thing. And we will try to look at opportunity because the market is ready for doing trading basically. So, we are already doing good trading volumes of DAP and TSP and NPKs. And we will be doing that.

Gagan Thareja: Okay. Thanks. I will get back in the queue.

Moderator: Thank you. Next question is from the line of question Krishan Parwani from JM Financial. Please go ahead.

Krishan Parwani: Yes. Thank you for taking my questions. A couple from my side. Firstly, I think I missed your expectation for manufactured sales volume for FY26 and FY27? Can you please help me with that?

Management: For FY26, we are half way through. Krishan, we will just give you the number, just a second in terms of production. So, we are already 23 lakh metric tons. So, by H2, in fact, you can assume similar numbers. And that should continue through FY27 as well. Just that in FY27, we might also do a bottlenecking of the existing facility and improve the granulation capacity by another 100,000 tons or maybe 150,000 tons.

Krishan Parwani: I was referring to the presentation. So, let us say your total granulation capacity currently is 3.9. And given, I think, Susnato, you mentioned your first half was 0.23. So, if I get the 100.23, it becomes, sorry, 2.3. So, then it becomes 4.6. So, on a 3.9, you are saying you are producing 4.6. Is that correct?

Management: So, just to kind of give an overview of this thing, the outlook for the whole year that we are talking of, we are talking of a volume of around 40 lakh metric tons to 42 lakh metric tons. Out of which, around 3.72 lakh metric tons will come from the manufacturing capacity. And around five lakh tons will come from the traded volumes. That is for the current various concern. So, that is how we are looking at it.

Krishan Parwani: Okay. So, 4.6 to 4.7 is the total sales volume.

Management: 4.2 to 4.3 is the total volume that we are looking at. We have done 23 lakh metric tons. We plan to do another 2 million tons. So, that is around 43 lakh metric tons.

Krishan Parwani: Sure. Got it. And what will be your maintenance Capex, let us say for FY27 and FY28, over and above the incremental capacity expansion? You will need some maintenance Capex. So, what will be that number?

Management: This is typically around Rs. 200 crores to Rs. 300 crores.

Krishan Parwani: Okay. So, it is fair to assume like a Rs. 1,800 crore, Rs. 1,900 crores kind of a Capex under for FY27 and FY28?

Management: Yes. Right.

Krishan Parwani: Okay. Got it. And let us say, what is your EBITDA per ton target for the console entity for FY26 and FY27?

Management: See, as an industry average, 4,000 to 5,000 that is maintainable. And we will have it that.

Krishan Parwani: Okay. And so, after this, let us say, full backward integration, right? All the three sides becoming self-reliant, where do you expect it to move to from 4.5 to 5.5? Where do you expect it to move to?

Management: Another Rs. 1,000 will be added.

Krishan Parwani: Okay. So, 5.5 to 6.5 that will be the range after that.

Management: Yes.

Krishan Parwani: Yes. And just a last bit, a clarification. I understand that you are consolidating full financials now. But what was the sales volume of the Mangalore plant given the amalgamation happened in October, that is, post the 2nd Quarter end?

Management: For the H1, it is 4.2 lakhs.

Krishan Parwani: 4.2 lakhs for Mangalore plant.

Management: Yes.

Krishan Parwani: Okay. Thank you so much for patiently answering my question. Wish you all the best for the upcoming Capex.

Management: Thank you.

Moderator: Thank you. Next question is from the line of Saumil Shah from Paras Investments. Please proceed.

Saumil Shah: Yes. Hi. Good evening, management. So, my question is on this Rs. 3,600 crore Capex. So, this Capex, what we are doing, so what will be our asset turn on that Capex?

Management: It will be around 2x to 2.5x.

Saumil Shah: 2x to 2.5x. And by when you think that we can reach the peak capacity in this plant.

Management: So, this will take gradually, maybe within a year of the commissioning.

Saumil Shah: So, the commissioning you said is somewhere in FY2028, right?

Management: Yes.

Saumil Shah: Okay. So, the revenues will itself start from FY2028 and then peak capacity will be in FY2029.

Management: Yes.

Saumil Shah: Okay. And so, for the current quarter, EBITDA margin has gone down. I mean, the previous quarter it was around 13% and now it has gone to 10%. So, any particular reason for that?

Management: No, you have to see on a half yearly basis. So, the price and everything averaged out.

Management: In our industry which is subject to kind of a lot of macro volatilities, primarily because of the raw materials being imported from various parts of the world. So, we go through various commodity cycles, price cycles, and you have to look at it in a block actually. So, I think at an average we are doing fairly good actually. And as guided previously, we kind of expect to do around 5,000 number by the end of the year.

Saumil Shah: Okay. And what was it currently for this quarter?

Management: I think this quarter was supposed to be about Rs. 5,200 per ton.

Saumil Shah: Okay. And for the remaining half, I mean, post the merger of Mangalore, so can we increase this Rs.5,200?

Management: Yes. So, you know, given this investment plan that we have of Rs. 3,600 crores, which is to kind of set up the greenfield granulation and also kind of do a concomitant backward integration. So, if you analyze the backward integration that we are undertaking, that of 0.5 million tons of phosphoric acid, that will be more than adequate to kind of address this incremental one million ton of greenfield. So, the remaining will be serving the other two sides, which are not backward integrated that way. So, essentially, this backward integration will definitely give a fillip to the EBITDA per ton margin, which in fact was guided Rs. 1,000 in incremental.

Saumil Shah: Okay. And that will be post-FY28?

Management: That is correct. But for FY27 also, we had three quarters back had announced 200,000 tons of phosphoric acid capacity from the current 500,000 tons. So, that will actually incrementally come in FY27. Plus, you know, there is a granulation capacity that will come in FY27 to the tune of 100,000 tons plus a sulphuric acid capacity of 100,000 tons at the Mangalore side. So, these three put together should also incrementally add to the bottom line in FY27.

Saumil Shah: Okay. I mean, so to the previous participant, I think you said something like Rs. 350 crores EBITDA for in FY27. So, it is because of that. There will be additional Rs. 350 crores?

Management: That is correct.

Saumil Shah: Okay. That is it from my side. Thank you and all the best.

Management: Thank you.

Moderator: Thank you. Next question is from the line of Tanya Kothari from AUM Capital Market Private Limited. Please proceed.

Tanya Kothari: Yes. Congratulations to the management team on this strong quarter and merger closure. Just a couple of questions from my side, sir. So, with the new integrated granulation unit at Paradeep and at it complex, how much do you think your import dependence will be reduced in that coming year and what would be the incremental margins or EBITDA per ton which you see in the next two years post commissioning?

Management: Yes, ma'am. As we already mentioned, the incremental margin improvement will be to the tune of Rs. 1,000 per ton to Rs. 1,500 per ton. And in terms of, you know, percentage backward integration with all the capacities being live by end of FY28 will be 100% backward integrated for all the three sides put together. And that is the target that we are actually racing towards.

Tanya Kothari: Okay, sir. Sir, what is the timeline for issuing PPL shares to the MCFL shareholders and clearing the share capital suspense account, which is actually given in the notes?

Management: Yes, I think. So, the record date is already announced, which is 30th of October. We are doing some secretarial proceedings, I think, which should happen in the next 30 days. So, within the next 30 days, we expect to allot MCFL shareholders the requisite shares in PPL.

Tanya Kothari: Yes, sir. Sir, I could see the dividend payout of Rs. 100 crores in H1. Is it very conservative given the integration phase? Will the management continue with the low payout till Capex stabilizes in future?

Management: No, whatever dividend was paid, that was for the year 2024-25, which is now approved by AGM and paid. So, the dividend for the next year, that will be, the decision will be taken after this finalization of 2025-26 account. So, dividend what you are referring, that is for 2024-25.

Tanya Kothari: Okay sir. Sir, out of Rs. 471 crores of Capex in H1, how much relates to the newly announced integrated granulation and asset plans versus regular maintenance?

Management: Actually, the new announcement with Capex will come mostly for the cycles only. The last quarter, we have actually commissioned our sulphuric acid plant of 1,500 tons per day, almost half a million tons. So, partly it has come in that.

Tanya Kothari: Okay, sir. Thank you, thank you so much. That is all from my side.

Moderator: Thank you. Next question is from the line of Sandeep Mukherjee from SKP Securities Limited. Please proceed.

Sandeep Mukherjee: Yes, sir. Thanks for taking my question. So, my question was like, what is the split between TSP, DAP, and MOP volumes for Q2, trading volumes?

Management: Yes. So, as far as Q2 is concerned, the TSP volume that we did was 1.6 lakh metric tons. So, that was last year volume of 0.6 lakh metric tons. So, that was a growth of 158%.

Sandeep Mukherjee: And as for DAP, MOP?

Management: So, MOP and DAP, overall, if you look at the trading portfolio, okay? For H1. What we have done in trading portfolio, for TSP, we have done, just give me a minute, for H1, we have achieved totally 1.63 lakh metric tons. MOP is around 0.7 lakh metric tons. And imported DAP is approximately another around one lakh metric tons. So, this is for H1. And the guidance for the whole year is, total we will be doing close to 5.5 lakh metric tons to 6 lakh metric tons. That is the guidance for the whole year, the entire trading portfolio. Out of which three lakh ton would be TSP, two lakh plus ton will be DAP, and the rest will be MOP.

Sandeep Mukherjee: Understood. And what is our EBITDA per ton here?

Management: See, in case of trading, we do not have a separate thing. That is guided by the government scheme, where they have kind of permitted of 4% of the MRP. That is what the government commits on that one, on the traded volume.

Sandeep Mukherjee: Is this for the whole portfolio, 4%?

Management: This is for the DAP, TSP primarily. MOP, we guided by normal trading contribution of around 8% to 10%.

Sandeep Mukherjee: Okay, understood. Thank you sir.

Management: Thank you.

Moderator: Thank you. Next question is from the line of Mr. Manish Mahawar from Antique Stock Broking. Please go ahead.

Manish Mahawar: In terms of recent NBS announcement, which happened last week, what is your view and how do you see the H2 EBITDA per ton or margins for company or industry side?

Management: The NBS impact, mainly this is on P, on Phosphoric Acid and not on Ammonia or K. There will be not much impact on the margin because of the raw material price increases. So, it will be almost sort of squared off.

Manish Mahawar: And have you taken any price hike in the market?

Management: Yes. So, we have already taken a price increase for the NPKs. Okay. And we are leaders in the market as far as the price realization for the market is concerned.

Manish Mahawar: And is it possible to share the number? Price hike?

Management: Yes. So, for like NPK 10-26-26, our MRP is Rs. 2,025. Earlier it used to be Rs. 1,900 a bag. And same thing is for 12-32-60. And one of our flagship grades, 19-19-19, that is at Rs. 2,175 a bag.

Manish Mahawar: Understood. And in terms of during the quarter, 2Q, have you booked any subsidy related to this NBS notification on a channel inventory?

Management: Yes. I know the cost that what we had on that, the incremental, the increase in the subsidy, the tune of around Rs. 40 crores to Rs. 50 crores has been accounted for.

Manish Mahawar: And in terms of, in the merger, right, MCFL with the PPL, I think we have talked about some synergy benefit, right? Could you share what could be the synergy benefit that can come, and which can go to the numbers in the next year or may be overall basis?

Management: There was a significant synergy benefit in terms of improving operational reliability, supply chain, the procurement contracts. And I think we will not be able to quantify at the moment, but this will be a good number, which you will see in the next 12 to 24 months.

Manish Mahawar: Okay. And in terms of this new Capex, I think from debt to equity, we have the 70% and the 30%? But that is the peak debt number, what you are talking about 70%, right? It should be much, much lesser in terms of debt.

Management: Yes, for the upcoming projects.

Manish Mahawar: Yes, upcoming projects, 70, 30, what you said, right? So, this number will be much, much lesser in terms of debt perspective, right? Because our internal accrual will be significantly higher in the next two years, which will be basically required for our new Capex.

Management: So, typically in long-term projects, your equity contribution is around 25%. So, we have taken that 30%. The additional cash flows that will be available to the company will be used for other strategic initiatives and growth initiatives, which we will let you know in due course of time.

Manish Mahawar: Okay, understood. Yes sir. That is from my end and all the best.

Management: Thank you.

Moderator: Thank you. Next follow-up question is from the line of Gagan Thareja from Groww Mutual Fund. Please go ahead.

Gagan Thareja: Yes. Thanks for taking the follow-up. So, you mentioned an incremental EBITDA of Rs. 350 crores from the backward integration next year. Additionally, something more from the MCFL synergies, but to a certain degree that will be offset because incremental volumes partially will be traded volumes. So, just want to understand, is the incremental EBITDA that you are talking of net of the impact on margins of the traded volumes?

Management: Not quite, Gagan. If you look at it, this year, as has been guided, we will be doing close to about 4.2 million, 4.3 million, out of which a good 10% to 15% will be traded. So, the similar kind of percentage share of traded will actually be expected to happen in FY27 as well. And trading is actually over and above the manufacturing realizations that we cannot get. The backward integration will add to the manufacturing realizations. Trading will be over and above. So, there is no netting of, there is no squaring business here.

Gagan Thareja: The reason I ask is, that if you are constrained by your manufacturing volumes, only having so much headroom till the time the new capacity comes in, will the sales mix not incrementally move in favor of traded volumes? And therefore, will it not have a certain impact on margins?

Management: Just to share with you, so one directional change in volume mix that we are trying to do is going towards more value-creating NPKs. So, that is the shift that we are trying to drive in the portfolio volumes. Second, like what you rightfully said, we would look at augmenting our trading volumes as long as it creates value. So, from the market side, we are ready to augment the traded volumes, and we look at that opportunity. And while the manufacturing capacities come up, we will be looking to scale it up, especially TSP, which is a strategic portfolio that we are trying to kind of build in the Indian market. So, that is what we will be focusing on. The other focus products that we are trying to grow in the portfolio is N20. So, where we are among the top two players today in the country. So, that is how we are looking at it. But yes, you are right, till the time the full capacity expansion happens, so there will be a gap in that. But we will try to augment that volume through the traded volumes.

Gagan Thareja: Okay, so what you are saying is that while you increase the traded volumes, within the manufactured volumes, you intend to shift to higher ASP or higher realization?

Management: Yes, absolutely.

Gagan Thareja: So, that will take care of the impact there. Right? And from an FY28 perspective, is there further room to increase capacity by de-bottlenecking in FY28 till the one million ton capacity comes through or that is not possible?

Management: Before that, actually, we should be able to augment it by 0.2 million. I am sure, actually, because this is the idea which always circles in the manufacturing facilities to go for brownfield expansion, smaller de-bottlenecks. So, there will be many ideas which will come around. So, beyond FY28 also.

Gagan Thareja: So, you are saying FY27 and FY28, you will have some room to increase volumes from de-bottlenecking and then augment that with additional trading volumes and then one million.

Management: Absolutely.

Gagan Thareja: Okay. Thank you sir. I will get back in the queue.

Management: Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I would now like to hand the conference over to the management for the closing comments.

Rajeev Nambiar: Thank you, everyone, for taking the time to join our Earning Call. If you have any further questions, please reach out to our investor relations team. Thank you once again. Thank you.

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