# Paradeep Phosphates Limited

## Q2FY27 Earnings Conference Call

## November 03, 2026

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

**Moderator:** Ladies and gentlemen, good day, and welcome to Paradeep Phosphates Limited Q2 FY27 Earnings Conference Call hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manish Mahawar from Antique Stock Broking Limited. Thank you, and over to you sir.

**Manish Mahawar:** Thank you, moderator. I am pleased to host today's earnings call of Paradeep Phosphate. We have leadership team represented by Mr. Rajeev Nambiar, Joint MD and CEO; Mr. Harshdeep Singh, President and Chief Commercial Officer; Mr. Bijoy Biswal, CFO, on the call. Without further ado, I would like to hand over the call to Mr. Nambiar for opening remarks. Thank you, and over to you, Rajeev, sir.

**Rajeev Nambiar:** Thank you, Manish. Good afternoon, everyone, and a warm welcome to Paradeep Phosphate earnings call for Q2 FY27. I appreciate your time and interest in our company. I trust you have seen our earnings presentation and press release, which have been circulated and are available on our website and stock exchanges. Let me give you an overview.

In Q2, revenue from operations stood at INR 7,364 crores and an EBITDA of INR 431 crores with a PBT of INR 164 crores as well as PAT at INR 122 crores. In the first half of the year 27, the company has achieved a turnover of INR 13,488 crores, which is higher by 19% and an EBITDA of INR 1,173 crores despite the current global uncertainty, particularly in sulphur pricing and availability and the impact of Rabi notification, which is yet to be factored in, the company delivered an EBITDA per ton of INR 5,866 in H1 vis-a-vis the corresponding last year INR 5719. We have been able to achieve the sales volume of 1 million tons in Q2 and 2 million tons in the first half of 2027, despite the subdued monsoon in the country.

During Q2, we launched our new product, JAI KISAAN NAVRATNA CROPFIT for the sugarcane cultivation Karnataka and incorporated an innovative foundation for fertilizer innovation in India to support research and sustainable agriculture practices. These initiatives reflect our commitment to manufacturing diversification, innovation and improved farm productivity while creating a long-term shareholder value.

Our key expansion project of phosphoric acid expansion from 5 lakh tons to 7 lakh tons at Paradeep is on track. The public sharing for the environmental approval for the enhanced capex program at Paradeep has been completed, and we are expecting to receive the environmental approvals from the Ministry of Environment and Forest shortly. The energy efficiency improvement project at Goa has been completed and the energy consumption has been optimized.

Sustainability remains integral to our approach. We have published our fifth ESG report externally issued by TUV India. Our previous S&P Global score of 76 placed PPL among the top 2% of the chemical companies globally, while the latest assessment result is awaited.

Looking ahead, we remain positive in the challenging time midst of the Middle East situation and the right policy support for Rabi season, which will enable us to tie over the global volatility, and we remain committed to deliver consistent performance through integrated supply chain and product mix optimization.

Thanking all of you. I now open the floor for the questions.

**Moderator:** Thank you very much. The first question is from the line of Somaiah V from Avendus Spark.

**Somaiah V:** My first question is on the Rabi subsidy, which you started in your opening remarks. Your thoughts on the Rabi subsidy. Generally, we will have it by October. What is the expectation on Rabi subsidy? Also in terms of industry price hike, if you could speak about last 2 months, 3 months, what are the kind of price hikes, especially in NPKs that we have taken, and what is our thought on NPK pricing for the second half? That is my first question.

**Rajeev Nambiar:** Okay. Regarding this Rabi subsidy, generally it used to come towards the end of the September. But this time, due to various reasons and things, it is still not been declared. So, we are waiting for this Rabi subsidy to be declared. But our result has been prepared based on the existing notification, which is on the Kharif notification.

So, I think right now, what will be the increase in Rabi will be like little bit of speculating. So, let's wait. I think it will be declared in a couple of days. So, we have to wait for that. And with regard to the price increase and other things, I will hand it over to Mr. Harshdeep.

**Harshdeep Singh:** So, if you look at the current phosphatic sales, one is we are of course expecting a positive change with the NBS revision coming. And accordingly, based on the NBS revision, we would look at, based on the raw material prices, if it permits, we will look at correcting the price for the farmers.

Our focus overall is to drive profitable growth. And technically, if you look at it, the current year, there is a kind of a shift which is happening more towards DAP, where the uncertainty of the MRPs are not there. So, that is how we have tried to look at it. And we have maintained our overall market leadership so far.

**Somaiah V:** Understood, sir. Sir, second question is on the raw material front. Has the phosphoric acid price for the industry for Q2, has it been decided? That is one. And when it comes to sulphur on the ground, are we seeing improvements in supply in the last 2 months, 3 months? And is there a differential in pricing when we procure sulphur from domestic market and international markets?

**Rajeev Nambiar:** So, as far as the phosphoric acid price is concerned, it is rolled over actually to the next quarter, that is at 1,700. And certain areas, actually, if you look at it, we have seen some softening in terms of ammonia from the early one to the lower one. And also, there is a slight softening which is experienced in sulphur. We expect that the sulphur should correct little more within a month's time. So, this is where we stand in fact.

**Somaiah V:** Sir, is there a difference in pricing domestic and international sulphur?

**Rajeev Nambiar:** There is some, yes, definitely. Actually, international is corrected around maybe more than $ 200 per ton. Domestic, to large extent, actually, it followed international, barring few certain instances.

**Somaiah V:** Okay. One last question. What is the subsidy outstanding for the end of Q2?

**Rajeev Nambiar:** The subsidy receivable is around INR 6,700 crores, all put together, what is in channel as well as billed.

**Moderator:** Next question is from the line of Dhruv Muchhal from HDFC AMC.

**Dhruv Muchhal:** Yes, sir. Sir, if you can split the outstanding subsidy between what is in the channel and what is billed, is it possible?

**Rajeev Nambiar:** Yes, out of INR 6,700 crores, what is already billed is around INR 3,000 crores, and what is in the channel is around INR 3,700 crores.

**Dhruv Muchhal:** INR 3,700 crores. All right. Sir, we have seen a meaningful volume drop, which is probably understandable. This also has come along with a meaningful receivable increase. I am just wondering, is there some channel filling that you have done to ensure volumes?

I mean, yes, just some thoughts.

**Harshdeep Singh:** If you look at the receivables, quality of receivables, as far as market receivables are concerned, we are almost on par with the last year, despite the higher sales. The receivables have gone up primarily on account of receivables from the government. We are expecting that we should be getting those receivables. We got good receivables in October, and we expect good receivables to come in November once the new NBS policy gets lifted.

**Dhruv Muchhal:** All right. Sure.

**Harshdeep Singh:** Market receivables are very much in control.

**Dhruv Muchhal:** In control. Got it. Sir, is the sulphur notification, there were talks about, sulphur price getting compensated. Is that notification part of the estimates, I mean, part of the numbers, or that has also not been factored in?

**Rajeev Nambiar:** No, no. This sulphur notification has not come. This has not been factored in this number. The result what has been given to you, that is without factoring the sulphur notification.

**Dhruv Muchhal:** Not even the sulphur notification, and Rabi anyways is not announced, so that is not there.

**Rajeev Nambiar:** Yes.

**Dhruv Muchhal:** Got it.

**Dhruv Muchhal:** But sir, is there any change in your thought on the sulphur notification, or is it just pending the final approval? I am just wondering what is causing the delay.

**Rajeev Nambiar:** Yes, as you said that it is pending the final approval of the cabinet. I think that is how it stands right now.

**Dhruv Muchhal:** Sure. Sir, a macro question. Now, we see your production is down significantly on a Y-o-Y basis. I believe some of your peers will also be seeing a similar situation. The fertilizer consumption at a broader level, I am assuming, will not change meaningfully.

So, I am just wondering, how does the system manage significantly lower production and probably almost similar demand versus last year? So, how is the system likely to manage the availability of fertilizers? Or probably there is enough inventory and that should not be a problem.

**Harshdeep Singh:** Yes. Two, three things. Just to clarify, one, from a market leadership point of view, as far as farmer sales are concerned, what we have done is we have augmented our manufacturing strategy along with the traded volume. Looking at trying to optimize the product mix because there were supply chain pressures and also in terms of the pricing of the raw materials. We have kept our market share leadership.

If you look at H1, rather our all phosphates put together, our market share has improved. That is how we are keeping our market presence. It is a combination of manufacturing strategy and imports. That is what we do. As far as the inventory is concerned in the country, we see there will be an impact on the farmer consumption because of the monsoon being impacted.

Okay. That rub-off is already there, especially on the NPK demand. That will ensure that we keep our market leadership overall with the available manufactured volumes and the traded volumes.

**Dhruv Muchhal:** I understand the H1 market share. I am just wondering about what happens in H2 because your production levels are so low, so your peers will also be low. I understand consumption could be a bit low, but will it be as meaningful? For example, your production on a Y-o-Y basis will be down, I do not know, almost half on complex fertilizers. Your peers will also have a similar number.

I am just trying to understand how will be the flow in the system be between the Rabi season, the upcoming Rabi season.

**Harshdeep Singh:** Like I said, we have prepared for the Rabi season, so our manufactured volumes, as far as Paradeep is concerned, we are doing DAP manufacturing there, and we have also augmented our volumes for the Rabi season through the traded volume. So, we are trading. We have imported DAP as well as NPK. So, we have geared up for the Rabi market.

**Dhruv Muchhal:** Got you. The last question I will squeeze is, the longer-term strategy has been, for India at least, has been that the shift away from DAP to NPK as a multi-year story. In the last at least six months, nine months, we have seen that trend shifting a bit. I am just trying to understand these disruptions, how does that impact the longer-term trend of shift towards NPK? I mean, the channel availability of NPK starts to get distorted, you place more DAP, not you, probably the system also.

How does it impact the longer-term trend of shift towards more and more NPKs if that disruption continues?

**Harshdeep Singh:** You are absolutely right. See, as far as Paradeep Phosphates is concerned, our long-term focus strategy is on balanced nutrition, and we are committed in terms of growing the NPKs and NPS, 20-20-0-13, and the other NPK grades. Because of current policy structure, there is a shift which is more like a tactical shift which is happening towards DAP. We are trying to ensure that we are doing a product mix aligned to the market requirement. Because you understand that there is a distortion as far as NPK MRPs are concerned.

They are upwards of INR 2,000 plus, whereas DAP, which is at INR 1,350. We are also trying to augment the phosphates requirements of farmers to DAP, then supply the TSP, which is 46% P. We, of course, are maintaining presence as far as the NPKs are concerned. There is a market shift which has happened towards DAP as far as the current year is concerned.

**Dhruv Muchhal:** Sir, I am wondering when you probably highlight it to the government, because that is also the broader objective from soil health and all other parameters. So what is probably their response in terms of this? I understand these are exceptional conditions, but I mean, what is their response?

**Harshdeep Singh:** No, our response is, this is exceptional condition. We still are doing our market development work in terms of creating awareness for the balanced nutrition. What we are also trying to do is along with augmenting the phosphate, we are also selling a lot of potash. If you look at, for Paradeep Phosphates, our market share is almost significantly increased as far as MOP is concerned. We continue to focus on the complete range of agri solutions, but it is a tough environment.

I mean, because the farmer is making choice because of the current policy, which is more skewed towards DAP. But we continue to create awareness for the NPKs and the range of micronutrients that we offer.

**Moderator:** Next question is from the line of Prashant Biyani from Elara Securities.

**Prashant Biyani:** Sir, your debt number looks pretty high this time. I understand that raw material prices have been higher, but what efforts are you taking to reduce it from here on?

**Bijoy Biswal:** I think what you said is correct. The debt numbers are higher because the high subsidy receivable and the investment in the inventories. A lot of inventories which has been, we have taken a position that is lying in the pipeline, which will be liquidated in this Rabi. So we have stocked up, keeping the Rabi in mind.

This subsidy receivable, whatever is there, that right now, this October, the inflow is good, collection is also good. Only way is that we should do the quick POS sales and do the collection, which we are doing. This will be substantially reduced now by end of December.

**Prashant Biyani:** Sir, when we have enough capacity, what is the reason for importing DAP and NPK rather than manufacturing it in-house?

**Harshdeep Singh:** Prashant, we had some unprecedented situations related to sulphur availability, which was pulling down our actual production. Now, there are some areas that we are finding it a little difficult in terms of viability. These are two reasons that we have shifted our focus a little from on manufacturing versus imported, which is actually a good decision in terms of the viability.

**Prashant Biyani:** And sir, what is the stock at POS, phosphatic stocks in POS at the end of Q2 and Y-o-Y?

**Harshdeep Singh:** So Prashant, see here if you look at the stock that we had as on end of, that is September 30, we had around 9 lakh metric ton of stock, the wholesale and retail trade.

**Harshdeep Singh:** Are you talking of only NPK stocks you want to know?

**Prashant Biyani:** No, DAP plus NPK.

**Harshdeep Singh:** Yes, DAP is around 2 lakh tons, NPK is around 3.5 lakh tons, and TSP around a lakh ton.

**Prashant Biyani:** So around 6.5 lakh tons.

**Harshdeep Singh:** Yes, just 6.5 lakh tons. Overall, including urea, around 9 lakh.

**Prashant Biyani:** Okay. Sir, how much was phosphatic last year, including all categories?

**Harshdeep Singh:** Last year, our stocks was primarily around 8 lakh tons, and phosphatic was at a very similar level. I mean, approximately NPK plus DAP put together was around 7 lakh. Okay. Basically, if you look at it, the key difference is primarily in the urea stock. Urea stock this year was slightly higher.

**Prashant Biyani:** Right. And sir, at the end of Q2, how much of phosphatic finished fertilizers do we have in our books in terms of tonnage?

**Harshdeep Singh:** Okay, we will be able to tell you. Just give me a minute. We had finished fertilizers closing stock, which was including the transit of around 1.5 lakh tons.

**Prashant Biyani:** This is only phosphatic?

**Harshdeep Singh:** This I am talking of the total stock. I mean, out of that, I mean, urea stocks are around 10,000 tons. And there is some around 18,000 tons of potash also in 1.5.

**Prashant Biyani:** Right. And how much of subsidies have you received in Q2?

**Harshdeep Singh:** Okay. Subsidy what we received in Q2 is around INR 2,750 crores.

**Prashant Biyani:** Okay. Sir, now that because of this e-token system, sales volume is down in states where pilots are going on.

**Harshdeep Singh:** Yes.

**Prashant Biyani:** So, sir, as an industry, how do we get out of this system? I mean, not get out of the system, but in a sense, how do we sort of move out of this sales volume decline? Is there a way?

**Harshdeep Singh:** Prashant, the way I look at it is, this is a new reality, okay, where the shift is happening towards the framework of fertilizer sales, where farmer is going to start making choice, and they are already doing it. So, 2, 3 ways how we look at responding to it. One is, of course, creating awareness for farmers, because for farmer it is still not very easy. A lot of them don't have smartphones. So it is a kind of transition which is happening.

However, at the same time, the way we look at it is, our focus will be to kind of keep our brand strength and brand pull strong through our market development work, and work with the farmers to the farmer beat in terms of creating this awareness, because this is something inevitable.

But part of the impact on the sales is also because of the country, because of El Nino, there has been an almost minus13% deficit of monsoon rainfall. So which is impacting the uptake and consumption in the West and South India. While North India still, we are seeing a very strong Rabi season for Madhya Pradesh, U.P., Bihar. We still feel there will be a very strong consumption window.

**Prashant Biyani:** Sir, if as an industry, at an industry level, if we have to adjust at a lower sort of number on annual sales because of this e-token system, then it means that our manufacturing volumes have to be calibrated downwards, both at the company level.

**Harshdeep Singh:** No, I do not think so, Prashant. Please be very clear, your company is very well positioned in terms of market leadership. Like I shared, our farmer sales market share for phosphatic, it has grown 1%. While we normally do not give a forward-looking kind of guidance, we are very well positioned operating in 18 states of the country and with a very balanced portfolio across North, East, West, and South India.

So how we are looking at it, we are looking at further growth. Okay. The impact is more because this year, because of the policy and because of the monsoon deficit. Going forward into a normal year, we do not see any correction in volume.

**Prashant Biyani:** Placement is fine, but liquidation is weak. That is why receivables is evenly split between billed and non-billed. Liquidation is a problem more than placement, is what I meant.

**Harshdeep Singh:** No, the liquidation is not a challenge, Prashant, in terms of the current, you know, October, the NBS lifting has to happen. We have had a very good POS sales in the month of October. So, you have to look at it that in a normal year with a normal monsoon, that will be much, much more higher, and the farmer will also get used to the new system.

Only shift which is happening, like what you are rightfully saying, is the farmer will make a choice whether he picks up a particular X fertilizer or a Y fertilizer. So that is a shift. Otherwise, so the unbilled why it is bearing higher is because NBS has to get lifted. So entire October crop sales, the bills will be nailed accordingly once the lifting is done.

**Moderator:** Next question is from the line of Riju Dalui from Antique Stock Broking.

**Riju Dalui:** My first question is regarding the overall inventory level for the Rabi season for this Half. Sorry, as of the opening stock of the Rabi season for the industry. So if you could indicate that number.

**Harshdeep Singh:** So, Riju, see, you don't have a very clear this thing, but the way I look at it, more or less phosphatic, we understand that the NPK stocks are around 4.5 million tons, and the DAP stocks are around 2 million tons plus. So that's how we look at it.

**Riju Dalui:** Okay. But what was the inventory level for the NPK or the phosphatic fertilizer in the last year for the Rabi opening?

**Harshdeep Singh:** If you look at it last year, the DAP stock was around 1.9 million. This year it's around 2.3 million. So it's around 20% higher than last year. And NPK stock last year were around 3.5 million, and this year it's around 4.4 million. So that's again around 29% higher than last year.

**Riju Dalui:** Understood, sir. My question is regarding if you look at the overall channel inventory, unlike last year-last year DAP inventory was at the lower level, but this year inventory is on the higher level. Accordingly, NPK is on the higher level. So the inventory buildup in the system, it is a high-cost inventory.

How do you look at in terms of going forward to liquidate this inventory at the industry level? Before, if you look at in terms of the maybe next six to eight months perspective, how do you see in terms of the liquidation of this inventory?

**Harshdeep Singh:** Just to clarify, I am not looking at kind of liquidating the industry's inventory. I am clearly looking at liquidating the PPL's inventory, and which is very well in kind of well-balanced in terms of current portfolio between DAP and NPK. And the way we spread out across the state, we are confident that we will be able to get our stock consumed in the season.

**Riju Dalui:** Understood, sir. But if I look at in terms of your overall closing inventory for the NPK as of now, that is, I think, 3.5 lakh ton, right?

**Harshdeep Singh:** 3.5 lakh ton, right.

**Riju Dalui:** Yes. If I look at in terms of the last year, H2 kind of a volume for the NPK, that means the derived volume, if I look at, that was roughly around, I think, somewhere between 1.2 million metric ton or 1.3 million metric ton for the NPK. Might be. I am not sure about this. That could be the range.

How do you see production going forward in terms of manufacturing? If you are liquidating the old inventory, then the production might hamper in the Q4. Just wanted to get understanding in terms of how you are looking at the maybe Q4 scenario since the debt level are on the higher side, we are doing the capex. The overall perspective in terms of the balance sheet, wanted to understand, sir.

**Harshdeep Singh:** No, what we are trying to do is, see, as far as Q3 is concerned, which is a peak consumption window as far as the northern and eastern markets are concerned, our product mix is more favorable in terms of the DAP, where the offtake in POS is higher. So we are very confident of kind of optimizing on that. As far as Q4 is concerned, based on the NBS lifting, we will review what is the portfolio mix that we have to focus as far as Q4 is concerned.

**Rajeev Nambiar:** Just to add to that, actually, we understand the anxiety, mainly because there are too many things that have acted together. But if you look at it is slightly getting softening. In fact, availability of the key raw materials, prices are actually softening down. We see that the worst looks to be over. Looking forward to future, actually, we are optimistic about it.

**Riju Dalui:** Understood. I was looking at in terms of the balance sheet perspective and the capex perspective. If there is inventory stuck in the system, then we might have a scenario of inventory loss and could hamper our overall cash flow. That was the perspective so, I was trying to understand.

**Rajeev Nambiar:** Yes, I understand.

**Riju Dalui:** Yes. No problem, sir.

**Harshdeep Singh:** No, we don't see, kind of, because the inventories, if you look at it, are very well balanced, like I said, between the DAP and NPK portfolio. And we are not this year in inventory on the higher side vis-a-vis last year, unlike industry. So I don't see this thing. Whatever is the normal business dynamic, we are pretty geared up. And we expect the NBS revision to be on the positive side.

So, you will have a positive impact only on the inventory that you have.

**Riju Dalui:** Understood, sir. But the current scenario may not persist for the longer term, right? Somehow, maybe in the next Kharif season, we might see some subsidy revision downward. And if we stuck in the high-cost inventory scenario, then we might have a scenario that could impact our overall inventory loss scenario.

**Harshdeep Singh:** Yes, yes. But why do you feel so concerned? There's a full Rabi consumption window which is ahead, the full season ahead. So, let's say we will be able to kind of bring down our inventories to a significant extent. And yes, if there is a selective risk, maybe industry might have a higher inventory.

We are very confident that we should be able to get our inventories in control. And yes, a little bit of residual risk will remain for every month, but we are very well positioned compared to the rest of the industry, and which is very evident from the fact, like what I was sharing, that our phosphate share has grown as far as farmer level is concerned, almost +1% compared to last year.

**Moderator:** Next question is from the line of Prit Nagersheth from Wealth Finvisor.

**Prit Nagersheth:** Yes, sure. My question is that given the impact of El Nino, which we are all seeing, and Rabi sowing is ongoing as well as the next year's Kharif that will get affected, how is the company planning to manage this upcoming year, which is going to be very difficult?

**Harshdeep Singh:** Yes. See, the El Nino impact, definitely, there has been an impact, and especially in Maharashtra and Karnataka. The good thing is some cyclonic activity happening. Tamil Nadu and Andhra look positive. But Odisha, Madhya Pradesh, U.P., Bihar, Punjab, Haryana, Rajasthan, they are performing very well.

So as far as Rabi season is concerned, these are the dominant Rabi market, and we are seeing a good traction happening there. If you look at it, our focus also as an organization, we are focusing on the geographies where the positives are better. Just to give you that confidence, both Paradeep, Goa, how we are currently planned in our logistics is that we are able to move stock into the northern market from both the sites.

**Prit Nagersheth:** Okay.

**Harshdeep Singh:** Okay. Yes, there is an overall concern as far as farmers are concerned. The positive thing is the farmers are getting a good price for their paddy crop and most of the crops, which is a positive. And we see a good Rabi season, especially in North, Central, and East India. Even West Bengal, the outlook is very positive.

**Prit Nagersheth:** Right. Generally, given the strong raw material prices out there and the potential of the weaker demand, given what you just outlined, I mean, are we looking at slightly de-growth kind of an environment here? If so, any guidance for next year based on how you see the environment?

**Harshdeep Singh:** Guidance, we typically don't give the guidance in terms of especially next year.

**Bijoy Biswal:** We can say that there is this monsoon impact, which is of around 10% to15%. But if you look at even H1 sales, also our sale is almost 10%. Keeping that in mind for this year, we'll have some demand, this sales distortion. But we are trying to make up the loss in the coming H2, in the Rabi season. We are hopeful that it will be around the same thing.

**Harshdeep Singh:** No, but what we're saying is the big focus is to kind of ensure that we can keep our market share and at the same time optimize the internal driving profitable growth. Volume is not something which is the only thing that we're looking at. It will be trying to look, because like we said, Q4, we'll look at what's the most optimal strategy.

**Moderator:** Next question is from the line of Saania Jain from Care PMS.

**Saania Jain:** Just one question. Could you provide any update on the ongoing backward integration projects? What is the commissioning timeline, anticipated raw material cost, and EBITDA per ton when the project becomes operational?

**Harshdeep Singh:** Very important question for us. The backward integration of 5 lakh to 7 lakh is going in full swing. The construction activities are going on. Most of the material is already on the site. And we expect that the Q1 of next year, 2028 actually, we will be able to commission this.

**Saania Jain:** Any expected savings per ton? Could you give that number?

**Harshdeep Singh:** It depends basically on the prevailing raw material, those kind of situations there. But typically, we see a $ 150 per ton increase in terms of the quantity.

**Saania Jain:** What is the expected EBITDA per ton for H2 FY 2027?

**Harshdeep Singh:** We typically don't give, but as a guidance, we say INR 4,500 per ton to INR 5,000 per ton.

**Moderator:** Next question is from the line of Saumil Shah from Paras Investments.

**Saumil Shah:** Yes, thanks for the opportunity. Sir, trade receivables were at INR 7,485 crores. So, this includes the subsidy receivables of INR 6,700 crores?

**Bijoy Biswal:** Yes.

**Saumil Shah:** Okay. And normally, how much time it takes, I mean, once the stocks are sold to farmers, so this INR 3,000 crores subsidy, by when we can get?

**Bijoy Biswal:** Right now, this, seasonally, once the POS sale happens, this consumption where the farmer happens, it is within 15 to 30 days, we get this subsidy.

**Saumil Shah:** Okay. In normal scenario, within a month. At the dealer level also, whatever stocks are there, normally how much time the cycle takes to sell from the dealer level and then subsidy receivable?

**Harshdeep Singh:** See, it depends on the seasonality. Like what we are in midst of October and November are peak consumption season as far as North and East India is concerned. So it will typically take anywhere between 30 to 60 days for the POS sales.

**Saumil Shah:** Okay, to the cycle to complete.

**Harshdeep Singh:** Yes. You can put another 15 to 20 days for the government cycle. So, anywhere between 60 to 70 days total cycle.

**Saumil Shah:** Okay. What was the EBITDA per ton in Q2?

**Bijoy Biswal:** Sir, EBITDA per ton for this quarter is around INR 4,250.

**Saumil Shah:** Okay. You said normal guidance for the second half would be around INR 4,500 to INR 5,000.

**Bijoy Biswal:** Yes.

**Saumil Shah:** Okay. My final question, sir, our debt has increased a lot. How are we planning to get the debt down? Can it be at the March 26 number by end of March 27?

**Bijoy Biswal:** Look, this debt is mainly on account of this investment in the working capital, that is the inventories and subsidy receivable. What you see is that in this Rabi season, when the stock what we have purchased, we are having a very concrete liquidation plan.

And apart from that, there is a brisk POS consumption or farmer consumption. And we are quite hopeful that we bring it down to the level of maybe little bit higher than the last year, but it will substantially reduce from the level what we are looking at right now.

**Saumil Shah:** Okay. Last year it was around INR 6,900 crores gross debt. So we are looking at end of the year at similar number.

**Bijoy Biswal:** Yes.

**Moderator:** Next question is from the line of Sandeep Mukherjee from SKP Securities Limited.

**Sandeep Mukherjee:** Sir, how much of DAP and NPK volume have we traded in this quarter?

**Harshdeep Singh:** We have sold, as far as H1 is concerned, imported DAP what we have done in September YTD, we have sold around 1.7 lakh ton of imported DAP.

**Sandeep Mukherjee:** And NPK, sir?

**Harshdeep Singh:** We have also done MOP of around 1.4 lakh ton. Talking of the H1.

**Harshdeep Singh:** NPK is mostly they have come into the, like, they will be mostly into ammonium sulphate. We have done around 0.57 lakh metric ton.

**Sandeep Mukherjee:** Okay.

**Harshdeep Singh:** Rest of the NPKs will kind of come into the Rabi season. We have also done TSP of around 1.23 lakh metric.

**Moderator:** Next question is from the line of Prashant Biyani from Elara Securities.

**Prashant Biyani:** Sir, how much is the SSP volume for Q2?

**Rajeev Nambiar:** SSP volume has been quite bleak and minuscule this quarter, last quarter. Viability was an issue in terms of SSP, so we are not concentrated much on SSP.

**Prashant Biyani:** Right. Just to recheck this DAP trading of 170,000 in H1 would more or less be in Q2 only, right? Q1 we didn't have any DAP trading, I think.

**Harshdeep Singh:** No, just I'm telling you of the sales what we have done in the H1, okay. We will also have DAP in the Q3 also. This I'm talking of the H1 sales, Prashant, what we have already done the sales, 1.7 lakh is the primary sales of DAP imported. TSP is around 1.

**Prashant Biyani:** I meant this entire 170 would largely be in Q2 only because Q1 didn't have any.

**Harshdeep Singh:** Yes, you're right. The Q2 numbers are around 1.69 lakh tons. You're very right. This all happened in Q2.

**Prashant Biyani:** NPK for Q2 would be around 22,000 tons.

**Harshdeep Singh:** NPK, if you look at ammonium sulphate itself, we have done around 35,000 tons. Okay. And so all put together I mean, 35,000 tons of ammonium sulphate and the TSP of around close to 1 lakh tons, and 1.7 lakh tons of DAP imported. MOP, we have done around 76,000 in Q2.

**Moderator:** Next question is from the line of Burhanuddin Solanki, an Individual Investor.

**Burhanuddin Solanki:** Yes, sir. I wanted to know about the capex plan that we are assuming. We are going to invest around INR 4,700 crores. So, what would be the capex timeline? Over the year, how much capex

will be done? And the expected revenue and the profitability from that project. Can you give details about that?

**Rajeev Nambiar:** Yes. Like we earlier said, actually, the capex plan is on as per the schedule. If you look at it, the major thing is the backward integration, which we are already doing, which will go on. And this INR 4,000 crores, INR 4,700 crores is going to be spanned between now to 2029. The expected EBITDA increase to the tune of almost around INR 4,800 to INR 5,000 from that level to around INR 1,500 odd more.

**Burhanuddin Solanki:** Okay, sir. And regarding the situation that we are in now, do you think that after FY27, everything will be normalized, the supply side and all?

**Rajeev Nambiar:** We hope so. We feel actually the worst looks to be over. We have seen little softening in terms of the commodity prices, especially in sulphur. We expect that actually maybe coming month, it should soften further. Okay.

**Burhanuddin Solanki:** Yes, sir. Can you tell regarding the sulphur prices now?

**Rajeev Nambiar:** Sulphur is at the tune of around $850 to $880 now.

**Moderator:** Next question is from the line of Mr. Manish Mahawar from Antique Stock Broking.

**Manish Mahawar:** Just wanted to know, sir, in terms of volume for this year, FY27, as we have seen first half, we have seen a decline. For a year as a whole, will we be able to surpass the last year volume number, which is around 4.2 million metric tons we sold?

**Harshdeep Singh:** I think, like we've discussed, we're currently not giving a forward-looking guidance. But the volumes, our overall focus will be like we've done almost 2 million tons. So maintaining a run rate of a million tons of potash. And we are confident as far as Q3 is concerned. Q4, like what we said, the focus will not just be on volume, but it will be to look at optimizing profit also.

And in terms of consumption, I said, because we've got stocks with the trade, so we are maintaining as far as market leadership is concerned in the phosphate. We will continue to do that. But the final numbers, I think we'll get more clarity once the NBS is there, and we have a look at the raw material prices as far as Q4 is concerned.

**Manish Mahawar:** In terms of subsidy outstanding, which is INR 3,000 odd crores, as of September from the government, I am talking about, out of this INR 6,700 crores, INR 3,000 crores from the government, how much subsidy we have received so far in the October month?

**Harshdeep Singh:** In October, we have received out of that, around INR 1,200 crores.

**Manish Mahawar:** Okay, INR 1,200 crores. Okay. Lastly, in terms of this inventory write-down, which we have taken around INR 60 odd crores, right? Basically, this is mainly on account of because our cost in certain products have higher versus the MRP of a product, right? That is how you have taken write-down of INR 60 crores in the books, right?

**Rajeev Nambiar:** Correct. This is based on that cost or net realizable value, whichever is lower. On a prudence basis, we have taken this cost. We have valued the stock at cost or NRV, whichever is lower. This is on account of this subsidy, NBS is not declared.

**Manish Mahawar:** Exactly, that is what. Because sulphur as well as NBS has not been announced, that is the reason I think this came, right?

**Harshdeep Singh:** Right. Correct. Right.

**Manish Mahawar:** Okay. As and when this will announce, most likely the second half, you will see this benefit will come to the number because you have already written down the inventories.

**Harshdeep Singh:** Exactly. You are right.

**Moderator:** Next question is from the line of Somaiah V from Avendus Spark.

**Somaiah V:** Sir, just any update on the timeline for this 1 MMT expansion in Paradeep? So what is the status and what is outlook on the time being?

**Rajeev Nambiar:** This is to be done in 2 phases, actually. The first phase is from 0.5 to 0.7, which is expected to get commissioned in Q1 of next year. In second phase, we are awaiting the environmental clearance. By the time, they almost completed the Engineering selection process, which is almost like final now, and the commercials are going on. As soon as we get the clearances from environment as well as the right kind of commercials, we launch it.

**Somaiah V:** So, as of now, is it more like FY29 second half, FY30? So, what is the timeline?

**Rajeev Nambiar:** Yes, you are right.

**Somaiah V:** Okay. Sir, also in this recent MOU that you have signed, could you just explain what is the kind of projects from a medium-term standpoint that we will be evaluating? Also, outside of the subsidy business, what are the other opportunities that we are looking at?

**Rajeev Nambiar:** Basically, if you look at it, that is our intent to invest. And this is the latest MOU what we have signed is not specifically anything related to fertilizer directly, but it will be of fertilizer beyond the regime of the subsidy. That is one of the key priority we are working on that.

We are working in various technology options, including the valorization of gypsum project, creating other non-subsidized products, other liquid fertilizer or bio-fertilizer area. So, once we will be able to confidently tell you once we go back to the board and get a board sanction, we will get back to you.

**Somaiah V:** Okay. Sir, one last question on the global RM front. In terms of incremental global capacities for NPKs DAP, next one or two years, how do we see in Middle East? Are we seeing more capacities coming online? And also from China's export standpoint, any thoughts? In general, availability of raw materials for the next couple of years, keeping aside the current macro environment.

**Harshdeep Singh:** See, there are two separate things. One is what you are talking of the raw materials, and one is the finished product. As far as DAP and NPKs are concerned, see, the principal partners today who are supplying to India the DAP is primarily Saudi Arabia, Morocco, and we are also getting phosphates volume coming from U.S. China has been quite muted as far as the phosphates are concerned. In terms of raw materials, I mean, the principal source for sulphur and ammonia is mostly Middle East.

So, that is how the current situation is stacked up. You are not seeing any major capacities in the short term, but you might see expansion happening in Morocco in terms of the phosphates and other products. So, that is how we look at it.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question of the day. I would now like to hand the conference over to management for closing comments.

**Rajeev Nambiar:** Thank you everyone for taking the time to join our earning call. Should you have any further questions, please reach out to our Investor Relations team. Thank you once again, and have a good day.

**Moderator:** Thank you. On the behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect.