



“Paradeep Phosphates Limited
Q4 FY24 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Paradeep Phosphates' Q4 FY24 Earnings Conference Call hosted by Antique Stock Broking. 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 an operator by pressing “*” then “0” on your touch-tone 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: On behalf of Antique Stock Broking, I would like to welcome all the participants on the call of Paradeep Phosphates. We have Mr. Suresh Krishnan – MD and CEO; Mr. Rajeev Nambiar – COO; Mr. Bijay Biswal – CFO; Mr. Alok Saxena – Head Corporate Finance and IR; and Mr. Susnato Lahiri – DGM Strategy, IR and ESG on the call. Without any delay, I would like to hand over the call to Mr. Krishnan for Opening Remarks. Post which, we will open the floor for Q&A. Thank you and over to you, Mr. Krishnan.

Suresh Krishnan: Thank you, Manish. Good afternoon and welcome everyone to the earnings call of Paradeep Phosphates Limited. I would like to thank you all for joining us here today. We have circulated our earnings presentation and press release and uploaded the same on our website and stock exchanges. I hope you had a chance to review the same.

To start with, we'll give you an overview on the business trend and financial performance for the quarter and full year, and we would be happy to take any questions afterwards. Well, during the fiscal 2023-24, we have witnessed significant shifts in the macroeconomic landscape characterized by global uncertainty and average rainfall pattern in the country. The raw material prices experienced a steady correction globally throughout FY24, leading to a substantial reduction in product subsidies by the government. Demand for agriculture produced during this fiscal year has been stable and growing at a rate of 3% year-on-year.

This year, as a company, we achieved higher production and sales volumes, leading to an increase in our market share. We are glad to report that we produced 2.3 million tons of various grades of fertilizers throughout the year, registering a strong growth of 13% year-on-year. We sold 2.53 million metric tons, marking a significant 25% increase from the previous year. This volume growth was primarily driven by higher capacity utilization, continuous channel engagement and expanded reach into new geographies and farmer segments.

During this quarter, the company recorded a quarterly revenue of Rs. 22,427 million and an EBITDA of Rs. 1,781 million with a margin of 7.8%. The profit after tax for the quarter amounted to Rs. 215 million, showcasing a growth on year-on-year basis. On a full year basis, the company achieved an annual income from operation of Rs. 11,575 crores, EBITDA stood at Rs. 716.9 crores, and profit after tax was Rs. 99.9 crores. We have effectively managed our overall debt during the year. Our debt decreased by 14% year-over-year, primarily due to a reduction in the short-term borrowings. This has improved our debt-to-equity ratio, reflecting our continued commitment to prudent financial management. The board of directors has

recommended a dividend of 5%, that is Rs. 0.50 per equity share of Rs. 10 each fully paid up subject to approval of shareholders at the annual general body meeting.

Key backward integration initiatives have begun yielding results as planned. Our incremental 200,000 tons captive phosphoric acid capacity at Paradeep site is now fully operational. Additionally, the ongoing expansion of sulphuric acid capacity from 1.4 million tons to 2 million tons at our Paradeep site is progressing as per schedule and is expected to be commissioned by the end of FY2025. These projects are aligned with our objective of strengthening our ability to produce varied grades of fertilizer, achieve operational efficiencies and generate positive impact on our bottomline and margins in the coming ways.

Additionally, we are in the process of launching our indigenously researched biogenic nano urea and nano DAP fertilizers poised to deliver substantial value to soil nutrition. Simultaneously, we'll be introducing new variants of NPK fertilizers during this financial year, underscoring our commitment to product innovation and stewardship. Our commitment to ESG has been recognized through our maiden inclusion in the globally renowned S&P Dow Jones sustainability index for 2023. We have initiated the integration of ESG governance at the board level and throughout the entire organization. Our CSR projects have positively impacted over 55,000 lives during FY2024. We are in the process of setting goals in each aspect of environment, social and governance, ensuring sustainability is embedded in all aspects of our operation.

Our sector looks promising with expected growth and demand, normalization of supply side prices, innovative product development, and an increasing emphasis on balanced fertilization, effective nutrient absorption, soil health and farm productivity. With a favorable monsoon focus this year, we are eager to meet the demand of the upcoming Kharif season supported by our optimal product mix, enhance farmer engagement and improve operational efficiencies. Thank you very much and now I would like to open the floor for a Q&A. Over to you.

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

Prashant Biyani: Thank you for the opportunity. Sir, given the current subsidy and MRP levels, how do you see the profitability trending for H1 FY25 vis-à-vis H1 last year?

Suresh Krishnan: Prashant, you all very clearly realized that in the last few calls, we have mentioned that the subsidy plus MRP realization that we have, resulted in not so profitable margins for some of the key grades of fertilizer, which include a DAP, N10, and N12 and however, what we are getting to see right now is correction in the raw material prices, which is corrected to a certain extent as we speak, and we expect that correction to continue. But in terms of the main grades, which is the main NPKs and DAPs concerned, the margins of H1 FY24-25 would be largely subject to price correction that we will need to do in the market. And we are expecting that once the monsoon picks up and the demand situation is absolutely clear in terms of the offtake progression



that we'll get to see. They will have to be a correction to prices of some of the grades, which will make the viability good. I think our endeavor here would be that we have a clarity in terms of a potential of up to 10% to 12% profitability on the overall cost of sales. So, we will actually be working towards our pricing model to reflect that as we go forward.

Prashant Biyani: Right, sir. On the rock phosphate side, what indications are we getting from OCP, whether the pricing trajectory is downwards or flattish here?

Suresh Krishnan: Well, if you look at the phosphate prices over the last 4 to 6 weeks, even though you did see India arrivals of DAP have significantly corrected, the 580-590 levels have come down to close to about 510. We are seeing mixed trend in the market today. If you look at the West of Suez, the prices are kind of holding, maybe going up a little bit and we still have the challenges of movement through the Red Sea area. So, we are taking a much longer queue in terms of what it is. So, we do expect that the prices are not really going to be swinging too much, but the last year correction has been quite significant. So, in terms of DAP has come down to the 500 levels now quite seriously. So, we would expect that this trend will continue, but today in the immediate future for the next 3 months, we are looking at a more like a flattish situation and a range bond correction in the phosphate prices because you are still seeing good recoveries happening in the West of Suez.

Prashant Biyani: Sir, this lower DAP price should result in lower rock price also.

Suresh Krishnan: The lower DAP price will result in and the rock price coming down, yes. And it's already moving down. And we are seeing the trend that the rock prices have already come down quite a bit over the last few quarters. And it will have a direct correlation, but with a lag of a few months here.

Prashant Biyani: Sir, our Odisha plant was also closed due to notice by CPCB. Do you expect any impact on Q1 volumes because of it?

Suresh Krishnan: Well, you're right that we had a closure and the plant has restarted and we are now manufacturing at our usual levels today. As far as the impact is concerned, yes, we have in terms of a manufactured volume, we are the finished goods, we lost about 100,000 tons and in terms of phosphoric acid, I think our loss has been close to about 22,000 tons. However, we expect to make up the volume over the remaining part of the financial year and if you look at the availability that we have for the first quarter and the second quarter, I think we should be able to make it up by the end of second quarter in terms of overall volumes. But let me be clear that we are optimistic today based on the predictions for monsoon and hoping that the distribution will be right. I think we'll have a clarity on the monsoon distribution in the month of June. But our entire endeavor is to ensure that we do not lose out on the margin, that we lose out on the product volumes that we lost during the month of April, and we certainly make this up.

Prashant Biyani: Lastly, can we further improve our mix of NPK, or we have to sell around 8 to 10 lakh tons of DAP?



Suresh Krishnan: Prashant, I think you also understand you've been covering this sector for a long time and DAP is an important fertilizer and to really shying away from DAP may not be the answer to this issue today. We believe that DAP margins will have to increase. The current pricing structure which is there where DAP is priced at the lowest end of the NPK segment is something that needs to change and we will get to see that. But how about from our own perspective of manufacturing? I think we've been very successful NPK manufacturer and also been in the marketing area, our NPK and N20 market shares have significantly grown. If you look at it, our overall sales growth on NPK has been close to about 36% and we've also grown on N20 specifically by about 39%. So our focus will continue to be that, but a core DAP portfolio is something we will maintain because some of our markets that we are in, both North and Central India, these markets currently the farmers need DAP. So in terms of a balanced offering, a DAP is something that is required today. But a shift as it goes, we will be able to work around and make more NPKs. But for the current financial year, I personally believe that about 8 lakh tons of DAP is something that we will certainly get to do.

Moderator: Thank you. The next question is from the line of Darshita from Antique Stock Broking. Please go ahead.

Darshita: My first question was starting the EBITDA per ton movement for FY25, we had guided for Rs 4,500 to Rs. 5,000 of EBITDA per ton on sustainable basis. Considering the current MRP and subsidy, are we confident to achieve that for FY25?

Suresh Krishnan: Well, Darshita, our target and our guidance of Rs. 4,500 to 5,000 is continuous. And as I mentioned in the earlier calls, in the Q4, I was expecting that we will not be able to maintain this margin. We are expecting a margin of around 3,500 tons as an EBITDA margin per ton, which is what the final results are reflecting today. But we expect that the price increases that we will end up taking will finally result in this kind of a margin being maintained and that will be our guidance.

Darshita: What kind of price increase can we expect? I am guessing it would be post June in terms of percentage, if you can highlight?

Suresh Krishnan: Well, it's not proper for us to kind of come back and give you a price prediction today. I do not see a major correction in prices in the month of June, but as we had looked at it earlier, based on the trends that we will get to see for phosphate and DAP availability and pricing in India, we would take price corrections going forward for the month of July. And the price correction would be such that we get into the EBITDA numbers that one is looking at. You know, it's very important for us to see that the industry is healthy, and we believe the EBITDA margin that one is looking at in terms of 4,500 and upwards is something that we should reach as an organization. So, we will be working towards that in terms of our pricing. But a lot will depend upon the monsoon and how it evolves over the key markets for us in the coming months.



- Darshita:** My second question was regarding the debt reduction guidance, if you can provide any number for FY25?
- Suresh Krishnan:** Well, debt reduction is something that has been a focus for us right through and I think we did well as far as the last financial year is concerned and we continue to work on it and I think our endeavor would always be that year-on-year we continue to reduce our debt. If you have seen the numbers for last time, the short-term debt has come down to about 17%, long term by 10% and the total debt has come down by 14%. So, which is a good number that we are in and we would like to see them as our peak levels of borrowing as we speak. And hoping that the raw material correction is not anything towards an increase but more towards a decrease.
- Darshita:** My third question was regarding the subsidy receivable. How much was it by the end of the year?
- Suresh Krishnan:** I will ask Biswal to respond to this.
- Bijay Biswal:** I know this subsidy receivable at the end of the period is Rs. 1,840 crores.
- Darshita:** We have seen that most of the companies have seen their subsidy receivables getting cleared by the government. Is this a subsidy that you mean is it for the inventory that is in the channel or it has been like, you know?
- Suresh Krishnan:** This is largely for the inventory in the channel.
- Darshita:** I just had one question on the sales volume. If you can provide the traded sales and manufactured sales split for Goa and Paradeep facility?
- Suresh Krishnan:** Yes, I will ask Harshdeep to respond to this.
- Harshdeep Singh:** Just to give you an idea, we did an overall volume of 25.28 lakh metric tons versus last year volume of 20.3 lakh metric tons. That was we had a growth of 25% on the primary volumes. And as far as Goa is concerned, we did a million metric tons sales out of the Goa volume. So that's what we achieved last year, 10.12 lakh metric tons. And Paradeep did around 15.15 lakh metric tons.
- Suresh Krishnan:** It's important to note that we actually crossed the one million tons from the Goa facility in terms of primary sales during the last year.
- Harshdeep Singh:** And I think it's important to also note that PPL as a group, we grew significantly as far as our farmer sales are concerned. Our total sales for DAP and NPK grew to 24.77 lakh metric ton versus 6.86 lakh metric ton last year. That was a 47% growth basically on the POS sales basis.
- Management:** Yes, Darshita, to answer your question on trading volumes, we traded about close to 214,000 tons that's about 8% of the total sales volume in FY24.



- Darshita:** One last question on the channel inventory currently in the reasons that we are operating in. How is the channel inventory currently? Is there enough availability or do we have any issues there?
- Suresh Krishnan:** See, we are well prepared with the good monsoon that's expected. So, we have good inventory in the channel. Partly because there was a deficit rainfall, so it's likely the higher side, but that augurs well for the good Kharif season. So, we are kind of quite well spread out across the geographies and most of our inventories are with the retail trade. That means as soon as the rainfall happens, you will see a lot of offtakes of that inventory.
- Moderator:** Thank you. The next question is from the line of Hari Kumar, an individual investor. Please go ahead.
- Hari Kumar:** Two questions from my side, sir. This profitability increases from 3,500 to 5,000, is it going to come through efficiency or through increase in prices? And the second question is regarding this government giving the guidance on capping the profitability returns, how much that is going to affect us, how much more can we increase profitability before the government guidelines come into force?
- Suresh Krishnan:** Well, as regards to the EBITDA margin is concerned, it is in combination of both the raw material prices, efficiency and the final MRP that we will have. And this will also get impacted by the subsidy that government will look at. As you know that we already have a subsidy which is announced from 1st April, which will be valid till end of September. Thereafter the new subsidy will be announced. So, there is a complex factor, but I can only tell you one thing, that there is a significant room available for us to increase our profitability within the overall guidance that government has given. So that is not going to be a constraining factor at this juncture.
- Moderator:** Thank you. The next question is from the line of Prashant Biyani from Elara Securities. Please go ahead.
- Prashant Biyani:** Yes, thank you for the follow up. Mr. Harshdeep, can you please repeat the POS volumes for this year and last year?
- Harshdeep Singh:** The POS volume sales of last year was 16.86 lakh metric tons. And this year we have done 24.77 lakh metric tons.
- Prashant Biyani:** This for DAP and NPK?
- Harshdeep Singh:** Yes.
- Suresh Krishnan:** Yes, this is put together.



- Harshdeep Singh:** This is a combined volume. For DAP and NPK, the volumes grew from 13.17 to 20.64 lakh metric tons. That was a growth of 57% over last year. And industry basically grew by around 7%, that is DAP and NPK. 24.77 is the overall POS volume.
- Prashant Biyani:** Sure. What would be the current DAP plus NPK inventory in our book?
- Suresh Krishnan:** In our books will be 2 lakhs. But in terms of what we have sold and the inventory, which is lying, will be around 6.5 lakhs.
- Prashant Biyani:** Sure. Sir, what will be the subsidy received for this quarter?
- Harshdeep Singh:** For Q4, you're talking, Prashant?
- Prashant Biyani:** Yes, sir.
- Harshdeep Singh:** It's about Rs. 1,350 crores.
- Prashant Biyani:** And sir, at which stage are we on merger with MCFL?
- Harshdeep Singh:** Well, we are at the stage where we have already applied to the competition commission, and our approvals are at an advanced stage with SEBI, and we've got the lenders' approval for the same, majority of the lenders have approved the transaction from both the companies. So, it's, we are at the large stage for filing into NCLT now.
- Prashant Biyani:** And what will be the CAPEX plan for this year?
- Suresh Krishnan:** If you look at this year, Prashant, the way we are working on this is, we have one major project which is a sulphuric acid project which we will be completing. So again, the overall project budget that we have is close to about, so we will be spending about Rs. 250 crores during this year in the CAPEX, which is largely for the project that has already been approved.
- Prashant Biyani:** And a any thought on setting up a phosphoric plant on western coast of India?
- Suresh Krishnan:** We will respond to this question once the MCFL merger is concluded.
- Prashant Biyani:** Lastly which would be the new grades of NPK that we are planning to introduce?
- Harshdeep Singh:** We are also planning to grow 28:28:0 basically as a product, which is quite a high-water soluble product. We are also introducing a product called TSP, triple super phosphate which is 46% P2O5 and we are also launching our bio-nano products, both bio-nano urea and bio-nano DAP. So, these are some of the products that we are focusing on.
- Suresh Krishnan:** And we believe that TSP is a product where the future is quite exciting. If the farmer finally gets to understand the benefits, and we are able to get the value proposition along with the farmer



clearly understood. And so, this could be a volume play for us in quarters to come. But I think we are going to be introducing this in Kharif and based on the response, we will be ramping up the availability of the same.

Prashant Biyani: And sir, this phosphate heavy fertilizers are not very profitable for everyone in the industry. So even the phosphate heavy consumption regions, how are the farmers there accepting NPK or is the industry facing resistance in converting them to some grades of NPK or how is that happening if you can highlight that?

Suresh Krishnan: Just to share with you, see one of these products which is a part of our balance equipment's strategy is 20:20:0:13 so which has got nitrogen, phosphorus and sulfur and this was a grade which is mostly popular in southern markets. We have introduced it significantly in the north markets also. In UP market, we are getting a good acceptance of this grade. You will see a lot of this product growing. Another grade which is a marquee grade for PPL and Zuari is 19:19:19, Sampurna, which is a very well-balanced fertilizer and we are seeing a good offtake happening for this grade also. And this is a product unique to Paradeep Phosphates.

Prashant Biyani: And this also we have introduced in north?

Suresh Krishnan: No, we have introduced more in the western part of the country.

Harshdeep Singh: In the Southern markets.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Bank. Please go ahead.

Ankur Periwal: First question on the backward integration on both phosphoric acid as well as sulphuric acid. Post this expansion, how much will be the backward integrated here, from a RM procurement perspective?

Suresh Krishnan: As far as phosphoric acid is concerned for the Paradeep site; our endeavor would be not to import any phosphoric acid at all. The entire requirement for our granulation will be made by our own production. So, we will be a fully integrated plant. The sulphuric acid plant that we are building today, it is primarily to provide the incremental sulphuric acid we need for the additional phosphoric acid capacity that we have. Currently, we are buying sulphuric acid, but with the sulphuric acid plant coming in, we'll only be importing sulphur to meet this requirement. So, our current strategy today is that as we speak from this financial year onwards, there will not be any import of phosphoric acid for Paradeep site. Goa will continue to import at this point of time. We import closer 200,000 tons of phosphoric acid out there. And that is something that will be continuing for FY25. With the expansion of sulphuric acid also, we'll become self-sufficient.



- Ankur Periwal:** So, and on the Goa site, from a production perspective, we are largely at optimal utilization or there is still scope for improvement?
- Suresh Krishnan:** Like we said that we've already reached a million tons. So, and what we have tried in Goa is various types of products last year. And that is why we have reached in capacity of about a million tons. But based on certain grades, Goa can produce up to 1.2 million tons. Goa is a major player in the N10 and N12 segments, and both these segments have not been viable all of last year. We expect that the N10 and N12 segments should come back because they are very crucial to the farm sector in a big way, and that will make a big difference to the overall capacity utilization from Goa, and we could see a 10% gain in the overall production at Goa's side.
- Ankur Periwal:** Great sir and whatever RM procurement will be required at Goa will all be imported. Are there any plans for backward integration there?
- Suresh Krishnan:** Goa at this point of time we don't have any backward integration. I think our next phase of backward integration will be certainly got to discuss that with you all when we conclude the MCFL transaction.
- Ankur Periwal:** Sure. Another thing on the nano urea and nano DAP side, which you highlighted. Any further details you can share because right now it's largely IFFCO and Coromandel have suggested of launching those products. If you can share some details, some highlights of that?
- Suresh Krishnan:** Yes, Mr. Harshdeep will respond to this.
- Harshdeep Singh:** So these products we have developed along with TERI, that's a research organization. And both are unique products because it's a bio-nano product. And just to share with you, the DAP will have 6% nano-nitrogen and 16% P2O5. And the bio-nano urea will have 8% nano-nitrogen. So that's what these products are. And we have done a lot of field trials. We got a very good response from the farmers.
- Suresh Krishnan:** And we have a good capacity right now, so we're expecting the launch to take place in the next few weeks in terms of a farmer offtake and based on the overall acceptance, I think the volumes will get ramped up. And we are certainly expecting that between the two products, we should first reach our milestone of a million units and after that we will evaluate in terms of what kind of a product strategy we will have.
- Ankur Periwal:** Sure. And what will be the current capacity and how are you looking at from a unit economics perspective? That will be helpful.
- Suresh Krishnan:** Basically, if you look at it today, we have a capacity to go up to 3.5 million tons of units of the T2 products combined. We are initially, so that that capacity is already there with us. So, we are going to start with a million ton and as the million ton gets absorbed and based on that experience, we should be able to provide enough for the market and the ability to ramp it up



from a three and a half to doubling that, it will be in a very short notice. In a matter of about two quarters, we should be able to ramp up capacity at the existing site.

Ankur Periwal: Sure, and this product will be largely from a farmer education perspective will be a replacement of the conventional ones?

Suresh Krishnan: Well, if you look at it here, I think nano DAP, we should be very clear that it's a new product for the farmer and is going to work along with the existing DAP.

Harshdeep Singh: Absolutely. So, it is not going to be something which replaces the existing unit. It has to be seen as a product which complements the current farmer practice. The advantage is the nutrient use efficiency of the nano products is very high. So, in terms of the absorption by the plant it is greater than 90%. But because the application will be more to the foliar root, so they have to be used in conjunction with the existing fertilizer.

Ankur Periwal: Sure sir, and how are we pricing it and this will be largely at the Paradeep plant right or it's at the Goa one?

Suresh Krishnan: No, see this is being manufactured through our partner company Zuari Farm Hub at a site in Punjab and the distribution will happen pan India for this product and the pricing currently how we are looking at, it is a MRP of Rs. 265 a unit for a Nano urea and for a Nano DAP a price point of around Rs. 625.

Ankur Periwal: Okay, you said it's more a complimentary, Rs. 265 and Rs. 625 you mentioned, right?

Suresh Krishnan: Yes.

Ankur Periwal: Great. Sir, last question on the capital allocation bit. Now, since there is still some debt there on the books and we do have some expansion plans there, how should we look at the priority? Will we be looking to repay the debt first and then gradual expansion or how should one look at it?

Suresh Krishnan: See Ankur, the way we look at it today is that the large CAPEX which is currently being executed is only to do with the sulphuric acid plant. And for which the debt tie-up is already there. So based on the project progress, we will be having the drawdown for the debt. Our idea is not to increase our debt levels from here on today. So whatever repayment that we will be doing during this year, maybe at best to that extent for any other project that is required, we will be drawing long-term debt. Otherwise, the idea would be to come to a situation where no further drawdown of long-term debt is there in the company beyond what is committed today.

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



- Manish Mahawar:** Yes, Mr. Krishnan just wanted to ask you, for next year, FY25, do you think we are able to sell a full capacity of 3mn tons in terms of volume?
- Suresh Krishnan:** Well, Manish, it entirely depends upon the way the Kharif progresses and the way we look at viability of the grades. And even this year, we could have done better and some of the grades have been more viable. So, I think I would like to see N10 and N12 manufacturer in India getting to be viable for us to reach the full capacity. And if that doesn't really happen, I think our utilization level will be between 25 to 30 lakh tons.
- Manish Mahawar:** N10 and 12 were unviable because of higher MOP prices, what I understand, right? and I think MOP price has corrected, so it should be viable now or still no?
- Suresh Krishnan:** If you look at it, N10 and N12 at the current prices which are prevalent in the market are not viable. And it will not be a wise thing to do and price change for these products, just before the monsoon. I think we'll have to look at how the monsoon progresses and then take a call on and what kind of pricing that one should take.
- Manish Mahawar:** And in terms of a market share perspective, what's our pan India market share and when there is incremental capacity or volume growth for the next year, which are the reason it is increasing market in the existing market only or we are adding to other states also?
- Harshdeep Singh:** Yes, so just to kind of quickly give you idea of market share, so we're talking of basically consumption market share. A market share grew from around approximately DAP and NPK put together by 3% and it's around 9.4%. And in terms of our footprint, we are deepening our footprint into Bihar and UP, and in Karnataka. So, these are markets that we're trying to focus. And we will, of course, in a small way, be opening markets of Rajasthan also. But our footprint, if you know, is quite well balanced in terms of portfolio, which we shared in this thing. We are present in all the four zones of the country. That's north, west, east, and south.
- Manish Mahawar:** And while you are selling to the adjacent states like UP and Bihar, right, your profitability in terms of tonnage terms, EBITDA per metric ton, is it remain same at what you are selling to the existing markets?
- Suresh Krishnan:** Yes, UP is a good market. I think the profitability is quite stable there.
- Manish Mahawar:** And one question in terms of your interest cost perspective because if you look at the H1 to now FY24 and your debt number remains same. How your interest cost has gone up in 4Q which is Rs. 95 odd crores. Basically, what was the reason that is first and second what could be the interest outgo one should take for the next year?
- Suresh Krishnan:** The interest cost in this quarter has gone up mainly because of this delay in the subsidy. And going forward also, after repaying this long-term loan, I think the interest cost will be around Rs. 75 crores in a quarter. Primarily if you look at it here, we are currently looking at an average



interest cost of about Rs. 75 crores in a quarter. That's the kind of number that we are looking at. That will substantially change or come down based on the actual sale to the farmer and the subsidy disbursement. Currently what we are seeing is that the government has been reasonably efficient. We have been getting our money in about four to six weeks from the time we sell. But as you know that the last quarter, even though we had good amount of primary sale right up to the retailer level, there is a substantial build-up of POS quantity which is pending conversion to the farmer and hence the outstanding amounts have been high.

Susnato Lahiri: Also, you must appreciate the fact that the production quantities have gone up year-on-year and therefore we had to pay for more working capital.

Manish Mahawar: Yes, So, Rs. 300 odd crores of interest cost one should look at for the next year on average. And in terms of contact of phos acid, what was the price for Q1 and Q2, any contracts happened for Q2?

Suresh Krishnan: You are asking about Q1 this year?

Manish Mahawar: Yes, Q1 is the right one.

Suresh Krishnan: April to March, I think there has already been an announcement of \$968 per metric ton I think that will be the price prevalent for India. Whatever difference we will get will be at that price \$968.

Manish Mahawar: Okay, \$968 will be the price

Suresh Krishnan: I think correct price is \$948.

Manish Mahawar: Yes. \$948, and this is for Q1, right sir? April to June.

Suresh Krishnan: April to June shipments, right.

Manish Mahawar: And last quarter it was \$968 I believe right?

Suresh Krishnan: \$968, that's right.

Manish Mahawar: And last question in terms of election, post-election, are you expecting any changes in terms of policy environment like DBT or anything from the government side? Because it's very clear like government has cleared most of the company's subsidy this time and how do you see the situation or any changes, expectations sir?

Suresh Krishnan: Manish, this is an industry expectation that DBT 2.0 should happen, which clearly means that we would like to see a situation where government directly pays the farmer rather than routing the subsidy through us. So that has been our wish list for quite some time, it continues to be so.



And we are expecting that as part of the government's new program, this will be taken in right on us.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I would now like to hand the conference over to the management for closing comments.

Suresh Krishnan: Thank you and thank you for participating. And in our earnings call, we have tried to address all your questions. In case you have any further queries, please connect with our investor relations team and we'll be happy to address the same. Thank you and have a good evening.

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