

Date: 21.07.2025

To,

National Stock Exchange of India Ltd.

Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E)  
Mumbai – 400 051

Dear Sir / Madam,

**Subject: Transcript of Q1 FY26 Earnings Conference Call**

Pursuant to Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the transcript of Q1 FY26 Earnings Conference Call organized by the Company on July 16, 2025 at 4.00 P.M. (IST).

The Transcript of the same is available on Company's website at following link

<https://www.mbapl.com/wp-content/uploads/2025/07/Transcript.pdf>

Kindly take the above-information on records.

Yours faithfully,

**For Madhya Bharat Agro Products Ltd**

**(Pallavi Sukhwal)**  
**Company Secretary**

**Madhya Bharat Agro Products Limited**  
**Q1 FY26 Earnings Conference Call**  
**July 16, 2025**

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**Moderator:** Good afternoon, ladies and gentlemen, a very warm welcome to Madhya Bharat Agro Products Limited Q1 FY '26 Earnings Conference Call.

From Senior Management we have with us today, Mr. Pankaj Ostwal - Promoter and Director; Mr. Gaurav Ranka - Accounts General Manager.

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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Gaurav Ranka. Thank you and over to you, Mr. Ranka.

**Gaurav Ranka:** Thank you, Renju. Good afternoon, everyone and welcome to the Earning Call for Madhya Bharat Agro Products Limited.

Before we begin the earning call, I would like to mention that some of the statements made during today's call might be forward looking in nature and hence it may involve risks and uncertainties, including those related to future financial and operating performance. Please bear with us if there is a call drop during the course of the conference call, we would ensure that the call is reconnected the soonest.

I would like to hand over the conference to Mr. Pankaj Ostwal - Managing Director. Over to you, Mr. Pankaj.

**Pankaj Ostwal:** Good afternoon, everyone, a warm welcome to Madhya Bharat Agro Products Limited 1st Quarter Earnings Call for FY '26.

We are pleased to report an exceptional start to FY '26, delivering record-breaking revenue, production and operational performance for the quarter ended June 30, 2025.

**Industry overview:**

Q1 typically aligns with the onset of Kharif season, a critical demand cycle for the fertilizer industry. This year was no exception. The sector saw robust seasonal traction, especially in complex and phosphate-based fertilizers, supported by active sowing and well-distributed monsoons. While these favorable agro-climatic conditions boosted demand, particularly for

NPK grades, the industry also faced significant raw material cost inflation and supply-side competitiveness.

**Raw material headwinds:**

Raw material prices remained highly volatile, while Ammonia saw moderate softening, key inputs like Sulphur experienced sharp price escalations, nearly doubling in some cases over recent quarters. These input trends underscored the need for sharp procurement discipline and efficient cost management.

**Financial performance-Q1 FY26:**

Our financial performance this quarter demonstrates strong execution and resilient growth

- Revenue from operations stood at ₹409.7 crore, up 38.0% QoQ and 104.5% YoY — the highest-ever quarterly revenue, led by NPK volume growth.
- EBITDA (excluding other income) stood at ₹57.0 crore, a 60.0% QoQ and 71.1% YoY increase, with EBITDA margin improving to 13.9%.
- EBITDA per tonne of ₹5,728 marks a notable outperformance compared to typical industry levels, backed by scale, efficiency, and disciplined margin management.
- Profit after tax at ₹28.2 crore, 100% QoQ and a 145.5% YoY growth, with PAT margin at 6.9%.
- Basic EPS rose to ₹3.22 from ₹1.63 in Q4 FY25 and ₹1.31 in Q1 FY25.

**Operational highlights:**

- We achieved our highest-ever quarterly fertiliser production of 114,773 MT and a record sales volume of 105,976 MT, driven by robust seasonal demand and improved operational throughput.
- NPK/DAP sales surged to 59,655 MT, registering 79.4% YoY growth, supported by optimal capacity utilisation at 98%.
- SSP sales stood at 39,863 MT, a modest decline of 8.4% YoY, though capacity utilisation remained healthy at 79%.

**Strategic Product Innovation:**

We continued to drive value-led growth through product innovation:

- **Bharat Urea SSP** – a novel formulation enhancing nutrient use efficiency.

- **Annadata Super 6** – a fortified SSP enriched with Zinc, Boron, and Magnesium, targeting micronutrient-deficient soils.

Both products have successfully launched and are expected to contribute meaningfully in the upcoming quarters.

#### **Expansion and Strategic Investment:**

Our strategic expansion roadmap is advancing well:

- In Dhule, Maharashtra, the Company's major expansion plan is progressing well, comprising:
  - 330,000 MTPA NPK/DAP
  - 99,000 MTPA Phosphoric Acid
  - 198,000 MTPA Sulphuric Acid
  - Additionally, a 330,000 MTPA SSP plant has been proposed at Dhule to further strengthen the portfolio.

We have secured Phase 1 funding of ₹202 crore through term loans from SBI, Axis Bank, and Federal Bank, with ₹51 crore disbursed as of June 30, 2025. Project expenditure till date stands at ₹135 crore. All regulatory approvals related to this backward manufacturing have been obtained.

- We have secured 17.82 hectares of land adjacent to its Banda, Sagar facility, through a long-term lease from MPIDC to support future capacity expansion and integration.
- We have also announced a further debottlenecking initiative to enhance DAP/NPK capacity and a new capacity of Sulphuric Acid at Sagar by 1,65,000 metric tons per annum. These expansions aim to fortify backward integration, ensure supply chain resilience and broaden our footprint in Western and Central markets.

#### **Outlook:**

We remain optimistic about FY26, supported by favourable seasonal momentum, robust product pipeline, and expanding infrastructure:

- The successful launch of differentiated products such as Urea SSP and Annadata Super 6 positions us well to meet evolving farmer needs and enhance market traction in upcoming quarters.
- Our ongoing expansion projects in Dhule and the proposed facilities in Banda are expected to significantly strengthen our manufacturing footprint though results would be visible in

FY 27 only and will result into improved cost control through backward integration, and enhance supply security across key regions.

- We continue to invest in improving our manufacturing technology and process efficiencies, with R&D efforts focused on optimising product performance and cost structures. These initiatives are aimed at enhancing operational productivity and supporting the launch of farmer-centric products that respond to nutrient challenges in Indian agriculture.

However, we believe our integrated operations, agile sourcing strategy, and expanded product portfolio position well to navigate these uncertainties and deliver long-term stakeholder value

With that, we now open the floor to questions. Thank you.

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question comes from the line of Subrata Sarkar with Mount Indra. Please go ahead.

**Subrata Sarkar:** Hello. This question is regarding SSP. Recently, the government has significantly increased the fertilizer subsidy on SSP—by nearly ₹7,000 per tonne. Could you help us understand the impact of this increase? Also, it would be helpful if you could briefly explain how the SSP subsidy is determined, especially in light of the recent rise in Rock Phosphate prices. Do you see this benefiting us in terms of either profitability or higher volumes?

**Pankaj Ostwal:** Yes, I understand your question. To provide some context, until 31st March 2025, the SSP subsidy stood at ₹5,121 per tonne. Effective now, it has increased to ₹7,263 per tonne an increment of around ₹2,100. The primary reason behind this increase is the rise in raw material costs over the past six months, particularly for Phosphate and Sulphur. The Department of Fertilizers has raised the subsidy to ensure that farmers continue to get fertilizers at affordable prices despite input cost pressures. Now, in terms of impact, this higher subsidy may positively affect profitability, especially on opening inventory as of April 1, 2025, which could benefit from the higher realized subsidy. However, since raw material prices have also increased, the net impact on margins will depend on detailed workings.

**Subrata Sarkar:** Sir, can you explain at least, can you give some ballpark number, how much the raw material price has increased, sir?

**Pankaj Ostwal:** For Rock Phosphate, prices have increased by about 5–10%, though I don't have the exact figures at the moment. For Sulphur, prices have almost doubled compared to earlier levels.

**Subrata Sarkar:** Sir, just another thing, like the SSP subsidy has gone up, but vis-a-vis DAP subsidy has not gone up. So, will that help, will it be like, can that have a positive impact on the SSP sale because DAP price, DAP subsidy has not changed. So, relatively, it has become cheaper to the farmer and there may be some shift from DAP to SSP because of this reason, sir?

**Pankaj Ostwal:** No, it's important to understand that the subsidy is not product-specific, but rather nutrient-based. The Department of Fertilizers, Government of India, determines the subsidy based on the nutrient content—N (Nitrogen), P (Phosphorus), K (Potassium), and S (Sulphur)—present in each product. So, whether it is SSP, DAP, or NPK, the total subsidy amount is calculated based on the nutrient values. Currently, DAP carries an additional fixed subsidy component—about ₹3,500 per metric ton—which makes its overall subsidy slightly higher. However, when it comes to actual sales, it's ultimately the farmer's decision based on the crop, stage of cultivation, and soil requirement. So, while pricing plays a role, product choice is also driven by agronomic needs.

**Subrata Sarkar:** Thank you. Thanks for the clarification.

**Moderator:** Thank you. Next question comes from the line of Viraj with Motilal Oswal AMC. Please go ahead.

**Viraj:** Yes. Hi, sir, my question regards the roadmap for expansion, so what do you see your outlook in the next 5 years?

**Pankaj Ostwal:** As I mentioned earlier, our expansion project is underway at Dhule, in the Maharashtra Industrial Development area. We are setting up a plant with the following capacities, NPK/DAP: 3,30,000 metric tons per annum, SSP: 3,30,000 metric tons per annum, Phosphoric Acid (backward integration): 99,000 metric tons per annum, Sulphuric Acid: 1,98,000 metric tons per annum. Now, if you look at the market dynamics, India imports nearly 50% of its complex fertilizer requirements. Maharashtra, in particular, is one of the largest consuming states. So, our new capacity will help in substituting imported DAP/NPK fertilizers with domestic production. As for SSP, India is already dependent on domestic manufacturers, and there's significant growth potential in this segment. Both NPK/DAP and SSP have strong and growing demand, and we expect these new capacities, which are scheduled to be operational by September 2026. As demand is also increasing year on year, we are very positive on this and we hope that our capacities will be fully utilized in coming years.

**Viraj:** Thank you.

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

**Riju:** Hi, sir. Thanks for the opportunity. Sir, my question is regarding the EBITDA that we have this quarter, so there is a sharp improvement in terms of Y-o-Y and in terms of sequential basis. So, can you please clarify like how much this was due to the inventory gain or because we are in a scenario that RM prices are moving upwards, especially the Sulphur, so if you could clarify that thing?

**Pankaj Ostwal:** The EBITDA definitely, EBITDA you want for metric, for per ton basis or total EBITDA? Because right now I have the?

**Riju:** Total EBITDA is roughly around Rs. 55-Rs. 56 crores that you have reported this year.

**Pankaj Ostwal:** Rs. 57 crores.

**Riju:** Yes, Rs. 57 crores. So, how much that was due to the inventory gain, because there must be some inventory gains in this quarter because we are in a scenario where RM prices are moving upwards? So, how much that was due to the inventory gain?

**Pankaj Ostwal:** Yes, we'll have to check the exact figures. If we're able to share them now, we will, or else we can share them later

**Riju:** I have your number. So, I will take it offline.

**Pankaj Ostwal:** Thank you very much. Apologies that we couldn't provide the exact number right away.

**Riju:** No problem, sir. And in terms of the other questions like, so we have the combined capacity of DAP and NPK, right and I do understand that it is a fungible capacity. But if you could broadly guide like in this quarter, how much we have manufactured NPK, how much we have manufactured DAP, a broad number?

**Pankaj Ostwal:** So, for DAP, it was 0 in this quarter. NPK, we manufactured 59,655 metric tons.

**Riju:** Understood, sir. And in terms of in your last year figure, so in FY '25, so out of the manufactured fertilizer, how was your NPK share and how much was your DAP share in the complex side?

**Pankaj Ostwal:** Yes. In FY25, total production of DAP/NPK was 1,51,579 metric tons, out of which DAP was only 1,900 metric tons.

**Riju:** Understood.

**Pankaj Ostwal:** It was a very small quantity. DAP was a very small quantity.

**Riju:** So, for the full year FY25, would it be fair to assume that the mix was approximately 90% NPK and 10% DAP?

**Pankaj Ostwal:** Actually, as per the numbers I just shared, it's closer to **99% NPK and 1% DAP**, not 90% and 10%.

**Riju:** Okay, understood. So, broadly we are into the NPK side in terms of the manufactured fertilizer, is that correct, right?

**Pankaj Ostwal:** Yes, that's right. NPK fertilizers have consistently seen strong demand from farmers. The advantage with NPK is that it allows farmers to choose and apply specific nutrients tailored to the crop's needs and growth stage. As a result, NPK has always been one of our core and most preferred product lines.

**Riju:** Understood. That is great. And in the other questions I had, like the EBITDA per ton that we have reported this quarter, so how sustainable is that going forward and the another thing, like, if you could look at the DAP imports from the global market, so that has come down sharply over the last 1 or 2 years period, mainly because of constraint in China. But now Indian Government has, I think, a few of the companies have made some MoU or signed some MoU or like the agreement with the Middle East companies to get DAP in the Rabi season, so how you see this scenario changing? Because we have seen NPK share, like, NPK mix for the entire industry has pinched up by 2% roughly compared to DAP. So, NPK has replaced the DAP market in FY25, so how do you see going forward if DAP capacity start to come in India, the volumes start to come in India from the Middle East region?

**Pankaj Ostwal:** Certainly, our higher volumes, scale efficiencies, and superior capacity utilization have contributed to better cost absorption, which directly enhances our EBITDA per ton. Looking ahead, we are confident that we will continue to achieve similar EBITDA levels in the upcoming quarters and years. Regarding your question on DAP and NPK, I'd like to emphasize that both products have distinct roles and market segments. For instance, in states like Punjab and Haryana, the demand is more towards DAP. However, in states such as Madhya Pradesh, Maharashtra, Andhra Pradesh, Uttar Pradesh, and Chhattisgarh, there is a significant demand for NPK fertilizers. NPK comes in multiple formulations—such as 20:20:0, 13:0:45, 12:32:16, or 20:19:19—allowing farmers to select nutrient combinations based on crop type and growth stage. To sum up, both DAP and NPK will continue to enjoy strong demand going forward, driven by regional crop patterns and farmer preferences.

**Riju:** Understood, sir. That is very helpful. That is all from my side. Thank you. Thanks for clarifying all this. Thank you very much.

**Pankaj Ostwal:** Thank you very much.

**Moderator:** Thank you. Next question comes from the line of Hitesh Randhawa with CEGR Capital. Please go ahead.

**Hitesh Randhawa:** See, I think you did say that by September, I think the new capacities would be commercialized. So, I am assuming that, okay, the CAPEX Go Drive is on track?

**Pankaj Ostwal:** Yes.



**Hitesh Randhawa:** And second is, from utilization ramp-up point of view, say, kind of, how do we see the utilization, 27-28 onwards?

**Pankaj Ostwal:** As mentioned earlier, we expect to commence production by September 2026, which means we'll have roughly half a year of operations in FY27. For project planning purposes, we've assumed a 50% capacity utilization for FY27. For FY28, we've projected 70% capacity utilization, as per the project report submitted to our banks.

**Hitesh Randhawa:** Right, but, say, kind of, that is how you kind of expect, but I know it is a bit far off, but that is how you expect things to pan out, given the?

**Pankaj Ostwal:** Yes, those are conservative estimates. However, based on the performance of our existing facilities, we are confident of achieving these numbers or potentially exceeding them.

**Hitesh Randhawa:** Right. Thanks for that. And, say, kind of, I think there was some discussion around government subsidies as well, I am sorry, I had a bad time then. So, kind of, whenever, say, these government subsidies are kind of declared, and you did say that, okay, it is also kind of nutrient-based and also dependent upon the raw materials, etc., so kind of, if the raw material prices, they kind of go down and, say, during the year, because the subsidy has been fixed for the year. So, kind of, does that benefit us in some way? So, subsidy remains constant, but the RM price movement, does that benefit as well, gives us extra delta?

**Pankaj Ostwal:** The subsidies are not decided for a year. It is decided for 6 months, from 1st April to 30th September, and then 1st October to 31st March.

**Hitesh Randhawa:** Right.

**Pankaj Ostwal:** Now, regarding the impact of changes in nutrient-based subsidy (NBS) rates, especially for products like NPK—yes, any increase or decrease in subsidy does have a direct impact on our financials. I want to be very transparent here; subsidy fluctuations do matter. However, what's equally important is how efficiently the business is managed in such scenarios. When subsidy rates decline, especially, it becomes critical to manage inventories and procure raw materials wisely. The objective is to avoid holding high-cost inventory at a time when subsidy support is reduced. This is where the management's skill and procurement strategy come into play. Our ability to anticipate trends, optimize raw material sourcing, and control costs ensures that we can navigate subsidy changes without materially affecting profitability.

**Hitesh Randhawa:** Right. Sure, thanks for that. And sir, talking about the tax rates, I think I just was able to glance through one of the annual reports, and there was quite a few components, basically, due to which the tax rate has been a bit all over the place, so what kind of tax rate, would this tax rate become a bit predictable, and would it normalize over a period of maybe next FY26, FY27, or it would keep on fluctuating?

**Pankaj Ostwal:** Tax rate, you are talking about income tax or which tax rate?

**Hitesh Randhawa:** Yes, income tax.

**Pankaj Ostwal:** So, with regard to income tax, we are currently operating under the MAT regime. This was the case in FY25–26, will remain so in FY26–27, and also in FY27–28. Given that we are in an expansion phase, we continue to fall under the MAT framework. Beyond FY28–29, it's too early to comment on the exact tax rate in percentage terms, as that would depend on how our projects and profitability evolve. But for the foreseeable future up to FY27–28, we expect to remain under MAT.

**Hitesh Randhawa:** And lastly, I do not know if this would make sense or not, but it is kind of, are there any plans of any kind of corporate action or merging our other entities, actually, say, for example, we have got another listed entity, Krishna, as well, and I think you have got another one, so are there any plans of maybe merging these in any way?

**Pankaj Ostwal:** This question around merging entities has come up frequently in discussions with investors. What I would like to clarify is that we currently foresee some challenges, particularly from the Department of Fertilizers, in the context of the subsidy mechanism. As you're aware, each bag or ton of fertilizer sold to farmers includes a government subsidy, which is administered through the Fertilizer Monitoring System (FMS). In the event of a merger, we are concerned that this could lead to disruptions in subsidy disbursal or cash flow delays, potentially lasting one to three months, which could significantly impact our working capital cycle. Until we have a clear resolution or mitigation mechanism in place, either by ensuring continuity of subsidy flow post-merger or in a scenario where subsidies go directly to farmers and we receive the full amount upfront, we are not considering any merger at this stage. That said, in the interest of shareholders, we remain open to the possibility in the future, once the operational risks related to subsidies are fully addressed.

**Hitesh Randhawa:** Sure. Thanks very much. That is it from my side.

**Pankaj Ostwal:** Thank you. Thank you very much.

**Moderator:** Thank you. Next question comes from the line of Vaibhav Badjatya with Honesty and Integrity Investments. Please go ahead.

**Vaibhav Badjatya:** Hi sir, thank you for the opportunity. I have two questions. First, could you please share the average pricing of SSP in our catchment area for our product? We know that for DAP, the government-mandated MRP is around ₹1,350 per bag, but SSP pricing is relatively decontrolled, and companies have more flexibility. While I understand prices can vary from company to company, could you give us a broad average range for SSP pricing in your operating regions?

**Pankaj Ostwal:** The SSP is available in powder and granule with an additional nutrient of Zinc, Boron. So, average pricing across the industry could be around Rs. 475 to Rs. 525 per bag.

**Vaibhav Badjatya:** Got it, understood. And secondly sir, recently there has been a draft notification proposing an amendment to the Mineral Concession Rules, 2016. Under this, the government is suggesting that the Average Sale Price (ASP) declared by the Ministry of Mines for Rock Phosphate will now be based on CFR (Cost and Freight)—i.e., the actual prices at which Rock Phosphate is being sold by various mines. Do you foresee any impact on your domestic Rock Phosphate procurement due to this proposed regulatory change?

**Pankaj Ostwal:** In India, Rock Phosphate mining is primarily done by RSMM Limited in Udaipur, which is a Government of Rajasthan enterprise. Additionally, there are mines in Sagar and Jhabua, operated by the Government of Madhya Pradesh, along with a few private players. Now, the pricing of domestically produced Rock Phosphate is generally linked to international import prices. If import prices go up, domestic suppliers also increase prices; if import prices decline, domestic prices follow. So, even with the proposed ASP change to a CFR-linked formula, we do not anticipate any material impact on our Rock Phosphate procurement dynamics.

**Vaibhav Badjatya:** Sir, in that situation, there has been a ratio mentioned for the percentage of Phosphate concentration in different rocks, so that might actually differ than what we procure and their royalties and everything can get increased, and they might want to pass on that royalty increase and everything to us. So, I was just trying to understand that?

**Pankaj Ostwal:** No, again, what's important to understand is that domestic Rock Phosphate pricing must remain competitive with CFR (Cost and Freight) import prices. If domestic prices—including any increase in royalty or taxes, go beyond a certain threshold, it opens up import arbitrage opportunities. So ultimately, domestic players will have to align their pricing with the landed cost of imported Rock Phosphate. The market operates on total delivered cost to plant, not just royalty or tax components in isolation. Therefore, we don't expect any material long-term cost pressure due to royalty adjustments alone.

**Vaibhav Badjatya:** Yes, I completely understand that. But the objective of bringing that draft notification, the premise of that draft notification was that the prices are different and that is why they want to have the CFR benchmark, so I was under the impression that probably the prices might be different for CFRs and the Rock Phosphate?

**Pankaj Ostwal:** Yes, I got your point. So, ultimately, the prices will be in line with the import prices because almost a huge quantity of the nutrient is being imported in the form of raw material or in the form of intermediate or finished goods directly. So, the prices will be aligned with the imported prices.

**Vaibhav Badjatya:** Got it, sir. Thank you. That is it from my side.

**Pankaj Ostwal:** Thank you.

**Moderator:** Thank you. Next question comes from the line of Darshil Jhaveri with Crown Capital. Please go ahead.

**Darshil Jhaveri:** Hello. Good evening, sir. Thank you so much for taking my question. Firstly, congratulations on a great set of results, sir. Sir, I was going through our last con-call, I think there we guided for a 15% growth in FY26, but I think seeing our Q1 results, I think that only has taken care of all our growth expectations, maybe, so I just want to know what kind of revenue guidance and EBITDA guidance can we have for FY26, sir?

**Pankaj Ostwal:** Revenue guidance and EBITDA guidance?

**Darshil Jhaveri:** Yes, sir.

**Pankaj Ostwal:** Our EBITDA guidance is driven by higher volumes, operational efficiencies, and strong capacity utilization. We remain committed to maintaining these efficiencies, and we are optimistic that EBITDA will remain at current levels or improve further going forward. As for revenue, since we have already achieved high utilization levels—for instance, in complex fertilizers, capacity utilization reached 98%, as mentioned earlier, we are confident that we will continue to operate at optimal capacity levels, which should support sustained revenue performance.

**Darshil Jhaveri:** So, does that mean like our quarterly run rate is now around Rs. 400 Cr? Is that a fair assumption, sir?

**Pankaj Ostwal:** As I mentioned earlier, we are confident of achieving our targeted production capacities, and once that happens, EBITDA will naturally align with capacity utilization. Additionally, we expect subsidy rates to be revised after Q2, which may further support our financial performance. Overall, we remain hopeful and confident that our capacities will be fully utilized, and we will be able to deliver results in line with our strong Q1 performance.

**Darshil Jhaveri:** That is great to hear, sir. And just also if I can, sir, in FY27 next year, our capacities are coming online in H2. So, I just wanted to know like how will that impact, like it will take some time to scale up, I think you were saying 50% utilization, so I just wanted to know like, do we feel like, will we have enough demand for our products? How do you plan for that? How are we planning for the next year, sir?

**Pankaj Ostwal:** As mentioned earlier, we are planning to operate the new plant at 50% capacity utilization in the initial year, we also understand that once the plant starts, there are some teething problems. So, we have already included those teething issues into our numbers, and we are looking forward for only 50% of the capacity utilization, so one point is this. Other point is that we are based out in Maharashtra and Maharashtra is one of the highest consuming states of

fertilizers in the country and the huge quantity of fertilizer is being imported in Maharashtra either from outside the country or inside the country also. Like SSP, there is a demand of almost 10 lakh metric tons and against that only around 3-4 lakh tons is being manufactured in Maharashtra. And for DAP, NPKs, there is a demand of almost more than 30 lakh tons and the quantity is not being manufactured in Maharashtra. So, we are confident to sell our production capacities. There is no issue in coming years.

**Darshil Jhaveri:** That's great to hear, sir. I just had a couple of bookkeeping questions. First, you mentioned MAT – but our effective tax rate seems to fluctuate between 30%, 25%, even 50% at times. Could you clarify what the actual effective tax rate is? And second, our total CAPEX is around ₹600 crore, so this depreciation benefit you mentioned, that will come into effect next year once the CAPEX is capitalized, correct?

**Pankaj Ostwal:** Yes. Under Section 35AD of the Income Tax Act, we are eligible to claim 100% depreciation in the year the project becomes operational. So, we will be claiming that in FY27, and it will apply on approximately ₹600 crore of capital expenditure. Regarding the tax rate, while the MAT rate applicable to us is 17.47%, you also need to consider the deferred tax liability, which brings the effective tax outflow to ~35%. So yes, broadly, you can assume our total tax liability will be in the 35% range, give or take, depending on timing differences.

**Darshil Jhaveri:** So, around roughly, as I will say that our tax liability will be around 35, 10 plus minus something, but roughly it is going to be?

**Pankaj Ostwal:** Yes. Correct.

**Darshil Jhaveri:** And again, I want to know, sir, currency, like you are also taking debt for our CAPEX, so what is the cost of funds that we have like, do we have any interest, the subvention or something like that, what is the roughly cost of funds that we have?

**Pankaj Ostwal:** See, we have been sanctioned loans from SBI, Federal Bank, and Axis Bank. So, the interest rate for the term loan, it is around 8.50%

**Darshil Jhaveri:** That is a very great rate, sir. Yes, that is it from my side, sir. Thank you so much, all the best.

**Moderator:** Thank you. Next question comes from the line of Isha Shah with Nirzar Enterprise. Please go ahead.

**Isha Shah:** Good afternoon, sir. First of all, congratulations on good set of numbers. I have a few questions. First is, sir, what would be the asset turnover for our new capacity that is coming up in July?

**Pankaj Ostwal:** The total CAPEX is approximately ₹650 crore. In the first year, considering the first-year utilization, the asset turnover ratio would be around 1:1.

**Isha Shah:** So, here we have taken capacity utilization of 1st year, which is around 50%?

**Pankaj Ostwal:** First year, yes, which is around 50% for the 6 months, because we are going to start the production in September '26.

**Isha Shah:** Correct. And, sir, what would be our SSP and DAP margins?

**Pankaj Ostwal:** In the new project or in the old project?

**Isha Shah:** No, like currently what would be your SSP and DAP margins?

**Pankaj Ostwal:** We are expecting a PBT of around 8%-10%.

**Isha Shah:** Individually, like in SSP also it is 8% and DAP also it is 8% like that?

**Pankaj Ostwal:** If we take it as an industry as a whole, if you want to have the numbers on product-wise, then I will have to work it out.

**Isha Shah:** No problem, sir. And sir, where are we when it comes to cost in terms of SSP and DAP as compared to Coromandel?

**Pankaj Ostwal:** Madhya Bharat Agro Products Limited has a Rock Phosphate beneficiation facility of 2 lakh tons per annum at our Sagar plant, which is not available at our Dhule plant. This beneficiation capability gives us an added margin advantage at the Sagar facility. When we compare with Coromandel, it's important to note that they also manufacture Phosphoric Acid and use it directly in their operations. We, on the other hand, are fully backward integrated — we manufacture Phosphoric Acid, Sulfuric Acid, and we also have our own beneficiation of Rock Phosphate, which is a significant differentiator. So, in terms of EBITDA margins, especially for SSP and complex fertilizers, I can confidently say that we are better positioned than peers like Coromandel. However, on PBT or PAT, I'd refrain from making direct comparisons, as other players may also have exposure to non-subsidized products or different product mixes.

**Isha Shah:** Understood. And sir, from where are we sourcing our raw materials?

**Pankaj Ostwal:** We are sourcing our raw material from Egypt, Jordan and then we have tie-up with our local mining which is MP State Mining Corporation and there are some private players also which are giving us the Rock Phosphate for our beneficiation.

**Isha Shah:** Thank you so much, sir. That would be all from my side.

**Pankaj Ostwal:** Thank you very much.

**Moderator:** Thank you. Next question comes from the line of Majid Ahamed with PinPointX Capital. Please go ahead.

**Majid Ahamed:** Thank you, sir, for the opportunity. This quarter we have done a very good revenue growth, but when I see that particularly in the gross profit margin, there is nearly contracted from 38% to 27% on a Y-o-Y basis. So, sir, I just want to understand, of course, more than EBITDA, I just want to understand what is the gross profit margin that you want to stabilize for FY '26?

**Pankaj Ostwal:** The gross profit margin and EBITDA are closely linked. The improvement in EBITDA is largely driven by improved gross margins, which are a result of better operational efficiencies and capacity utilization

**Majid Ahamed:** Yes sir, but EBITDA also factors in fixed costs like employee and admin expenses. My concern is that if there's a structural change in your cost of goods or realizations, that could pressure gross margins. So even with cost rationalization, the impact could be limited. How are you planning to maintain gross margin stability in that context?

**Pankaj Ostwal:** You're right. But again, the core improvement in EBITDA reflects an improvement in our gross margins, not just cost control. This has been achieved through higher efficiencies and better capacity utilization. We are confident of maintaining these operational efficiencies going forward, which should support margins.

**Majid Ahamed:** So would it be fair to say that on a full-year basis, you expect to maintain gross margins around 30% and EBITDA margins around 14-15%, as in FY24 and FY25?

**Pankaj Ostwal:** Yes, we've achieved this in Q1, and we are hopeful and confident of maintaining this performance over the coming quarters as well.

**Moderator:** Thank you. Mr. Ahmed, please rejoin the queue for more questions. Next question comes from the line of Rishi Mehta, an Individual Investor. Please go ahead.

**Rishi Mehta:** Hello. can we expect continued strong production in Q2, similar to the record levels in Q1, considering the seasonal dynamics?

**Pankaj Ostwal:** Yes, definitely. Q2 follows the Kharif sowing season, and with our robust inventory pipeline and expanded product mix, we are confident of maintaining production levels. There should be no issue on that front.

**Rishi Mehta:** And one more thing is that, what about Urea? Do you have any plan to move towards Urea?

**Pankaj Ostwal:** See, right now, we have already very huge scope in Phosphatic fertilizers and that is why we are expanding our business in Maharashtra also. So, at this point of time, we do not have any

plans for Urea. But as we are into the fertilizer industry, maybe down the line in another coming years we can think it off. But right now, there is no plan to diversify in Urea.

**Moderator:** Thank you. Mr. Mehta, please rejoin the queue for more questions. Next question comes from the line of Mithila Jain, an Individual Investor. Please go ahead.

**Mithila Jain:** First of all, congratulations for the result.

**Pankaj Ostwal:** Thank you.

**Mithila Jain:** Congratulations for the good result. My question is, what is the impact of Iran-Israel war on the import of Rock Phosphate and also the impact of FOB prices also?

**Pankaj Ostwal:** See, Iran-Israel war, since now the Iran-Israel war has already stopped, there is no material impact. Definitely, the FOB prices did not increase, but there was increase in freight component, sea freight component. But that has also, it is more in line with the old days, so there is no material impact of Iran-Israel war.

**Mithila Jain:** Thank you.

**Pankaj Ostwal:** Thank you.

**Moderator:** Thank you. Next question comes from the line of Kalavati, an Individual Investor. Please go ahead.

**Kalavati:** Thank you very much, sir. I want to ask regarding EBITDA per ton, what contribution most to the EBITDA per ton outperformance and will it continue in future?

**Pankaj Ostwal:** Yes, as mentioned earlier, our strong performance in volumes and operational efficiencies have played a key role. These efficiencies have helped absorb costs effectively, thereby enhancing our EBITDA per ton. We are confident that these improvements are sustainable and will continue going forward.

**Kalavati:** Thank you very much.

**Pankaj Ostwal:** Thank you.

**Moderator:** Thank you. Next question comes from the line of Gayatri Sharma, an Individual Investor. Please go ahead.

**Gayatri Sharma:** Hello. Good afternoon, sir.

**Pankaj Ostwal:** Yes, good afternoon.



**Gayatri Sharma:** Sir, my question is what is the status of marketing agreement which we had done with NFL?

**Pankaj Ostwal:** The marketing agreement with NFL was for a one-year term, and it has since expired. However, given the strong demand in the NPK/DAP market and our current capacity utilization of around 98%, we are successfully marketing our products independently without any inventory buildup. At present, there is no active agreement with NFL, and we are comfortably managing on our own.

**Gayatri Sharma:** Thank you, sir.

**Pankaj Ostwal:** Thank you.

**Moderator:** Thank you. Next question comes from the line of Rajesh Toshniwal, an Individual Investor. Please go ahead.

**Rajesh Toshniwal:** Good afternoon, sir. Congratulations on the excellent numbers. Sir, I just had a small query with regard to an enabling resolution which we took sometime around Jan-Feb for raising further funds. So, since then, have we closed our term loans and others favorably, would there still be any need for equity dilution or, sir, we will be able to make do with our own internal cash accrual?

**Pankaj Ostwal:** Thank you. As mentioned earlier, we have already tied up funds for our current projects, ensuring there's no hindrance in execution. That said, we remain open to equity participation should the right investor come in, it strengthens our balance sheet. Every project we undertake has a strong financial backing, whether through debt or equity, and will be completed on time. So, while there's no immediate need for equity dilution, we view equity as a strategic tool to enhance the company's financial strength.

**Rajesh Toshniwal:** Understood and good luck, sir and Godspeed. Thank you.

**Pankaj Ostwal:** Thank you very much.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

**Pankaj Ostwal:** Thank you once again for joining us. If you have any further questions, please don't hesitate to reach out to our Investor Relations team. Thank you. Have a great day.

**Moderator:** Thank you. On behalf of Madhya Bharat Agro Products Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Disclaimer: This transcript has been refined to improve clarity, ensure readability, and maintain financial accuracy.