

Madhya Bharat Agro Products Limited
Q2 & H1 FY '26 Earnings Conference Call
October 09, 2025

Moderator: Good afternoon, ladies and gentlemen. A very warm welcome to the Q2 and H1 FY '26 Earnings Call of Madhya Bharat Agro Products Limited.

From Senior Management, we have with us today,

- Mr. Pankaj Ostwal - Promoter and Director
- Mr. Sourabh Gupta - Whole-Time Director and Chief Financial Officer
- Mr. Pukhraj Kanther, Group Financial Advisor
- Ms. Pallavi Sukhwai - Company Secretary.

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 this conference is being recorded.

I now hand the conference over to Ms. Pallavi Sukhwai. Thank you, and over to you, ma'am.

Pallavi Sukhwai: Thank you, Steve. Good afternoon, everyone. And welcome to the earning call for Madhya Bharat Agro Products Limited.

Before we begin 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 the future financial and operating performance. Please bear with us. If there is a call drop during the course of conference call, we would ensure the call is reconnected the soonest.

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

Pankaj Ostwal: Thank you, Steve and Pallavi. Good afternoon, everyone. A warm welcome to Madhya Bharat Agro Products Limited Earnings Call for 3 and 6 months period ended Sept' 25.

We are delighted to report continuing remarkable growth and operational excellence with record fertilizer production and sales volume. Favourable monsoon improving rural economy and our strategic supply management are the key contributors to the healthy performance.

I will add a brief about the business scenario, policy environment, along with industry trends relevant to the Phosphatic fertilizers, and will then move to the financial and operational performance. Thereafter, we can take your questions.

On the business scenario:

With the monsoon 2025 concluded above normal, soil conditions have improved, and water reservoir levels have increased, thereby increasing the sowing sentiments across the country leading to the strong demand of the Phosphatic fertilizer in the upcoming Rabi season. Further, disruptions in global supply chain including China's export restrictions, low domestic productions have severely impacted the availability of DAP in the country, leading to significant deficits.

Moving on to the policy environment:

The Cabinet approved MSP hikes across all mandated Rabi crops. This will support increase in farm incomes and enhance demand for agri inputs. With a continued policy push towards balanced nutrition, NPK's output rose while stocks tightened in July pointed to healthy Kharif harvest season and potential restocking ahead of Rabi season.

Now, let's summarize how these means for Madhya Bharat Agro Products Limited:

Improved soil condition, increased water reservoir levels and MSP hike support showing economics, thereby fertilizer offtake for upcoming Rabi season looks constructive. Further, the policy encouragement for balanced fertilization and farmer shift towards value-added Phosphatic fertilizers supports the company's complex Phosphatic fertilizer and SSP portfolio positioning into Rabi season. It is noteworthy to mention here that the company has introduced various ranges of fortified SSP range including NPK 5:15:0:10 which is being positioned as a substitute of DAP in the market.

I would now move to the company's financial and operational performance.

Financial highlights:

- For the quarter, our revenue is Rs. 450 crore, which is up 62% Y-o-Y, whereas during the half year, our revenue is Rs. 860 crore, which is up 80% Y-o-Y, driven by exceptional SSP capacity utilization and steady operations in complex fertilizers.
- For the quarter, our EBITDA is Rs. 62 crore, which is up 70% Y-o-Y, whereas during the half year, our EBITDA is Rs. 119 crore, which is up 70% Y-o-Y, supported by higher volumes, operational efficiencies.

- For the quarter, our PAT is Rs. 31 crore, which is up 120% Y-o-Y, whereas during the half year, our PAT is Rs. 59 crore, which is up 132% Y-o-Y, led by higher volumes due to demand and continued operational efficiencies.
- Quarterly EPS improved to Rs. 3.48, more than double from Rs. 1.58 in Q2 FY '25. Half yearly EPS more than double to Rs. 6.7 from Rs. 2.9, up 132% Y-o-Y, reflecting sustainable profitability and strong shareholder value creation.

Operational highlights:

- We achieved our highest-ever quarterly fertilizer production of 1,18,541 MT where our Half Yearly fertilizer production of 2,24,517 MT
- Highest Quarterly sales volume of 1,35,187 where Highest Half Yearly sales volume of MT 2,34,705 MT, driven by strong market demand and efficient plant operations.
- SSP sales reached a quarterly high of 78,555 MT, whereas Half Yearly sales of SSP at 1,18,418 MT.
- NPK sales also hit a quarterly peak at 56,632 MT whereas Half Yearly sales of NPK sales at 1,16,288 MT.

On backward integration operations achieved optimal utilization with

- BRP Quarterly crushing reaching an impressive 45263 MT (96%) capacity whereas Half Yearly crushing is at 81465 MT (86%)
- Sulphuric acid Quarterly production at a healthy 37100 MT (90%) capacity utilisation whereas Half Yearly capacity is at 81892 MT (99%)

Ongoing expansion projects:

Dhule (Maharashtra):

Our fully integrated DAP/NPK and SSP plant at Dhule is progressing on schedule. The plant will have capacities of 3,30,000 MTPA for DAP/NPK, 99,000 MTPA for phosphoric acid, 1,98,000 MTPA for sulphuric acid, and 3,30,000 MTPA for SSP.

Funding of ₹202 crore has been sanctioned by SBI, Axis, and Federal Bank, with ₹75 crore disbursed to date. Overall expenditure has reached ₹199 crore as of September 30, 2025. We remain on track to commission the plant by October 2026.

Sagar (Madhya Pradesh):

At Sagar, our DAP/NPK and sulphuric acid capacity expansion is progressing well. The project includes 90,000 MTPA of DAP/NPK and 1,65,000 MTPA of sulphuric acid. Term loans of ₹73

crore have been sanctioned by HDFC Bank, with ₹31 crore spent to date. The plant is expected to be commissioned by March 2026.

Green India Initiative:

In August 2025, Madhya Bharat Agro Products Limited was selected as the preferred buyer of Green Ammonia in one of India's largest reverse auction under SECI's SIGHT Scheme. The winning bidders will supply 1,30,000 metric ton per annum of Green Ammonia to our plants over the next 10 years. This milestone strengthens our adoption of renewable energy, ensures reliable raw material supply for NPK production, reduces import efficiency, dependency, and reinforces our commitment to the Green India Initiative and Atmanirbhar Bharat.

Building on a stellar half of FY '26, we remain confident about the outlook for the second half of the year, reflected by strong demand, robust operational performance, and strategic initiatives. We remain dedicated to innovation and operational excellence, driving sustainable, long-term growth that consistently creates value for our shareholders.

With that, we now open the floor for questions. Thank you very much.

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

Subrata Sarkar: Sir, couple of questions. One is on the short term, sir. We have seen that Indian companies have entered into long-term contract for DAP from Saudi Arabia and Morocco. And because of that, supply of fertilizer has improved. So, will that have an impact on our SSP as well as NPK production? This is one thing, sir. And second, can you give some idea about when this for this Rabi season subsidy will generally get announced basically? These are my first initial questions and I may ask.

Pankaj Ostwal: As you are aware, India imports a large quantity of fertilizers from various countries and is among the biggest importers globally. Since Madhya Bharat Agro Products Limited manufactures less than 2% of the country's total requirement, the import arrangements or long-term contracts by other manufacturers will not have any impact on our operations, neither on NPK nor on SSP

The other point is the subsidy policy is under consideration with the cabinet, and we expect that it will be announced very soon.

Subrata Sarkar: This is all from my side for the time being.

Moderator: The next question comes from the line of Kunal Gandhi with Yashwi Securities. Please go ahead.

Kunal Gandhi: So, I have a couple of questions. The first pertaining to the raw material availability. So, we are all aware that there is a shortage of DAP, of course. But what about the Phosphate base? I mean, is there any other substitutes that the government is looking at in order to bring that availability back into the country, so affecting that supply dynamics? If you could just give us more clarity about existing availability in the country.

Pankaj Ostwal: Existing availability regarding DAP or Rock Phosphate?

Kunal Gandhi: Yes, both.

Pankaj Ostwal: As I mentioned earlier, India imports nearly 50% of its fertilizer requirements from various countries. So, various importers are there, and they have made their own arrangements to import the fertilizer. Rock Phosphate is available in Jordan and Egypt and Morocco, Togo. So, there is no such issue for Rock Phosphate availability in terms of import from these suppliers.

And as far as our company is concerned about the raw material, we have already made an arrangement made with Jordan JPMC to import the Rock Phosphate. It is a 10-year long-term contract. And we are buying Rock Phosphate from Jordan and Egypt.

Kunal Gandhi: So, have you been experiencing any rise in the prices of these Rock Phosphate because of the increasing demand and shortage from other countries? Can you just give me a clarity?

Pankaj Ostwal: In the last six months, there hasn't been any significant increase in Rock Phosphate prices. The fluctuations have been marginal, around 1% to 3%, mainly driven by changes in freight costs, since the material is imported from Egypt and Jordan. Due to these freight variations, the overall landed cost changes by about \$1 to \$3 per tonne.

Kunal Gandhi: And my second question on the subsidy, of course, we are anticipating a decision from the cabinet soon. But is that affecting our decision-making from the buyer's side in terms of Q3 sales? Have you been experiencing any sort of delays in decision-making or buying in this quarter?

Pankaj Ostwal: As we move into the Rabi season, you may recall that during the Kharif season there was a shortage of fertilizers across categories. The government and its agencies did a commendable job in managing the situation by optimizing domestic production and ensuring adequate imports. A similar proactive approach is being taken for the Rabi season as well. The government is closely monitoring and ensuring sufficient availability of fertilizers across the country at reasonable prices for farmers.

So, what I would like to say is the wholesalers and retailers and the federations are buying the material. There is no issue of buying the material. The subsidy is disbursed after the fertilizer is

purchased by the farmer, so the pending Cabinet decision has not had any material impact on sales or demand.

Kunal Gandhi: So, it would be fair to assume that sales prevailed on the normal rate for the first 10 days of Q3?

Pankaj Ostwal: Yes. We are already into the Rabi season, and there is huge demand for fertilizers across the country. Sales are continuing as usual, and channel partners are actively buying.

Kunal Gandhi: So, how would the subsidy be accounted for the sales of these 10 days in Q3? I just want to understand that.

Pankaj Ostwal: We are awaiting the official notification from the Department of Fertilizers, Government of India. Typically, such notifications are made effective from October 1, 2025, but we'll have to wait for the formal confirmation.

Kunal Gandhi: And my last question would be around the DAP shortage. Do you see this as a temporary shortage in industry or is this a permanent structural change that is taking place in terms of farmers accepting more of SSP and NPK?

Pankaj Ostwal: See, you need to understand that what is DAP and what is NPK. Basically, DAP and NPK is a combination of various nutrients. Government is trying to work on the nutrient-based fertilizer being provided to farmers. And the farmers want to purchase that nutrient-based fertilizer based on soil type, crop requirement, and region-specific needs. While DAP remains a relatively costlier product, but right now, the government of India has restricted that MRP to 1,350.

At the same time, both the government and manufacturers are working together to raise awareness among farmers about using the right nutrient mix suitable for their soil and crops. The government wants that the nutrients should be proper based on a soil criteria and are trying to pass on the information to the farmers that what type of NPKs are required for the soil and for the crop. It is not the issue of shortage of DAP or shortage of any other product. It is the combination of what nutrient is required for a soil. That is more important.

Kunal Gandhi: I will join back the queue for more questions.

Moderator: The next question comes from the line of Shyam Jethliya, an individual Investor. Please go ahead.

Shyam Jethliya: Sir, I would like to ask that what impact has been expected from sourcing Green Ammonia under the SIGHT Scheme on both cost structure and sustainability objectives?

Pankaj Ostwal: As far as the cost structure is concerned, still government and we as a buyer and manufacturer are talking on it. However, we expect the pricing to be broadly aligned with the current parity of imported ammonia.

Secondly, it will create an alternative source of raw material for us. At present, we primarily source ammonia either from urea manufacturers or through imports. So, Green Ammonia will be a domestic production and the dependency on imports of ammonia will reduce. Overall, the key objective is to promote self-reliance by reducing import dependency and supporting the country's sustainability goals. Pricing has to be still worked out.

Moderator: The next question comes from the line of Satyam Agarwal from Shradha Projects Limited. Please go ahead.

Satyam Agarwal: I just wanted to ask the pricing of Sulfuric Acid are rising very much. So, do we see impact going forward? I understand that we are backward integrated. But then also, do we see the prices to be impacted in near term?

Pankaj Ostwal: Yes, Sulphur prices have indeed increased over the last six months, and consequently, Sulphuric Acid prices have also moved up. However, this increase has already been passed on through a corresponding rise in MRP. Additionally, we expect a revision in subsidy rates this month, which should further offset any impact. Hence, there will be no material effect on our net price realization.

Satyam Agarwal: If I may ask, we are not currently selling Sulfuric Acid, right?

Pankaj Ostwal: No, we are not selling Sulfuric Acid.

Satyam Agarwal: So, do we have any plans to sell sulfuric Acid in the near future because we are bringing capacity expansion of Sulfuric Acid as well?

Pankaj Ostwal: As of now, no. The additional capacity is meant only for internal use.

Satyam Agarwal: This is only for captive consumption.

Pankaj Ostwal: Yes, only for captive consumption. No plans to sell the Sulfuric Acid.

Moderator: The next question is from the line of Jainam Ghelani with Svan Investments. Please go ahead.

Jainam Ghelani: So, I just wanted to know what is the EBITDA per ton for our SSP as compared to DAP and NPK? And post our expansion, what is the EBITDA per ton we are planning for each?

Pankaj Ostwal: For both SSP and NPK, EBITDA margins are around 14%–15%.

Jainam Ghelani: So, could you quantify it in EBITDA per ton, please, if it is possible?

Pankaj Ostwal: For NPK, EBITDA is around ₹6,000 per ton, and for SSP, it is around ₹1,800 per ton.

Jainam Ghelani: And what is the EBITDA per ton we are planning for a new CAPEX?

Pukhraj Kanther: I would say that the difference is not expected to be material. In Sagar, we already benefit from BRP, so broadly, EBITDA should remain in the same range.

Moderator: The next question comes from the line of Shaurya Punyani with Arjav Partners. Please go ahead.

Shaurya Punyani: Sir, I wanted to know, what kind of top line growth are we expecting in the full year since our H1 has been so good?

Pankaj Ostwal: Yes, so H1 is already around Rs. 860 odd crore. And this similar performance we are expecting to continue in the next half also.

Shaurya Punyani: So, similar as to last year's H1 or similar as to...

Pankaj Ostwal: No, no, this year's H1.

Shaurya Punyani: So, around, say, similar Rs. 800 crore we are expecting again.

Pankaj Ostwal: Yes, yes.

Shaurya Punyani: And, sir, since our capacity is already at 100% and new capacity is coming at October 26th, majority, so what kind of hope next year can we expect since new capacity is only coming halfway?

Pankaj Ostwal: Yes. As I mentioned in my opening remarks, some capacity will increase at our Sagar plant by March '26, which is 90,000 tons of DAP/NPK backed by Sulfuric Acid plant. This increased capacity will be operative by March '26. So, next year we can find this capacity fully operative.

And for Maharashtra, Dhule project, the project will start by September end or October. So, roughly six months of capacity will be available next year. And from this operational date, you can quantify, and you can work out the numbers for the next year.

Moderator: The next question comes from the line of Ritesh Dangi with R Dangi and Associates. Please go ahead.

Ritesh Dangi: Congratulations, first of all, for your fabulous half-year performance and the remarkable growth. I know that we have achieved great financial results in all the aspects. But my only

question is whether we have achieved the target and the capacity utilization as per the set expectations and the focus that we have managed earlier? Are we able to manage that completely or it is in a phased manner?

Pankaj Ostwal: No, no. See, the capacity utilization is definitely operated in a phased manner. And now we are at our best operational capacity. And we are looking forward to increasing the capacity and which will be operative by March '26 in Sagar and further the Maharashtra plant will start in September '26. So, overall capacity will be operative by September '26. And capacity will be around 660,000 tons of DAP/NPK. And SSP will be 5,70,000 tons. So in total, we will have a capacity of more than 1.2 million tons or 12 lakh tons of fertilizer, which is a very huge capacity.

Ritesh Dangi: Yes. So, one more question. Do we have any plans? As an investor, when I see both the groups, Krishana Phoschem and Madhya Bharat, so both are the limited forward integrated or backward integrated things. So, do we have any plans to do any kind of merger or get the combination of both the companies in a single tree so that as an investor I can get the complete picture of all the projects, whether any project is coming in this company or that company?

Pankaj Ostwal: We are already examining the proposal for merger at our end, and we are talking to the various regulators to merge the businesses. And as soon as we get that comfort of merging from the prospects of regulators, then we can come forward with the plan of merging.

Ritesh Dangi: That's all from my side.

Moderator: The next question comes from the line of Nitin Kaushik with AFIN Capital Private Limited. Please go ahead.

Nitin Kaushik: So, sir, I wanted to ask the reason for this astronomical top-line and bottom line growth. Like which segment contributed most to this growth, if you could explain.

Pankaj Ostwal: In H1 FY26, total quantity sold was 2,24,517 metric tons, with SSP at 1,18,418 metric tons and NPK at 1,16,288 metric tons. This is the broad bifurcation between SSP and NPK sales.

Additionally, some non-subsidized fertilizer was sold from our factory. Total sales amounted to ₹859 crore, with an investment subsidy of ₹4.78 crore received from the Government of Madhya Pradesh.

Comparing H1 FY25 to H1 FY26, NPK sales increased by 58%, while SSP sales grew by 14%.

Nitin Kaushik: So, sir, this was mainly volume, but sir, if we talk about realization, which segment contributes highest to the realization? Which has the highest realization if you could tell?

Pankaj Ostwal: NPK

Nitin Kaushik: Also, sir, from there on, what are the growth trends of SSP and NPK from here on? Like, what would be the growth trajectory for FY '26?

Pankaj Ostwal: We expect similar numbers over the next six months with the present capacity. Looking ahead, our expansions, one in March '26 and the other in September '26—will bring total capacity to around 1.2 million tons, more than double the current capacity. This would imply a potential increase of ~150% over present capacity, and we expect strong performance in the coming years.

Nitin Kaushik: Sir, on DAP, in the previous quarter, you also mentioned that the DAP sales were zero. And, sir, in this Con Call also you said that the demand for DAP is specifically low. So, sir, will this trend going to continue for the whole year?

Pankaj Ostwal: Yes, we will continue with the NPK production and NPK sales because our NPK product is already established in the market. There is a huge demand from farmers coming in from various states. So, we plan to continue NPK production in the coming months as well.

Nitin Kaushik: Also, sir, there was a question regarding the CAPEX amount. If you could tell the CAPEX amount for FY '26, total CAPEX amount.

Pankaj Ostwal: FY '26, the CAPEX amount will be, it will be in the range of Rs. 400 crore we will be spending on CAPEX.

Nitin Kaushik: Sir, like, beyond FY '26, if you have the numbers for approximately how much CAPEX will you do after that?

Pukhraj Kanther: No, as our MD mentioned, the outcome of these CAPEX investments will be seen only in the next financial year. There will be no contribution during the current financial year.

Nitin Kaushik: Sir, my question was, will there be any improvement in cash conversion cycle this year FY '26?

Pukhraj Kanther: No, no, as we have already emphasized, the performance in the coming half year will be broadly in line with what we have achieved in the first half year. So, you can conclude what will be the bottom line and what will be the top line.

Nitin Kaushik: Also, sir, could you explain what will be the price trend of both the segments in the second half of the year?

Pankaj Ostwal: The prices for SSP and NPK fertilizers will be almost similar to the last six months. Or there could be a slight increase also because already some raw material prices have increased. So, there could be a slight increase, maybe.

Nitin Kaushik: That's all from my side.

Moderator: The next question comes from the line of Heet Modi with RV Investments. Please go ahead.

Heet Modi: Good evening, sir. Sir, what is the current revenue split of the company?

Pankaj Ostwal: Revenue split of the company. From SSP, it is around ₹278 crore, and from NPK, approximately ₹512 crore. The balance comes from non-subsidized products.

Heet Modi: And my next question is, what will be the utilization of new plants like one in Sagar and one in Dhule?

Pankaj Ostwal: For the first year or which year you want to know?

Heet Modi: For the FY '26.

Pankaj Ostwal: The Sagar expansion will be completed by March '26, so production from the new capacity will start reaching the market only by the end of March or April. Therefore, any sales from this new capacity will reflect in the next financial year. And for Maharashtra, Dhule also, the plant will start in September 26. So, in FY '26, you will not see any figures from the operations of expanded capacity.

Moderator: The next question comes from the line of Kunal Gandhi with Yashwi Securities. Please go ahead.

Kunal Gandhi: Thank you for the callback. I just wanted to confirm the revenue guidance that you had mentioned. So, in H1 FY '26, we registered a growth of almost around 80% Y-o-Y. And your guidance was to maintain a similar growth trajectory in H2. So, if we consider a 70% to 80% growth again, so we can expect upwards of Rs. 1,000 crore in top line for H2?

Pankaj Ostwal: No, not similar growth, we mean similar production capacity utilization as in the first half. In absolute terms, we expect the second half to be in line with the first half. We are not projecting similar growth percentages.

Kunal Gandhi: So, almost an Rs. 850 crore trajectory, that's right?

Pankaj Ostwal: We expect. We hope so.

Kunal Gandhi: And this would be at slightly better prices?

Pankaj Ostwal: Yes.

Moderator: The next question comes from the line of Aman Goval, an individual investor. Please go ahead with your question.

Aman Goval: Congratulations on a very good set of numbers. This is a robust move in the north. Referring to our previous discussion, CAPEX for FY '26 is around ₹400 crore. Can you share what the CAPEX will be for FY '27?

Pukhraj Kanther: The total cost of the Sagar and Dhule projects is expected to be around ₹700 crore in fixed assets. As indicated, about ₹200 crore has already been spent, another ₹200 crore is expected by March, and the remaining will be spent in the first half of FY '27.

Moderator: The next question comes from the line of Satyam Agarwal with Shradha Projects Limited. Please go ahead.

Satyam Agarwal: Sir, I just wanted to know what will be the source of this CAPEX of this 700?

Pankaj Ostwal: The ₹700 crore will be funded through a combination of debt and internal accruals. Around ₹430 crore is expected from term loans, of which ₹202 crore has already been sanctioned and ₹230 crore has received in-principle approval, with final sanction expected within a month. The remaining amount will be funded from our internal accruals.

Moderator: Hello, Mr. Satyam, does that answer your question?

Satyam Agarwal: Yes.

Moderator: The next question comes from the line of Subrata Sarkar with Mount Intra. Please go ahead.

Subrata Sarkar: Sir, just one confirmation. We are saying like EBITDA per ton for SSP was 1,800 and EBITDA per ton for NPK was 6,000. Is it right, sir?

Pankaj Ostwal: Yes.

Subrata Sarkar: And sir, once more, like what was the split in terms of revenue? Like Rs. 278 crore SSP and like the rest is NPK or what? Can you please repeat it once more?

Pankaj Ostwal: Yes, the revenue split is approximately ₹278 crore from SSP and about ₹512 crore from NPK. The remaining contribution comes from non-subsidized products, primarily Sulphur-based and some trading items.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. Pukhraj Kanther for closing comments. Thank you very much.

Pukhraj Kanther: Thank you very much. Thank you all the participants who have shown keen interest in our company, and I hope your interest and your support will continue in time to come. On our side, we assure you that we will do our best to increase the stakeholders' and shareholders' valuation. We are working towards benefit of all. And expansion projects, as promised, will be

online and will start operation in the next financial year. We hope to show better results. And we need your cooperation and support. Thank you very much for all the interest and participation. Thank you very much.

Pankaj Ostwal: Okay, thank you. Thank you very much.

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

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