

Paradeep Phosphates

India | Fertilizers & Agricultural Chemicals | Result Update

Elara Capital

5 February 2026

Current valuation offers huge margin of safety

Paradeep Phosphates (PARADEEP IN) reported slightly weak results as raw materials headwinds weighed on EBITDA growth. Manufactured phosphatic fertilizer volume grew 11% YoY and PARADEEP continues to operate at peak utilization. The company is investing heavily in capacity expansion through debottlenecking as well as Brownfield expansion. A significant part of capex will commercialize in FY29, which enables it to deliver >50% EBITDA growth by FY30 over FY28. Until then, EBITDA may remain flat, as current capacity is fully utilized and benefits from 0.2mn tonne phosphoric acid plant will be offset by erosion of urea business profitability due to expiration of special incentives. However, current valuation at 10.3x TTM EPS of INR 12.8 has already factored in subdued earnings growth and provides huge margin of safety. We retain **Buy** with a higher TP of 247 based on 11.5x H1FY28E EV/EBITDA.

Capacity expansion underpins the next phase of growth: PARADEEP outlined a capex of INR 36bn, includes INR 8bn for a 1.0-mn tonne granulation capacity, and INR 15bn toward backward integration, comprising 0.25mn-tonne phosphoric acid and 0.75mn-tonne sulphuric acid capacity at the Odisha site. Around INR 11.5bn is earmarked for phosphoric acid (0.25mn tonne) and sulphuric acid (0.75mn tonne) capacity at the Mangalore plant. Environmental clearance (EC) for the acid plants at PARADEEP is already in place, while EC applications for Mangalore are expected to be filed shortly. For the granulation expansion, the EC process is underway, with public hearings expected shortly and clearance likely by August–September. Management says technical discussions with key equipment suppliers are advancing, with commercial finalization and order placement targeted by March–April. These projects are set to be commissioned by FY29, leading to an incremental EBITDA contribution of INR 14bn (includes debottlenecking initiatives) by FY30 over FY28.

Debottlenecking initiatives to support margin: Phosphoric acid capacity of 0.2mn tonne is being added by debottlenecking some processes, with 0.1mn tonnes likely to be commissioned in Q2FY27 and the balance in Q4FY27. In addition, granulation capacity of 0.2mn tonne is being added via debottlenecking by FY28, which should support higher downstream utilization. At Mangalore, a 300-tonne per day sulphuric acid expansion is underway, further strengthening backward integration. These debottlenecking initiatives are likely to support margin and improve operating leverage benefits.

Retain Buy with a higher TP of INR 247: The combined entity post the merger benefits from scale, sourcing, distribution reach and a wider product portfolio. After operationalization of new capacity in FY29, PARADEEP will morph into a fertilizer behemoth. The journey from until FY29E may yield limited profit growth but current valuation at 10.3x P/E based on TTM EPS is already factoring it and provides huge margin of safety. We slightly increase our EBITDA estimates by 4% for FY26, by 2% for FY27 and 3% for FY28. We retain **Buy** with a higher TP of 247 from INR 238 based on 11.5x (unchanged) H1FY28E EV/EBITDA. Lower nutrient based subsidy and rising debt are key risks to our call.

Key financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	115,751	138,202	217,991	220,454	230,854
YoY (%)	(13.2)	19.4	57.7	1.1	4.7
EBITDA (INR mn)	6,480	12,558	26,279	24,006	27,388
EBITDA margin (%)	5.6	9.1	12.1	10.9	11.9
Adj PAT (INR mn)	999	5,518	14,187	12,668	15,465
YoY (%)	(72.5)	452.3	157.1	(10.7)	22.1
Fully DEPS (INR)	1.2	6.8	13.7	12.2	14.9
RoE (%)	2.8	14.4	25.5	16.0	15.8
RoCE (%)	5.6	12.6	22.3	15.9	16.5
P/E (x)	106.2	19.2	9.5	10.7	8.7
EV/EBITDA (x)	27.5	14.2	6.8	7.4	6.5

Note: Pricing as on 04 February 2026; Source: Company, Elara Securities Estimate

Rating: **Buy**

Target Price: **INR 247**

Upside: **90%**

CMP: **INR 130**

As on 04 February 2026

Key data

Bloomberg	PARADEEP IN
Reuters Code	PRAO.NS
Shares outstanding (mn)	1,038
Market cap (INR bn/USD mn)	135/1,497
EV (INR bn/USD mn)	178/1,975
ADTV 3M (INR mn/USD mn)	772/9
52 week high/low	234/83
Free float (%)	43

Note: as on 04 February 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Promoter	56.1	56.0	57.2	57.7
% Pledge	14.2	14.2	13.9	12.5
FII	7.2	14.0	15.0	11.4
DII	24.5	18.2	14.6	13.3
Others	12.2	11.8	13.2	17.6

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(0.1)	4.7	10.1
Paradeep Phosphates	(22.3)	(40.2)	10.5
NSE Mid-cap	(1.0)	4.2	11.0
NSE Small-cap	(8.4)	(5.3)	1.8

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	115,751	138,202	217,991	220,454	230,854
Gross Profit	25,767	35,872	63,337	61,483	66,633
EBITDA	6,480	12,558	26,279	24,006	27,388
EBIT	4,374	10,040	22,440	19,931	23,207
Interest expense	3,660	3,623	4,700	4,281	3,882
Other income	688	1,114	1,225	1,287	1,351
Exceptional/ Extra-ordinary items	-	-	-	-	-
PBT	1,402	7,531	18,966	16,936	20,676
Tax	409	2,006	4,779	4,268	5,210
Minority interest/Associates income	7	(7)	-	-	-
Reported PAT	999	5,518	14,187	12,668	15,465
Adjusted PAT	999	5,518	14,187	12,668	15,465
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	35,644	40,769	70,537	87,639	107,821
Minority Interest	-	-	-	-	-
Trade Payables	14,881	20,283	29,660	30,487	31,494
Provisions & Other Current Liabilities	4,199	4,794	7,908	7,941	8,388
Total Borrowings	39,944	43,408	46,996	45,062	40,867
Other long term liabilities	1,943	2,210	3,344	3,349	3,369
Total liabilities & equity	96,611	111,463	158,444	174,478	191,940
Net Fixed Assets	37,433	38,415	55,560	69,734	82,303
Goodwill	581	581	581	581	581
Intangible assets	18	24	30	30	30
Business Investments / other NC assets	1,010	1,205	1,473	1,422	1,577
Cash, Bank Balances & treasury investments	1,180	11,729	1,642	2,433	2,440
Inventories	18,308	22,870	35,834	36,239	37,949
Sundry Debtors	27,205	25,347	44,793	45,299	47,436
Other Current Assets	10,876	11,293	18,531	18,741	19,624
Total Assets	96,611	111,463	158,444	174,478	191,940
Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	14,339	13,830	(3,035)	22,932	22,448
Capital expenditure	(4,115)	(3,687)	(2,600)	(18,250)	(16,750)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	447	(2,280)	(1,465)	1,287	1,351
Free Cash Flow	10,670	7,864	(7,100)	5,969	7,049
Cashflow from Financing	(10,589)	2,685	(2,987)	(5,178)	(7,041)
Net Change in Cash / treasury investments	82	10,549	(10,087)	791	8
Key assumptions & Ratios	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share (INR)	0.5	1.0	1.0	1.0	1.0
Book value per share (INR)	43.7	50.0	68.1	84.6	104.0
RoCE (Pre-tax) (%)	5.6	12.6	22.3	15.9	16.5
ROIC (Pre-tax) (%)	5.7	13.7	23.8	16.2	16.8
ROE (%)	2.8	14.4	25.5	16.0	15.8
Asset Turnover (x)	3.2	3.6	4.6	3.5	3.0
Net Debt to Equity (x)	1.1	0.8	0.6	0.5	0.4
Net Debt to EBITDA (x)	6.0	2.5	1.7	1.8	1.4
Interest cover (x) (EBITDA/ int exp)	1.8	3.5	5.6	5.6	7.1
Total Working capital days (WC/rev)	112.8	132.7	129.6	107.0	109.3
Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	106.2	19.2	9.5	10.7	8.7
P/Sales (x)	1.2	1.0	0.6	0.6	0.6
EV/ EBITDA (x)	27.5	14.2	6.8	7.4	6.5
EV/ OCF (x)	12.4	12.9	(58.7)	7.8	7.9
FCF Yield	6.0	4.4	(4.0)	3.3	4.0
Price to BV (x)	3.0	2.6	1.9	1.5	1.3
Dividend yield (%)	0.4	0.8	0.8	0.8	0.8

Note: Pricing as on 04 February 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

Financials (INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Variance (%)	9MFY26	9MFY25	YoY (%)
Cons Net Sales	57,487	49,896	15.2	68,722	(16.3)	58,728	(2.1)	171,244	119,861	42.9
Raw Materials	44,090	35,279	25.0	52,613	(16.2)	40,255	9.5	127,496	85,219	49.6
% of Net Sales	76.7	70.7	599bp	76.6	14bp	68.5	815bp	74.5	71.1	336bp
Employee Cost	863	779	10.8	819	5.3	1,029	(16.1)	2,485	2,151	15.5
Other Expenses	7,809	8,456	(7.7)	8,724	(10.5)	12,355	(36.8)	24,165	20,569	17.5
Total Expenditure	52,762	44,515	18.5	62,156	(15.1)	53,639	(1.6)	154,146	107,939	42.8
EBITDA	4,725	5,381	(12.2)	6,566	(28.0)	5,089	(7.2)	17,098	11,922	43.4
Margin (%)	8.2	10.8	(257)bp	9.6	(134)bp	8.7	(45)bp	10.0	9.9	4bp
Depreciation	1,018	880	15.7	896	13.6	1,091	(6.7)	2,774	2,352	17.9
EBIT	3,707	4,501	(17.6)	5,671	(34.6)	3,998	(7.3)	14,324	9,570	49.7
Interest	1,270	1,033	23.0	1,403	(9.4)	1,562	(18.7)	3,716	2,991	24.3
Other Income	310	423	(26.8)	417	(25.7)	491	(36.8)	1,067	817	30.6
Exceptional Items	(413)	-	NA	-	NA	-	NA	(413)	-	NA
PBT	3,160	3,891	(18.8)	4,685	(32.6)	2,927	8.0	12,088	7,396	63.4
Tax	513	799	(35.7)	1,266	(59.5)	913	(43.8)	2,850	1,689	68.8
Tax Rate (%)	16.2	20.5	(428)bp	27.0	(1,078)bp	31.2	(1,495)bp	23.6	22.8	75bp
RPAT	2,646	3,093	(14.4)	3,419	(22.6)	2,014	31.4	9,238	5,708	61.9
APAT	2,233	3,093	(27.8)	3,419	(34.7)	2,014	10.9	8,825	5,708	54.6
Adj EPS (INR)	2.7	3.8	(27.8)	4.2	(34.7)	1.9	41.1	10.8	7.0	54.5

Source: Company, Elara Securities Estimate

Energy efficiency to enhance operating leverage: PARADEEP continues to focus on energy efficiency improvements in urea, with an investment of INR 2.2bn at the Goa facility. Energy consumption is set to decline from 6.4 Gcal to 6.1 Gcal by Q4FY26, with a payback period of 3–4 years. This initiative is likely to provide operating leverage benefits.

Exhibit 2: Expansion at Paradeep and Mangalore site to come in by FY29E

Plant	Granulation	Phosphoric & Sulphuric Acid
Location	Paradeep, Odisha	Mangalore, Karnataka
Existing capacity	1.8 MMTPA Granulatin 0.5 MMTPA Phosphoric Acid 1.9 MMTPA Sulphuric Acid	Sulphuric Acid - 0.03 MMTPA existing Sulphuric Acid - 0.10 MMTPA under commissioning
Proposed capacity addition	1.0 MMTPA Granulatin 0.25 MMTPA Phosphoric Acid 0.75 MMTPA Sulphuric Acid	0.25 MMTPA Phosphoric Acid 0.75 MMTPA incremental of Sulphuric Acid
Period for the proposed capacity is to be added	2.5 years	2.5 years
Investment required	INR 24.5bn	INR 11.5bn
Mode of financing	Internal source (30%) and potential external financing options (70%)	

Source: Company, Elara Securities Research

Exhibit 3: Complex fertilizers sales grows 39% YoY in Q3FY26

(tonne)	Q3FY25	Q3FY26	YoY (%)	Q2FY26	QoQ (%)
Total fertilizer sales volume	870,586	1,069,677	22.9	1,355,103	(21.1)
DAP (Manufactured)	220,178	128,759	(41.5)	127,728	0.8
Complex (Manufactured)	402,954	561,268	39.3	649,575	(13.6)
Urea (Manufactured)	86,588	199,853	130.8	239,809	(16.7)
Traded	160,866	159,471	(0.9)	337,991	(52.8)
SSP	-	20,326	NA	-	NA

Source: Company, Elara Securities Research

Exhibit 4: Sulphuric acid production up 29% YoY in Q3

Production volume (tonne)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Phosphoric acid	92,360	138,190	125,240	130,370	113,000	120,360	145,000
Sulphuric acid	198,836	363,830	349,650	356,080	283,000	284,219	450,000

Source: Company, Elara Securities Research

Exhibit 5: Valuation

(INR mn)	H1FY28
EBITDA	25,697
EV/EBITDA (x)	11.5
Target EV	295,517
Net Debt	40,528
Target Market Capitalisation	254,989
Outstanding shares (mn)	1,036
Target Price (INR)	247
CMP (INR)	130
Upside (%)	90
P/E on TP (x)	19.2

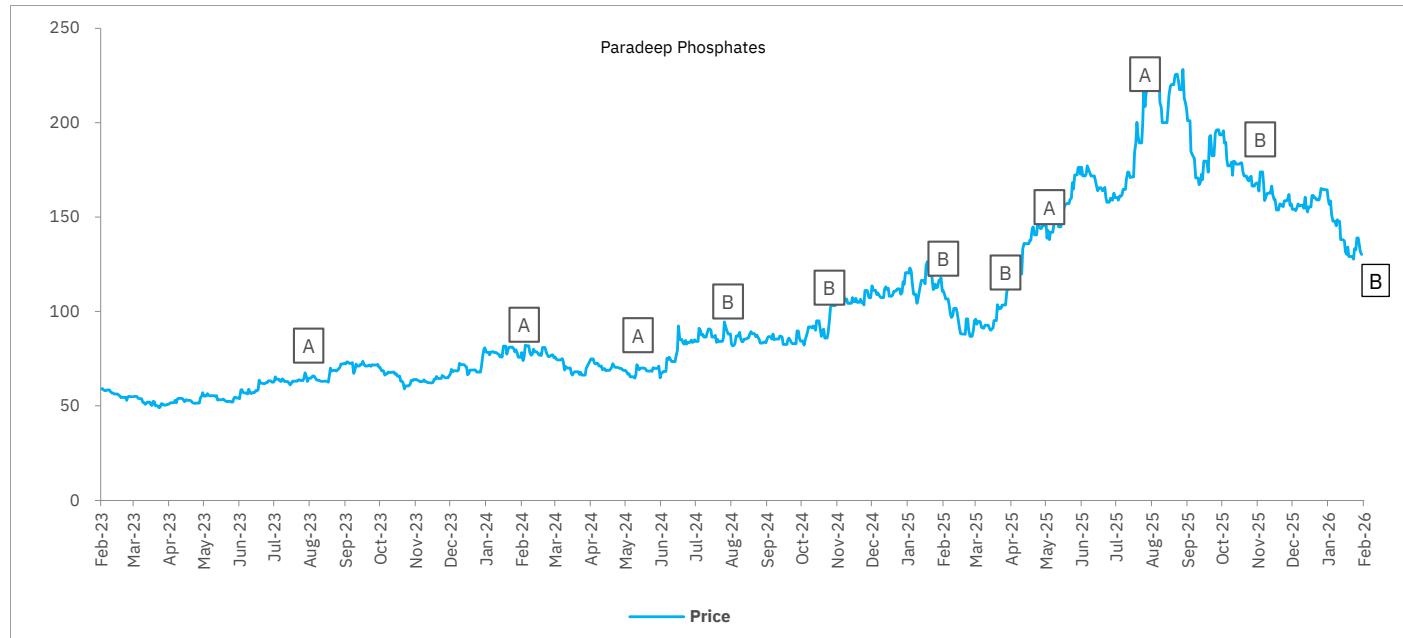
Note: pricing as on 4 February 2026; Source: Elara Securities Estimate

Exhibit 6: Change in estimates

(INR mn)	Earlier			Revised			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Sales	219320	224480	230083	217991	220454	230854	(0.6)	(1.8)	0.3
EBITDA	25256	23525	26653	26279	24006	27388	4.1	2.0	2.8
EBITDA margin (%)	11.7	10.5	11.6	12.1	10.9	11.9	35bp	41bp	28bp
PAT	14,754	13180	15822	14187	12668	15465	(3.8)	(3.9)	(2.3)
EPS (INR)	14.2	12.7	15.3	13.7	12.2	14.9	(3.6)	(3.9)	(2.3)
Target price (INR)			238			247			4.0

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
04-Aug-2023	Accumulate	71	65
07-Feb-2024	Accumulate	84	76
16-May-2024	Accumulate	78	70
02-Aug-2024	Buy	112	88
29-Oct-2024	Buy	129	95
05-Feb-2025	Buy	136	111
31-Mar-2025	Buy	147	103
08-May-2025	Accumulate	147	138
30-Jul-2025	Accumulate	238	209
07-Nov-2025	Buy	238	174
04-Feb-2026	Buy	247	130

Guide to Research Rating

BUY (B) Absolute Return >+20%

ACCUMULATE (A) Absolute Return +5% to +20%

REDUCE (R) Absolute Return -5% to +5%

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