

Phosphoric acid spread under pressure

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Rock phosphate, a key raw material used in the manufacturing of phosphoric acid, has seen a price increase in the range of 10-20% in the past month. This price rise has been across geographies, including Jordan, Morocco, Togo, and Egypt. The increase in rock phosphate price was driven by the rise in the price of phosphoric acid, which was up ~10% to USD 1153/tonne in April vs the last revision of USD 1060 in January. We expect spread on phosphoric acid production to reduce by 25-30% for manufacturers in India in H1FY26E. Lower backward integration spread is likely to put pressure on EBITDA of fertilizer companies in H1FY26.

Sulphur prices sustain at elevated levels: Sulphur prices have shot up from USD 124 per tonne in October to USD 177 in January to USD 300 in April. Sulphur prices touched USD 340 but have come off to USD 300. Elevated sulphur price, another key component in phosphoric acid manufacturing, coupled with rising rock phosphate prices will narrow phosphoric acid manufacturing spread for companies, such as [Coromandel International](#) (CRIN IN, Accumulate, CMP: INR 2,286, TP: INR 2,383) and [Paradeep Phosphates](#) (PARADEEP IN, Accumulate, CMP: INR 176, TP: INR 147).

DAP prices up 13-17% since NBS revision: A 45% increase in subsidy for phosphate in Nutrient based subsidy (NBS) policy released on 28 March 2025 has led to a 13-17% rise in Diammonium Phosphate (DAP) prices for imports into India. Increase in DAP prices led to a 10% surge in price of phosphoric acid, which has further led to a rise in price of rock phosphate.

India to replenish P&K fertilizer stocks in FY26: Fertilizer inventory in India at the end of FY25 for both phosphatic & potassic fertilizer (P&K) and urea is at its second lowest level in the past six years (Source: Department of Fertilizer). P&K closing inventory stood at 4.3mn tonne in FY25, which is the second-lowest during FY20-25. Within this, DAP inventory stood at 0.9mn tonne, the second-lowest level in the past six years. Urea inventory, yet again, was at the second-lowest level in the past six years, at a comfortable 5.6mn tonne.

Exhibit 1: Second-lowest level of country-wide inventory in India during FY20-25

Inventory (mn tonne)	Urea	DAP	MOP	Complex	P&K	Remarks
FY20	5.8	3.6	1.2	4.0	7.5	
FY21	5.6	1.5	1.0	3.1	4.6	
FY22	5.1	0.8	0.3	1.5	2.3	Due to supply chain issues led by Russia-Ukraine war commencement
FY23	6.1	2.5	0.3	3.1	5.6	
FY24	8.0	1.8	0.6	4.0	5.8	
FY25	5.6	0.9	0.9	3.4	4.3	Shortage driven by non-remunerative prices of DAP

Source: Department of Fertilizer, Elara Securities Research

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