Paradeep Phosphates

India | Fertilizers & Agricultural Chemicals | Result Update

Global Markets Research

13 May 2026

Challenging operating environment

Paradeep Phosphates (PARADEEP IN) reported better-than-expected results, driven by inventory gains which arose due to declaration of higher subsidy rates for H1FY27. Total sales volume declined 10% to 0.84mn tonne in Q4FY26, driven by a 14% decline in complex fertilizer volume to 0.48mn tonne. Due to the West Asia war, fertilizer raw materials availability (especially for ammonia & sulphur) and rising prices are cause for concern for GoI as well as companies. Although sulphur and ammonia prices have surged by 80-100% since the start of the war, subsidy increase has been minor. In this scenario, we expect a sharp erosion in EBITDA in FY27E, leading to a decline in our earnings estimates by 37%. Hence, we lower our TP to INR 156 based on 8x FY28E EV/EBITDA. We retain **Buy.**

Challenging near-term environment: The near-term environment is challenging as raw materials availability is under strain, which has led to a sharp increase in prices. The GoI decision to increase subsidy by ~10% has complicated the situation for fertilizer manufacturers. To fully pass on the cost burden, fertilizer price hike would be significant, which has the potential to create a big dent on demand. Fertilizer companies, through the industry association FAI is in daily discussions with the government to find a suitable solution. We expect the government to announce additional subsidy by Q2FY27, if not in Q1, as we are heading off into a crisis-like situation for many companies.

FY27 EBITDA hit to be meaningful: EBITDA is likely to decline 19% YoY in FY27E, due to expectations of lower volume, reduced backward integration benefits, as well as lower subsidy declared by the government. Rising sulphur prices have reduced cost savings, which arises due to manufacturing phosphoric acid in-house. Due to rising fertilizer prices and scarcity in availability of raw materials, sales volume may be under pressure in FY27.

Capacity expansion plan on track: PARADEEP's plan to double phosphoric acid capacity and increase granulation capacity by 1.2mn tonne is on track, and it will commence phase-wise in the next three years. It is likely to start operations of the 0.2-mn-tonne phosphoric acid plant in FY27, followed by 0.2-mn-tonne granulation plant in FY28. The 0.25-mn-tonne phosphoric acid plant and 1.0-mn-tonne granulation plant through Brownfield expansion will commence operations in FY29. The company has invited bids from engineering companies to build the plant and is likely to finalize the vendors in the near term.

Retain Buy with a lower TP of INR 156: Expansion plans would drive meaningful EBITDA growth from FY29. In the interim, debottlenecking-led capacity creation in the phosphoric acid and granulation plant would bolster volume-led growth. But FY27E looks a challenging yea, given rising raw materials prices and lower subsidy pass-through from the government; hence, we reduce our EBITDA by 27% and PAT by 38% for FY27E. We lower our TP to INR 156 from INR 247 based on 8.0x (from 11.5x) FY28E EV/EBITDA, as the surge in leverage has significantly deteriorated balance sheet (net debt-equity of 1x and net debt-EBITDA of 3x for FY26). We retain **Buy**. We introduce our FY29 estimates.

Key financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	138,202	218,263	211,036	233,926	268,197
YoY (%)	19.4	57.9	(3.3)	10.8	14.7
EBITDA (INR mn)	12,558	21,523	17,419	26,095	31,143
EBITDA margin (%)	9.1	9.9	8.3	11.2	11.6
Adj PAT (INR mn)	5,518	10,358	7,894	14,126	17,457
YoY (%)	452.3	87.7	(23.8)	79.0	23.6
Fully DEPS (INR)	6.8	10.0	7.6	13.6	16.8
RoE (%)	14.4	19.1	10.7	15.8	15.8
RoCE (%)	12.6	15.8	10.2	16.0	16.4
P/E (x)	18.9	12.8	16.8	9.4	7.6
EV/EBITDA (x)	14.0	8.2	10.1	6.7	5.6

Note: Pricing as on 12 May 2026; Source: Company, Elara Securities Estimate

Rating: Buy
Target Price: INR 156
Upside: 22%
CMP: INR 128
As on 12 May 2026

Key data	
Bloomberg	PARADEEP IN
Reuters Code	PRAO.NS
Shares outstanding (mn)	1,038
Market cap (INR bn/USD mn)	133/1,386
EV (INR bn/USD mn)	176/1,836
ADTV 3M (INR mn/USD mn)	767/8
52 week high/low	234/100
Free float (%)	42

Note: as on 12 May 2026; Source: Bloomberg

Price chart

Source: Bloomberg

Shareholding (%)	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26
Promoter	56.0	57.2	57.7	57.8
% Pledge	14.2	13.9	12.5	15.4
FII	14.0	15.0	11.4	8.4
DII	18.2	14.6	13.4	15.6
Others	11.8	13.2	17.5	18.2

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(9.4)	(9.6)	(6.2)
Paradeep Phosphates	3.4	(20.7)	(13.4)
NSE Mid-cap	(4.7)	(5.1)	1.8
NSE Small-cap	3.0	(2.2)	6.7

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Total Revenue	138,202	218,263	211,036	233,926	268,197
Gross Profit	35,872	56,938	53,295	65,863	76,736
EBITDA	12,558	21,523	17,419	26,095	31,143
EBIT	10,040	17,491	13,401	21,913	25,385
Interest expense	3,623	5,278	4,387	4,643	3,743
Other income	1,114	1,466	1,539	1,616	1,697
Exceptional/ Extra-ordinary items	-	394	-	-	-
PBT	7,531	14,073	10,553	18,885	23,339
Tax	2,006	3,316	2,659	4,759	5,881
Minority interest/Associates income	(7)	(5)	-	-	-
Reported PAT	5,518	10,752	7,894	14,126	17,457
Adjusted PAT	5,518	10,358	7,894	14,126	17,457
Balance Sheet (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Shareholders' Equity	40,769	67,827	79,902	99,109	121,924
Minority Interest	-	-	-	-	-
Trade Payables	20,283	30,845	30,252	32,231	36,719
Provisions & Other Current Liabilities	4,794	7,646	7,475	8,463	9,741
Total Borrowings	43,408	68,723	46,178	48,875	39,397
Other long term liabilities	2,210	4,319	4,162	4,208	4,277
Total liabilities & equity	**111,463**	**179,360**	**167,970**	**192,887**	**212,056**
Net Fixed Assets	38,415	62,466	65,211	82,478	87,970
Goodwill	581	1,413	1,413	1,413	1,413
Intangible assets	24	620	620	620	620
Business Investments / other NC assets	1,205	1,222	1,191	1,535	1,807
Cash, Bank Balances & treasury investments	11,729	4,092	2,336	2,306	396
Inventories	22,870	46,267	37,582	38,454	44,087
Sundry Debtors	25,347	47,905	43,363	48,067	55,109
Other Current Assets	11,293	15,373	16,252	18,014	20,653
Total Assets	**111,463**	**179,360**	**167,970**	**192,887**	**212,056**
Cash Flow Statement (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Cashflow from Operations	**13,830**	**(10,207)**	**29,716**	**20,711**	**19,826**
Capital expenditure	(3,687)	(8,678)	(6,763)	(21,450)	(11,250)
Acquisitions / divestitures	-	(728)	-	-	-
Other Business cashflow	(2,280)	3,864	1,362	1,616	1,697
Free Cash Flow	**7,864**	**(15,749)**	**24,315**	**877**	**10,273**
Cashflow from Financing	2,685	8,113	(26,071)	(908)	(12,183)
Net Change in Cash / treasury investments	10,549	(7,637)	(1,756)	(31)	(1,909)
Key assumptions & Ratios	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Dividend per share (INR)	1.0	1.0	1.0	1.0	1.0
Book value per share (INR)	50.0	65.3	77.0	95.5	117.4
RoCE (Pre-tax) (%)	12.6	15.8	10.2	16.0	16.4
ROIC (Pre-tax) (%)	13.7	17.1	10.5	16.3	16.6
ROE (%)	14.4	19.1	10.7	15.8	15.8
Asset Turnover (x)	3.6	4.3	3.3	3.2	3.1
Net Debt to Equity (x)	0.8	1.0	0.5	0.5	0.3
Net Debt to EBITDA (x)	2.5	3.0	2.5	1.8	1.3
Interest cover (x) (EBITDA/ int exp)	3.5	4.1	4.0	5.6	8.3
Total Working capital days (WC/rev)	132.7	153.9	105.1	108.5	107.3
Valuation	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/E (x)	18.9	12.8	16.8	9.4	7.6
P/Sales (x)	1.0	0.6	0.6	0.6	0.5
EV/ EBITDA (x)	14.0	8.2	10.1	6.7	5.6
EV/ OCF (x)	12.7	(17.2)	5.9	8.5	8.9
FCF Yield	4.5	(9.0)	13.8	0.5	5.9
Price to BV (x)	2.6	2.0	1.7	1.3	1.1
Dividend yield (%)	0.8	0.8	0.8	0.8	0.8

Note: Pricing as on 12 May 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

Financials (INR mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Variance (%)	FY26	FY25	YoY (%)
Cons Net Sales	**47,020**	**34,940**	**34.6**	**57,487**	**(18.2)**	**42,190**	**11.4**	**218,263**	**154,801**	**41.0**
Raw Materials	33,830	25,118	34.7	44,090	(23.3)	29,852	13.3	161,327	110,336	46.2
% of Net Sales	71.9	71.9	6bp	76.7	-475bp	70.8	119bp	73.9	71.3	264bp
Employee Cost	882	689	28.0	863	2.3	930	(5.1)	3,367	2,841	18.5
Other Expenses	7,883	5,663	39.2	7,809	0.9	8,500	(7.3)	32,048	26,232	22.2
Total Expenditure	42,595	31,470	35.4	52,762	(19.3)	39,282	8.4	196,741	139,409	41.1
EBITDA	**4,424**	**3,471**	**27.5**	**4,725**	**(6.4)**	**2,908**	**52.1**	**21,522**	**15,393**	**39.8**
Margin (%)	9.4	9.9	-52bp	8.2	119bp	6.9	252bp	9.9	9.9	-8bp
Depreciation	1,258	631	99.3	1,018	23.6	1,020	23.3	4,032	2,984	35.1
EBIT	**3,166**	**2,839**	**11.5**	**3,707**	**(14.6)**	**1,888**	**67.7**	**17,490**	**12,409**	40.9
Interest	1,562	1,031	51.5	1,270	23.0	1,325	17.9	5,278	4,022	31.2
Other Income	398	421	(5.4)	310	28.6	463	(14.0)	1,466	1,239	18.4
Exceptional Items	19	-	NA	(413)	NA	-	NA	(394)	-	NA
PBT	**1,984**	**2,230**	**(11.0)**	**3,160**	**(37.2)**	**1,027**	**93.3**	**14,072**	**9,626**	46.2
Tax	466	629	(26.0)	513	(9.2)	259	80.0	3,316	2,318	43.1
Tax Rate (%)	23.5	28.2	-475bp	16.2	723bp	25.2	-172bp	23.6	24.1	-52bp
RPAT	1,518	1,600	(5.1)	2,646	(42.6)	768	97.7	10,756	7,308	47.2
APAT	**1,537**	**1,600**	**(3.9)**	**2,233**	**(31.2)**	**768**	**100.2**	**10,362**	**7,308**	**41.8**
Adj EPS (INR)	1.5	2.0	(24.5)	2.2	(31.2)	0.7	101.5	11.7	9.0	30.6

Source: Company, Elara Securities Estimate

Exhibit 2: Urea fertilizers sales surged 69% YoY in Q4FY26

(tonne)	Q4FY25	Q4FY26	YoY (%)	Q3FY26	QoQ (%)
Total Fertilizer Sales Volume (tonne)	**743,543**	**823,550**	**10.8**	**1,069,677**	**(23.0)**
DAP (Manufactured)	119,277	123,640	3.7	128,759	(4.0)
Complex (Manufactured)	447,234	395,756	(11.5)	561,268	(29.5)
Urea (Manufactured)	101,262	170,922	68.8	199,853	(14.5)
Traded	75,770	109,495	44.5	159,471	(31.3)
SSP	-	23,737	NA	-	NA

Source: Company, Elara Securities Research

Exhibit 3: Sulphuric acid production up 15% YoY in Q4

Production volume (tonne)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Phosphoric acid	92,360	138,190	125,240	130,370	113,000	120,360	145,000	125,000
Sulphuric acid	198,836	363,830	349,650	356,080	283,000	284,219	450,000	410,000

Source: Company, Elara Securities Research

Exhibit 4: P&K Fertilisers (DAP + Complex) contribute 63% to overall volume

(tonne)	Q4FY25	Q4FY26
Total fertilizer sales volume (tonne)	**743,543**	**823,550**
DAP	16.0	15.0
Complex	60.1	48.1
Urea	13.6	20.8
Traded	10.2	13.3
SSP	0.0	2.9

Source: Company, Elara Securities Research

Exhibit 5: Complex contributes 59.6% to fertilizer sales volume in FY26

Sales volume (% of total)	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Total fertilizer sales volume (tonne)	**1,251,010**	**1,377,133**	**1,331,181**	**1,964,858**	**2,527,119**	**2,638,270**	**3,427,232**
DAP	58.6	58.1	65.1	33.6	35.5	25.0	15.8
Complex	41.4	41.9	34.9	47.3	50.5	59.4	59.6
Urea	0.0	0.0	0.0	19.1	14.0	15.5	24.6
Total Fertilizer Sales Volume (tonne)	**1,251,010**	**1,377,133**	**1,331,181**	**1,964,858**	**2,527,119**	**2,638,270**	**3,427,232**
DAP	733,260	799,877	866,104	659,829	897,368	660,685	541,357
Complex	517,750	577,256	465,077	930,050	1,275,133	1,567,375	2,041,722
Urea	0	0	0	374,979	354,618	410,210	844,153

Source: Company, Elara Securities Research

Exhibit 6: Sulphuric acid production up 36% YoY in FY26

Production volume (tonne)	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Phosphoric acid	262,830	290,520	301,050	302,545	474,440	486,160	510,000
Sulphuric acid	1,008,115	1,058,240	1,250,580	1,202,865	1,229,094	1,287,026	1,750,000

Source: Company, Elara Securities Research

Exhibit 7: Valuation

(INR mn)	FY28E
EBITDA	26,095
EV/EBITDA (x)	8.0
Target EV	208,763
Net Debt	46,569
Target market capitalization	162,193
Outstanding shares (mn)	1,038
Target Price (INR)	**156**
CMP (INR)	127
Upside (%)	**23**
P/E on TP (x)	11.5

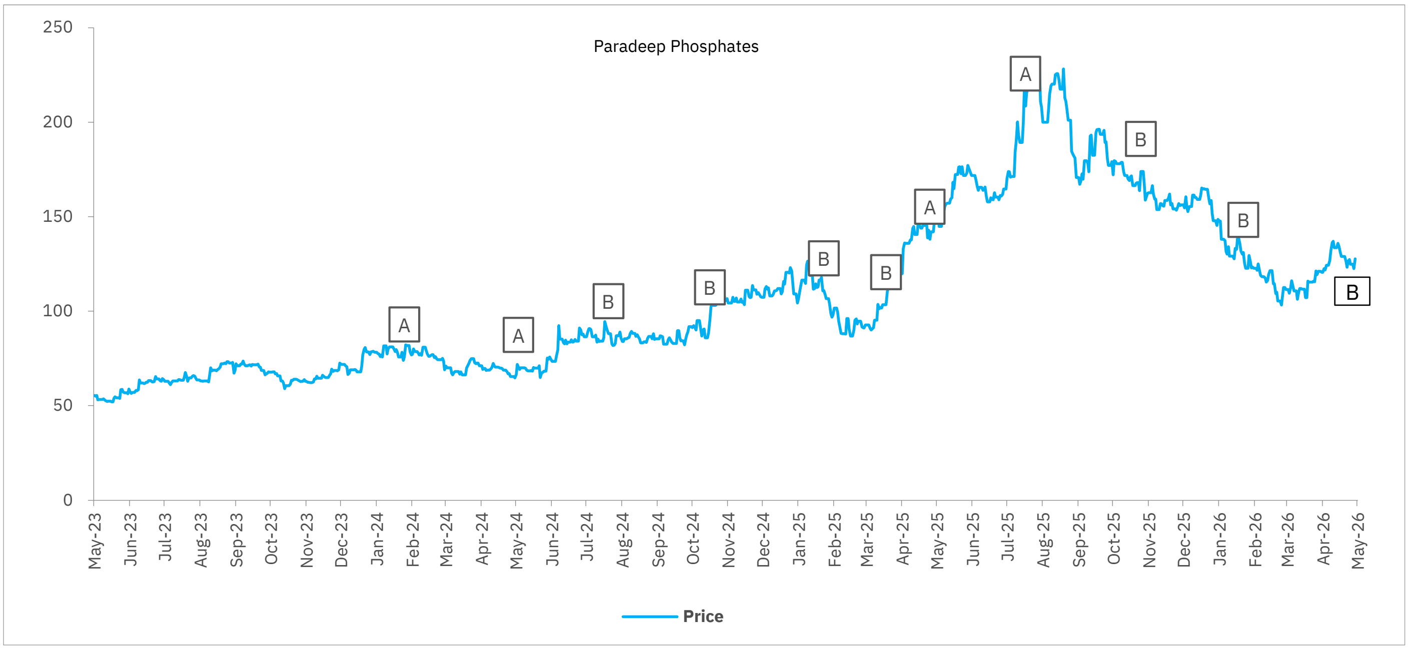
Note: pricing as on 12 May 2026; Source: Elara Securities Estimate

Exhibit 8: Changes in estimates

(INR mn)	Earlier		Revised		Change (%)		New
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY29E
Net Sales	220,454	230,854	211,036	233,926	(4.3)	1.3	268,197
EBITDA	24,006	27,388	17,419	26,095	(27.4)	(4.7)	31,143
EBITDA margin (%)	10.9	11.9	8.3	11.2	(265)bp	(74)bp	11.6
PAT	12,668	15,465	7,894	14,126	(37.7)	(8.7)	17,457
EPS (INR)	12.2	14.9	7.6	13.6	(37.7)	(8.7)	16.8
Target price (INR)		**238**		**156**		**(34.2)**	

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
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
12-May-2026	Buy	156	128

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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