Management Discussion

Manish Mahawar - Analyst, Antique Stock Broking
Sir. Thank you, moderator. I am pleased to host today's earning call of Paradeep Phosphates. We have leadership team represented by Mr. Rajeev Nambiar, Joint MD and CEO, Mr. Harshdeep Singh, President and Chief Commercial Officer, Mr. Bijoy Biswal, CFO, on the call. Without further ado, I would like to hand over the call to Mr. Nambiar for opening remarks. Thank you. Over to you, Rajeev sir.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Uh, thank you, Manish. Good afternoon everyone and a warm welcome to Paradeep Phosphates earning call for Q2 FY '27. I appreciate your time and interest in our company. I trust you have seen our earning presentation and press release which have been circulated and are available on our website and stock exchanges. Let me give you an overview. In Q2 '27, revenue from operations stood at INR7,364 crores and an EBITDA of INR431 crores, with a PBT of INR164 as well as PAT at INR122 crores. In the first half of the year '27, the company has achieved a turnover of INR13,488 crores, which is higher by 19%, and an EBITDA ofRs INR1,173 crore.

Despite the current global uncertainty, particularly in sulfur pricing, in availability, and the impact of Rabi notification, which is yet to be factored in, the company delivered an EBITDA per ton of INR5,866 in H1, vis-à-vis the corresponding last year Rs 5,719. We have been able to achieve the sales volume of 1 million ton in Q2 and two million tonnes in the first half of 2027, despite the subdued monsoon in the country. During Q2, we launched our new product, Jai Kisaan Navratna Cropfit, for the sugarcane cultivation in Karnataka and incorporated an innovative foundation for fertilizer innovation in India to support research and sustainable agriculture practices.

These initiatives respect our commitment to manufacturing diversification, innovation, and improved farm productivity while creating a long-term shareholder value. Our key expansion project of phosphoric acid expansion from 5 lakh ton to seven lakh ton at Paradeep is on track. The public hearing for the environmental approval for the enhanced capex program at Paradeep has been completed, and we are expecting to receive the environmental approvals from the Ministry of Environment and forests shortly.

The energy efficiency improvement project at Goa has been completed and the energy consumption has been optimized. Sustainability remains integral to our approach. We have published our fifth ESG report externally assured by TUV India. Our previous S&P Global score of 76 placed PPL among the top 2% of the chemical companies globally, while the latest assessment result is avoided. Looking ahead, we remain positive in the challenging time midst of the Middle East situation and the right policy support for the rainy season, which will enable us to tide over the global volatility.

And we remain committed to deliver consistent performance through integrated supply chain and product mix optimization. Thanking all of you, I now open the floor for the questions.

Questions & Answers

Operator
Thank you very much. [Operator Instructions] [Operator Instructions] who wishes to ask a question [Operator Instructions] [Operator Instructions] If you wish to remove yourself from the question queue, you [Operator Instructions] [Operator Instructions] [Operator Instructions] are requested to

use handset while asking the question. Ladies and gentlemen, we'll wait for a moment while the question queue assembles. The first question is from the line of Somaiah V from Avendus Spark. Please go ahead.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Yeah, thanks for the opportunity, sir. My first question is on the subsidy which you started in your opening remarks. So your thoughts on the subsidy, generally we will have it by October. So what is the expectation on coming subsidy? And also in terms of industry price hikes, so if you could speak about last 2-3 months, what are the kind of price hikes, especially NPKs, that we have taken? And what is our thought on NPK pricing for the second half? That's my first question.

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Can you speak a little bit louder? You know, you are not very clear.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
[Foreign Speech] I hope I'm audible, no, is it better, no yeah

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Yeah yeah

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
[Foreign Speech] Rabi subsidy in terms of your expectation, generally by October Rabi subsidy gets announced, so what is your expectation in terms of Rabi subsidy, and second also what is The current arms of things.

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Okay, regarding this Rabi subsidy, generally it used to come towards the end of this September, but this time, you know, due to various reasons and things, it is still not being declared. So we are waiting for this, you know, Rabi subsidy to be declared, but the, you know, our result has been prepared based on the existing, you know, notification, which is on the Kharif notification. So I think, uh, right now what will be the increase, you know, Rabi, will be like a little bit of speculating. So let's wait, you know.

I think it will be declared in a couple of days, so we have to wait for that. And with regard to the price increase and other things, I will hand it over to Mr. Harshdeep. You will, uh,

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Good afternoon. Uh, so if you look at the current, uh, processes, the one is we of course expecting a positive change with the NBS revision coming. And accordingly, based on the NBS revision, we would look at, uh, based on the raw material prices, if it permits, we will look at correcting the price for the farmers. Uh, our focus overall is to drive profitable growth. And tactically, if you look at it the current year, there is a kind of a shift which is happening more towards DEP where the uncertainty of the MRP is not there.

So that's how we are trying to look at it, and we have maintained our overall market leadership so far. Thank you.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Understood, sir. So, uh, second question is on the raw material front. Have the phosphates price for the industry for Q3- has it been decided? That's one. And when it comes to sulfur, on the ground,

are we seeing improvements in supply in the last 2-3 months? And is there a differential in pricing when we procure sulfur from domestic market and international? As far as the phosphoric acid price is concerned, it is rolled over actually to the next quarter. That is under 1,700. And certain areas, actually, if you look at it, we have seen some softening in terms of ammonia from the early one to the lower one.

And also there's a slight softening which is experienced in sulfur. We expect that the sulfur should correct a little more within a month's time. So this is where we stand in fact. Is there a difference in pricing domestic and international? There's some, yeah, there's definitely- actually international is corrected around maybe more than $200 per ton, and domestic to large extent actually it followed the international barring few certain instances. Okay, one last question. What is the subsidy outstanding for the end of the year?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Subsidy receivable is around INR6,700 crore, all put together, you know, what is in channel as well as build.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Got it. Thank you. I'll come back.

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Yeah,

Operator
Thank you so much. Next question is from the line of Dhruv Muchhal from HDFC AMC. Please go ahead.

Dhruv Muchhal - Analyst, HDFC AMC
Yes, sir, thank you. So if you can split the outstanding subsidiary between what is in the channel and what is built, is it possible?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Yeah, you know, if it's, uh, out of 6,700 crore, you know, what is already built is around 3,000 crore, and you know, what is in the channel, you know, is around 3,700.

Dhruv Muchhal - Analyst, HDFC AMC
All right, so we have seen a meaningful volume drop, which is probably understandable, uh, But this also has come along with a meaningful receivable increase. So I'm just wondering, is there some channel filling that you have done to ensure volumes? I mean, yeah, so just some thoughts.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
So, Gaurav sir, if you look at the receivables, quality of receivables, as far as market receivables are concerned, we are actually almost on par with last year. Despite the higher days, the receivables have gone up primarily on account of receivables from the government, and we are expecting that we should be getting those receivables. We got good receivables in October, and we expect good receivables to come in November once the new NBS policy gets lifted.

Dhruv Muchhal - Analyst, HDFC AMC
Sure, but market receivables are

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Very much in control.

Dhruv Muchhal - Analyst, HDFC AMC
In control, correct. And so is the sulfur notification- there was There were talks about sulphur getting compensated, sulphur price getting compensated. Is that notification part of the estimates? I mean, part of the numbers, or that has also not been factored in?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
No, no, no. This sulphur notification has not come, you know. So this has not been factored in this number. So the result award has been given to you, given, you know, that is without factoring the sulphur notification.

Dhruv Muchhal - Analyst, HDFC AMC
So not even the sulphur notification, and Rabi anyways is not announced, so that is not there. So it's purely Jelty, sir. Yes. Got it. Correct, correct. But is there any change in the thought on the sulfur notification, or it's just pending the final approval? I'm just wondering what's causing the delay.

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Yeah, it, you know, as you said, that it's pending the final approval of the cabinet. I think, you know, that's how it stands right now.

Dhruv Muchhal - Analyst, HDFC AMC
Sure. And just the, uh, a macro question. Now we see, uh, your production is down significantly on a Y-o-Y basis. I believe, uh, some of your peers will also be, uh, seeing a similar situation. And the fertilizer consumption at a broader level, I'm assuming, will not change meaningfully. So I'm just wondering, how does the system manage significantly lower production and probably almost similar demand versus last year? So how, how is the system likely to manage the availability of fertilizers? Or probably there is enough inventory and that should not be a problem.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Yeah, so 2-3 things. So just to clarify, one, from a market leadership point of view, as far as farmer sales are concerned, uh, what we have done is we have augmented our manufacturing strategy along with the traded volume, uh, looking at trying to optimize the product mix because there were supply chain pressures and also in terms of the pricing of the raw materials. So we have kept our market share leadership. If you look at H1, rather, our all phosphates put together, our market share has improved.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
That's

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
How we're keeping our market present. It's a combination of manufacturing strategy and imports. So that's what we do. As far as the inventory is concerned in the country, uh, we see there will be an impact on the pharma consumption because of the, uh, monsoon being impacted. Okay, so that, that rub-off is already there, especially on the NPK demand. So that ensures that we keep our market leadership overall with the available manufactured volumes and the traded volumes.

Dhruv Muchhal - Analyst, HDFC AMC
So I understand the 1H market share. I'm just wondering about what happens in 2H because your production levels are so low, your peers will also be low, and I understand consumption could be a bit low, but will it be as meaningful? For example, your production on a Y-o-Y basis will be down, I don't know, almost half on complex fertilizers. And your peers will also have a similar number. So I'm just trying to understand how will be the flow in the system be, uh, during the Rabi season. We are

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Prepared for the Rabi season, so we have our manufactured volumes as far as Paradeep is concerned. We are doing DAP manufacturing there, and we've also augmented our volumes for the Rabi season through the traded volume. So, so we, we are trading, we've imported DAP as well as NPK. So we are geared up for the Rabi market.

Dhruv Muchhal - Analyst, HDFC AMC
Got it, sure. And so last question I'll squeeze is, um, the longer-term strategy has been, uh, for India at least, has been that, uh, the shift away from DAP to NPK, um, as a, you know, multi-year story. Uh, in the last at least six months, nine months, we have seen that trend shifting a bit. I'm just trying to understand these disruptions, how does that impact the longer-term trend of shift towards NPK? I mean, the channel availability of NPK starts to get distorted, you place more DAP, not you, probably the system also.

So how does it impact the, uh, you know, the longer-term trend of shift towards more and more NPKs if that disruption continues?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
So you're absolutely right. See, as far as Paradeep phosphates is concerned, our long-term focus strategy is on balanced nutrition, and we are committed in terms of growing the NPKs and NPS, 20-20-0-13, and, and the other NPK grades. But because of current, uh, policy structure, there is a shift which is more like a tactical shift which is happening towards DAP. And, and we're trying to ensure that we, we are doing a product mix aligned to the market requirement because you understand that there is a distortion as far as NPK MRP is concerned.

They are upwards of Rs 2,000 plus vis-à-vis DAP, which is at Rs 1,350. And we're also trying to augment the phosphates requirements for farmers through DAP, then fertilizer TSP, which is 46% P. And, and we of course are maintaining, uh, presence as far as NPKs are concerned. But there is a market shift which is, uh, which has happened towards DAP as far as the current year is concerned.

Dhruv Muchhal - Analyst, HDFC AMC
I'm wondering when you probably highlighted to the government, because that's also the broader objective from soil health and all other parameters, so, uh, what is probably their response in terms of this? I understand these are exceptional conditions, but, uh, I mean, what's their response?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
So our response is, see, this is exceptional condition. So we still are doing our market development work in terms of creating awareness for the Balance mission. So what we are also trying to do is, along with augmenting the phosphate, we are also selling a lot of potash. If you look at, uh, so Paradeep Phosphates, our market share is almost, uh, significantly increased as far as MOP is concerned. So we continue to focus on the complete range of agri-solutions, but it's a tough environment. I mean, because the farmer is making choice because of the current policy, which is

more skewed towards DAP.

But we continue to create awareness for the NPKs and the range of micronutrients that we offer.

Dhruv Muchhal - Analyst, HDFC AMC
Sure, sure. Great, sir. Thank you so much. I'll join the queue. Thank you.

Prashant Biyani - Analyst, Elara Securities
Thank

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
You. Thank you.

Operator
Thank you. Next question is from the line of Prashant Biyani from Elara Securities. Please go ahead.

Prashant Biyani - Analyst, Elara Securities
Yeah, thank you for the opportunity. So your debt number looks pretty high this time. Uh, I understand that, you know, raw material prices have been higher, but what efforts are you taking to reduce it from here on?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Good afternoon. I think what you said is correct. The debt numbers are higher because, uh, the high subsidy receivable and, you know, the investment in the inventories. So a lot of inventories which has been- we have taken a position that is, you know, lying in the pipeline which will be liquidated in this Rabi. So we have stacked now, stocked up, you know, keeping the Rabi in mind. And this subsidy receivable, whatever is there That, uh, right now this October, the flow inflow is good, collection is also good.

So only way is that we should do the, you know, quick, uh, you know, pause and sales and do the collection, which we are doing. So this will be, this will be substantially reduced now by end of December.

Prashant Biyani - Analyst, Elara Securities
And sir, uh, when we have enough capacity, uh, what is the reason for importing DAP and NPK rather than manufacturing it in-house?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
We had some unprecedented situation related to sulfur availability, which is pulling down our actual production. And also some areas that we are finding it a little difficult in terms of viability. These are two reasons actually we have shifted actually our focus little from on manufacturing versus imported, which is actually a good decision in terms of the viability.

Prashant Biyani - Analyst, Elara Securities
And sir, what is the, uh, stock at POS, uh, phosphatic stocks in POS at the end of Q2 and Y-o-Y?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
So, uh, uh, Prashant, uh, I see here. So if you look at the stock that we had as on end of, uh, that is 30th September, we had around nine lakh metric ton of stock.

Prashant Biyani - Analyst, Elara Securities
This is only phosphates, or are you

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Talking of only NPK stocks? You won't know?

Prashant Biyani - Analyst, Elara Securities
No, DAP plus NPK.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Yeah, DAP, uh, is around two lakh tons, NPK is around 3.5 lakh tons, and TSP around a lakh tons.

Prashant Biyani - Analyst, Elara Securities
So around 6.5 lakh tons?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Yeah, that's just 6.5 lakh tons, and overall including urea, around nine lakh tons.

Prashant Biyani - Analyst, Elara Securities
Okay and sir how much was phosphatic last year including all categories

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
last year our stocks was primarily around eight lakh tons and phosphatic was at a very similar level I mean approximately NPK plus DAP put together was around seven lakh [Foreign Speech] basically if you look at it the The differences is primarily in the urea stock. Urea stock this year are slightly higher,

Prashant Biyani - Analyst, Elara Securities
Right? And so at the end of Q2, how much of phosphatic finished fertilizers do we have in our books in terms of tonnage?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Okay, we'll be able to tell you, uh, just give me a minute. So we, we had finished fertilizers closing stock which was including the translate of around 1.5 lakh tons.

Prashant Biyani - Analyst, Elara Securities
Uh, this is only phosphate. Just-

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
I'm talking of the total stock. I mean, the- out of that, uh, I mean, urea stocks are around 10,000 tons, and there's some, uh, around the 20,000-18,000 tons of potash

Prashant Biyani - Analyst, Elara Securities
Also. Right. And, uh, how much of subsidies have you received in Q2?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Total subsidy received, as I stated, is around INR6,700 crore. And, uh, anything, any question? No, I'm

Prashant Biyani - Analyst, Elara Securities
Saying subsidy received, not outstanding. Okay,

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Okay. So subsidy what we received in Q2 is around INR2,750 crore.

Prashant Biyani - Analyst, Elara Securities
Uh, so yeah, now that, you know, because of this, uh, e-token system, uh, sales volume is down in states, uh, where pilots are going on.

Dhruv Muchhal - Analyst, HDFC AMC
So sir,

Prashant Biyani - Analyst, Elara Securities
How as an industry, how do we get out of this system? I mean, not get out of the system, but in a sense, how do we, uh, uh, sort of, you know, move out of this sales volume decline? Uh, is there a way? Uh, yeah,

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
The way I look at it is, uh, this is a new reality, okay, where the shift is happening towards the framework of fertilizer sales, where farmer is going to make- start making choice, and they're already doing it. So, so 2-3 ways how we look at responding to it. One is of course creating awareness for the farmer, because for farmer it's still, uh, not very easy. A lot of them don't have smartphones, so it's, it's a kind of transition which is happening. Uh, however, at the same time, the way we look at it is our focus will be to kind of keep our brand strength and brand pull strong, do a market development work, and work with the farmers to the farmer's needs in terms of creating this awareness, because this is something inevitable.

But part of the, uh, the impact on the sales is also because of the country, uh, because of El Nino, there has been almost -13% deficit of monsoon rainfall, so which is impacting the uptake and consumption in the west and south India. While north India still, we are seeing a very strong rainy season for Madhya Pradesh, UP, Bihar, we still feel there will be a very strong consumption window.

Prashant Biyani - Analyst, Elara Securities
yeah no healthy no impact [Foreign Speech] understand but again sir sorry

Operator
To interrupt Mister Biyani can you please resume the queue for follow-up question

Prashant Biyani - Analyst, Elara Securities
I'll just finish this it's a follow-up on the last question then I'll join the queue sir if as is a industry at an industry level if we you know if e-token system, uh, our, uh, then it means that our manufacturing volumes have to be calibrated downwards, uh, both at the company level.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
So I don't think so, Prashant. Please be very clear, your company is very well positioned in terms of market leadership. Like I shared, our farmer sales market share for phosphate, it has grown 1%, and while we Normally don't give a forward-looking, uh, kind of guidance, but we are very well positioned operating in 18 states of the country and, and with a very balanced portfolio across North,

East, West, and South of India. So how we are looking at is we're looking at further growth. Okay, so, uh, the impact is more because this year because of the policy and because of the monsoon deficit.

Going forward into a normal year, we don't see any, any, uh, Correction in volume.

Prashant Biyani - Analyst, Elara Securities
So placement is fine, but liquidation is weak. That is why receivables is evenly split between build and non-build. Uh, so liquidation is a problem more than placement is what I meant.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
The liquidation is not a challenge, uh, Prashant, in terms of the current, you know, October. The NBS listing has to happen. We have had a very good, uh, cost sales in the month of October. So, so, uh, you have to look at it that in a normal year with a normal monsoon, that will be much, much more higher, and the farmer will get also get used to the new system. Only shift which is happening, like what you are rightfully saying, is the farmer will make a choice whether he picks up a particular X fertilizer or a Y fertilizer.

So that is a shift. Otherwise, uh, so, uh, the unbilled, why it's appearing high, higher is because NPS has to get listed. So entire October for sale, the bills will be raised accordingly once the listing is up.

Prashant Biyani - Analyst, Elara Securities
Sure, thank you.

Operator
Thank you. Next question is from the line of Riju Dalui from Antique Stock Broking. Please go ahead.

Riju Dalui - Analyst, Antique Stock Broking
Hi sir, thanks for the opportunity. My first question is regarding the, the overall inventory level for the Rabi season for this, this, uh, date, uh, sorry, uh, for, for as of the opening stock of the current season for the industry. So if you could indicate that number.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
So Bombay, uh, see, I mean, you don't have a very clear listing, but the way I look at it is more or less phosphatic. We understand that the NPK stocks are around 4.5 million, uh, tons, and the DP stocks are around two million tons plus. So that's how we look at it.

Riju Dalui - Analyst, Antique Stock Broking
Okay, but, uh, uh, what, what was the inventory level for the NPIC or the phosphatic fertilizer, uh, in the last year for the re-opening?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
I, I mean, the way I look at it is, uh, just give me a minute. Uh, if, if you look at it last year, the DP stock was around, uh, uh, 1.9 billion. This year it's around 2.3 billion. Is around 20% higher than last year. And NPK stocks last year were around 3.5 million, uh, and this year it's around 4.4 million. So that's again around 29% higher than last year.

Riju Dalui - Analyst, Antique Stock Broking
Understood, sir. So, uh, my question is regarding if we look at the overall channel inventory, already last year, so last year DAP prices were at the lower- sorry, DAP inventory was at the lower level, but this year inventory is on the higher level. Accordingly, NPK is on the higher level. So the inventory

buildup in the system, it is a high-cost inventory. So how do you look at in terms of going forward to liquidate this inventory at the industry level? So before you can look at in terms of the maybe next six to eight months perspective, so how do you see in terms of the liquidation of this inventory?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
I am not looking at- just let me clarify, I am not looking at kind of liquidating the industry's inventory. I am clearly looking at liquidating the PPL inventory and which is very well in kind of well balanced in terms of current portfolio between DAP and NPK and the way we spread out across the state we confident that we be able to get a stock consumed in the pilon

Riju Dalui - Analyst, Antique Stock Broking
Understood sir but if I if right point five and

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Yeah yeah

Riju Dalui - Analyst, Antique Stock Broking
So so if I look at in in terms of the last year two kind of a volume for NPK that means the derive volume if I look at so that was roughly around I think somewhere between 1.2 and 1.3 million metric tonnes for NPK in terms of manufacturing. So if you are liquidating the old inventory, then, you know, the production might hamper in Q4. So just wanted to get understanding in terms of the balance sheet, wanted to understand, sir.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
No, so what we are trying to do is, see, as far as Q3 is concerned, which is a peak consumption window as far as the northern and eastern markets are concerned, our product mix is more Uh, favorable in terms of the DEP where the uptake in cost is higher. So, so we are very confident of kind of optimizing on that. As far as Q4 is concerned, based on the NPK listing, we will review what's the portfolio mix that we have to focus as far as Q4 is concerned.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Just to add to that, actually, we understand the anxiety mainly because there are too many things that have acted together. But if you look at it, it's slightly getting softening. In fact, availability of the key raw materials prices are actually softening down. So we feel actually the worst looks to be over. Uh, looking forward to future, actually we are optimistic about it.

Riju Dalui - Analyst, Antique Stock Broking
Understood, sir. So actually I was looking at in terms of the balance sheet perspective and the capex perspective. So if there is a, you know, inventory stuck in the system, then we might have a scenario of inventory loss and could hamper our overall cash flow. So that was the perspective, uh, to understand. Yeah, I

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Understand.

Riju Dalui - Analyst, Antique Stock Broking
Yeah, no problem. No, so

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
We don't see, uh, uh, kind of- because the inventories, if you look at it, are very well balanced, like I said, between the DEP and NPK portfolio. And, and we are not this year, uh, uh, inventory on the higher side with last year. Unlike industry. Okay, so, so I don't see this thing. So whatever is the normal business dynamic, we are pretty geared up. And like, uh, we expect the NBS revision, uh, to be on the positive side. So, so you will have a positive impact only on the inventories that you have.

Riju Dalui - Analyst, Antique Stock Broking
Understood, sir. But the, the current scenario [Operator Instructions] not persist for the longer term, right? So somehow in the, in the then the- maybe in the next current season we might see some subsidiary division downward. And if we, you know, stuck in the high-cost inventory scenario, then we might have a scenario that, uh, could impact our overall inventory loss scenario. Yeah, yeah, but why do

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
You feel so concerned? There's a full Rabi consumption window which is ahead, the full season ahead. So you- so let's say we will be able to kind of, uh, bring down our inventories to a significant extent. And yes, if there is a selective risk, maybe industry might have a higher inventory. We are very confident that we should be able to get our inventories in control. And yes, a little bit of residual risk will remain for every month, but we are very well positioned compared to the rest of industry, and which is very evident from the fact like what I was sharing, that our phosphate share has grown as far as farmer level is concerned, almost +1% compared to last year.

Riju Dalui - Analyst, Antique Stock Broking
Understood, sir. Understood. Yeah. Okay, sir. Thank you. Thanks for clarifying.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Yeah, we appreciate it.

Operator
Thank you. Next question is from the line of Preet Nagarsheth from Wealth Finvisor. Please go ahead.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Yes, hi. Um, I'm sorry I joined a little bit late, so I [Operator Instructions] have missed some updates. I just wanted to sort of understand from you the potential impact that will emerge because of El Nino that will impact the Rabi crop as well as the forthcoming kharif sowing that will emerge. So How is, uh, Paradeep planning to mitigate or manage or handle the upcoming, uh, macro? Could you repeat, in fact, a little louder? Could it get you exactly?

Saumil Shah - Analyst, Paras Investments
Yeah, sure. So my question is that given the impact of El Nino, which you're already seeing, um, and Rabi's, uh, sowing is ongoing as well as

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
The next year's kharif that will get affected, How is the company planning to manage this upcoming year, which is going to be very difficult?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Yeah, so, uh, see, the El Nino impact- definitely, uh, there has been an impact, and especially, uh, in Maharashtra and Karnataka. The good thing is some cyclonic activity happening, uh, Tamil Nadu and Andhra look positive. But, uh, but Odisha, Madhya Pradesh, UP, Bihar, Punjab, Haryana, Rajasthan, they are performing very well. So as far as Rabi season is concerned, these are the dominant Rabi markets, and we are seeing a good traction happening there. And if you look at it, our focus also as an organization, you're focusing on the geographies where, uh, the, the phosphates are better.

And just to give you that, uh, confidence, both Paradeep Goa, uh, how, how we currently planned in our logistics is that we are able to move stocks, uh, into the northern market from both the sides.

Saumil Shah - Analyst, Paras Investments
Okay,

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Okay. So, so yes, there is an overall concern as far as farmers are concerned. The positive thing is the farmers are getting a good price for their paddy crop and most of the crops, which, which is a positive. And we see a good Rabi season, especially in North, Central, and East India. Even West Bengal, uh, the outlook is very positive,

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Right? So generally, given the strong raw material prices out there and the potential of the weak, uh, weaker demand given what you just outlined, uh, Is- I mean, are we looking at a slightly degrowth

Saumil Shah - Analyst, Paras Investments
Kind of an environment here? And if so, any guidance for next year based on how you see the environment?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
The guidance will be- we typically don't give the guidance in terms of especially next year. We

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Can see that there is a, you know, this monsoon impact which is, uh, you know, up around 10 to 15%. But, you know, if you look at even H1, you know, sales also, we are still down by, you know, our sale is almost 10%. So keeping that in mind for this year, you know, we'll have some, you know, demand, you know, the sales distortion. But we are trying to make up the loss in the coming, you know, this H2, you know, in the Rabi season. So we are hopeful that, you know, it will be, you know, you know, around the same thing.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
So, but what you're saying is the focus is to kind of ensure that we can keep our market share and at the same time optimize, uh, in terms of driving profitable growth. So volume is not something which is the only thing that we're looking at. So it will be trying to look- but like we said, Q4, we'll look at what's the most optimal strategy.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Understood. Okay, thank you.

Operator
Thank you. Next question is from the line of Saania Jain from Care PMS. Please go ahead.

Sanya Jain - Analyst, Care PMS
Hi, thank you for the opportunity. Just one question, uh, could you provide any update on the ongoing, uh, backward integration projects? What is the commissioning timeline, anticipated raw material cost, and EBITDA per ton when the project becomes operational?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Okay, uh, very important question for us. Uh, the backward integration of 5 lakh to seven lakh is going in full swing. The construction activities are going on. Most of the material is already on the site, and, uh, we expect that the Q1 of next year, 2028, actually we will be able to commission this.

Sanya Jain - Analyst, Care PMS
Uh, any expected, uh, savings per ton? We, uh, could you give that number?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Uh, it depends basically on the prevailing raw material, those kind of situations there. But typically we see a $150 per ton increase in terms of the quantity.

Sanya Jain - Analyst, Care PMS
Okay. And what is the expected EBITDA per ton for FY '27?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
We typically don't give, but as a guidance we say $4,500 to Rs 5,000 per ton.

Operator
Okay, thank you.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Thank you.

Operator
Thank you. Next question is from the line of Saumil Shah from Paras Investments. Please go ahead.

Saumil Shah - Analyst, Paras Investments
Yeah, thanks for the opportunity. Uh, so trade receivables were INR7,485 crore. So this includes, uh, the subsidy receivables of INR6,700 crore?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Yeah,

Saumil Shah - Analyst, Paras Investments
Okay. And normally how much time it takes? I mean, once the stocks are sold to farmers, so this INR3,000 crore subsidy, by when we can get?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
So right now, this generally once the post-sale happens, this, you know, consumption by the farmer happens, it is within 15 to 30 days, you know, we get the subsidy.

Saumil Shah - Analyst, Paras Investments
Okay in normal scenery of within amount and at the dealer level so whatever stocks are there so normally how much time the pipeline takes from dealer level to sell from the dealer level and then subsidy receivable

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
It it it depends on the seasonality so like what we are in mids of October and so it'll typically take anywhere between 30 to 60 days for the posted.

Saumil Shah - Analyst, Paras Investments
Okay, to the cycle to complete.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Or, and you can put another 15 to 20 days for the government cycle.

Saumil Shah - Analyst, Paras Investments
So

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Anywhere between 60 to 70 days total cycle.

Saumil Shah - Analyst, Paras Investments
Okay, and what was the EBITDA burden in Q2?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Sorry, no. What

Saumil Shah - Analyst, Paras Investments
Was the EBITDA per ton in the current quarter?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
4,250.

Saumil Shah - Analyst, Paras Investments
Okay, and you said normal guidance for the second half would be around 2,500 to 5,000?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Yeah.

Saumil Shah - Analyst, Paras Investments
Okay, and my final question, sir, uh, this- our debt has increased a lot, so can we- I mean, can you just, uh, How are we planning to get the debt down, and can it be at the March 26th number by, end of March 27th?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Look, you know, this, uh, this debt is mainly on account of this, you know, investment in the working capital, you know, that is in inventories and, you know, subsidy receivables. So what you see that, you know, in this release is when, uh, the stock what we have purchased, you know, we are having a very concrete liquidation plan. And apart from that, the risk, you know, post-congestion or thermal congestion, we are, you know, quite hopeful that, you know, we bring it down to the level of, uh,

maybe a little bit higher than the last year, but, you know, it will be substantially reduced from the level what we are looking at right now.

Saumil Shah - Analyst, Paras Investments
Okay, okay, uh, okay. So last year it was around INR6,900 crore gross debt. So we are looking at similar number, at similar number. Yes,

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Yes, yes.

Saumil Shah - Analyst, Paras Investments
Okay, okay. That's it from my side. Thank you and all the best.

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Thank you. Thanks.

Operator
Thank you. Next question is from the line of Sandeep Mukherjee from SKP Securities Limited. Please go ahead.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
So thanks for taking my question, sir. How much of DAP and NPK volume Have we traded in this quarter?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
We have sold as far as H1 is concerned imported DAP what we had done in September YTD. We have sold around 1.7 lakh tons of imported DAP

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
And NPK and

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
We have also done MOP of around 1.4 lakh tons, talking of the H1, right, sir? And NPK, sir? Uh, NPK mostly they have come in, so, uh, like that they will be mostly into ammonium sulfate. We have done around, uh, 0.57 lakh metric tons.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Okay, okay.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
And rest of the NPKs will kind of come into the Rabi season.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
And we

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Have also done TFP of around 1.23 lakh metric.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Okay, okay sir, thank you.

Operator
Thank you. Next question is from the line of Prashant Biyani from Elara Securities. Please go ahead.

Prashant Biyani - Analyst, Elara Securities
Uh, sir, how much is the SSP volume from Q2?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Prashant could you repeat.

Prashant Biyani - Analyst, Elara Securities
SSP volume for Q2.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
SSP volume have been quite bleak and minuscule this quarter, last quarter,

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Or.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Viability was an issue in terms of SSP, so we are not concentrated much on SSP.

Prashant Biyani - Analyst, Elara Securities
Right, and just to recheck this DAP trading of 1 lakh 70,000 in H1 would more and less be in Q2 only right? Q1 didn't have any DAP trading I think.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
No this I am telling you of the sales what we have done in the H1, ok? we will also have DAP in the Q3 also. this I am talking of the H1 sales Prashant, what we h I

Prashant Biyani - Analyst, Elara Securities
Meant this entire 170 would largely be in Q2 only because Q1 didn't have any. Yeah, yeah, you're

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Right. So the Q2 numbers are around 1.69 lakh tons. So you're very right. So this all happened in Q2,

Prashant Biyani - Analyst, Elara Securities
Uh, and NPK for Q2 would be around 22,000.

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
So NPK, if you look at ammonium sulfate itself, uh, we have done around 30 5,000 tons. And so all, all put together, uh, I mean, uh, 35,000 tons of ammonium sulfate and, uh, and the TSPF around close to a lakh tons and 1.7 lakh tons of DP imported. And MOP we have done around 76,000 in Q2.

Prashant Biyani - Analyst, Elara Securities
Okay, so thank you so much.

Operator
Thank you. Next question is from the line of Burhanuddin Solanki, an individual investor. Please go ahead.

Burhanuddin Salanki - Individual Investor
Hello, sir. Hi, everyone.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Can you be a little louder?

Burhanuddin Salanki - Individual Investor
Am I audible, sir?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Yeah, yeah, go ahead. Little louder. Yeah.

Burhanuddin Salanki - Individual Investor
Yes, sir. I wanted to know about the capex spend that we are assuming. Like we are going to invest around INR4,700 crores. So what will be the capex timeline over the years? How much capex will be done and, uh, expected revenue and the profitability from that project? Can you give details about that?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Yeah, uh, like we earlier said, actually the capex plan is, uh, on as per the schedule. Look at the major thing as the backward integration which we are going already doing, which will go on. And this Rs 4,000-Rs 4,700 crore is going to be spanned between now to 2029, and the expected EBITDA increase to the tune of almost around Rs 4,800-Rs 5,000 from, from that level to INR1,500 or more.

Burhanuddin Salanki - Individual Investor
Okay, sir. And, uh, regarding The situation that we are in now, do you think that after FY '27 everything will be normalized? The supply side and all.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
I couldn't hear you properly. Can you be a little louder?

Burhanuddin Salanki - Individual Investor
So in the situation that we are now, do you believe that after FY '27 everything will be normalized?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
We hope so. We feel actually the worst is over. Okay, uh, we have seen little softening in terms of the commodity prices, especially in sulfur. We expect that actually maybe coming month it should soften further.

Burhanuddin Salanki - Individual Investor
Okay. Yes, sir. Can you, uh, tell regarding the sulfur prices now?

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Sulfur is to the tune of around 850 to 880 now.

Burhanuddin Salanki - Individual Investor
okay sir, [Foreign Speech] thank you. thank you, thank

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
You, thank you, thank

Operator
You. next question is from the line of Mr. Manish Mahawar from Antique Stock Broking. please go ahead.

Manish Mahawar - Analyst, Antique Stock Broking
Yeah thanks sir just wanted to know sir in terms of volume for this year be able to surpass the last year volume number, which is around 4.2 million metric tons we sold?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
So, uh, I think like we've discussed, we're currently not giving a forward-looking guidance, but, but the volumes- our overall focus will be like we've done almost two million tons, so maintaining a run rate of 1 million tons a quarter, and we're confident as far as Q3 is concerned. Q4, like what we said, the, the focus will not just be on volume But it will be to look at optimizing, uh, profit also. Uh, so, and, and in terms of consumption, I said because we've got stocks with the trade, so we are maintaining as far as market leadership is concerned in the phosphates.

We, we will continue to do that, but the final numbers, uh, I think we'll get more clarity once the NBS is there and we have a look at the raw material prices as far as Q4 is concerned.

Manish Mahawar - Analyst, Antique Stock Broking
Okay, understood. And so in terms of subsidy outstanding, which is INR3,000 crore, right, as of September from the government- I'm talking about out of these INR6,700 crore, INR3,000 crore from the government- how much subsidy we have received so far in the October month?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Okay, in October we have received out of that, you know, around INR1,200 crore.

Manish Mahawar - Analyst, Antique Stock Broking
Okay, INR1,200 crore. Okay, and, uh, And lastly, in terms of this inventory write-down which we have taken around 60-odd crores, right? Uh, so basically, uh, this is mainly on account of because, because our cost in certain products have higher as, uh, versus the your MRP of a product, right? That's how you have taken write-down of 60 crores in the books, right?

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Correct. So this is based on that, you know, cost or, you know, net realizable value, whichever is lower. On a prudent, you know, prudence basis, you know, we have taken this, you know, cost, uh, we have valued the stock at cost, you know, or NRV, whichever is lower. And this is on account of this subsidy, you know, NBS is not declared.

Manish Mahawar - Analyst, Antique Stock Broking
Okay, exactly, that's what, because sulfur as well as NBS has not been announced, that is the reason I think this came, right? Right, okay,

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Right, okay. And

Manish Mahawar - Analyst, Antique Stock Broking
As and when this will, will announce, uh, most likely the second half you will see this benefit will, will come to the number because you have already written your inventory. Exactly,

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Exactly. You're right.

Manish Mahawar - Analyst, Antique Stock Broking
Okay, understood, sir. Thank you. Thank you so much.

Bijoy Kumar Biswal - Chief Financial Officer, Paradeep Phosphates Limited
Yeah, thank

Operator
You. Next question is from the line of Somaiah Avi from Avendus Spark. Please go ahead.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Yeah, thanks for the opportunity again, sir. Uh, just any update on the timelines of this 1 MMT expansion in Paradeep? Uh, so what is the status and what is our outlook on the timeline? This is to be done in two phases. Actually, the first phase is from point 5 to point seven, which is expected to get commissioned in Q1 of next year. And second phase, we are awaiting the environment clearance. By the time we almost like completed the engineering selection process, which is almost like final now, and the commercials are going on.

As soon as we get the clearances from environment as well Director right kind of commercial pre-launches. So as of now, is it more like FY '29 second half, FY '30? So what is the timeline?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
Right, yeah, you're right.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Yes, but also in this recent MOU that you have signed, so could you just explain what is the kind of projects from a medium-term standpoint that you know, we'll be evaluating, and also outside of the subsidy business. So what are the other, uh, opportunities that we are looking at? Basically, if you look at it, that is our intent to invest. And this is the latest MOU what we have signed is not specifically anything related to fertilizer directly, but will be of fertilizer beyond the regime of the subsidies.

That's one of the key priorities we are working on that. Uh, we are working in various technology options including the valorization of gypsum projects, creating other non-subsidized products, other liquid fertilizer or biofertilizer area. So this is- once we'll be able to confidently tell you, once we go back to the board and get a board sanction, we will get back to you. Okay, so one last question on the global RM front. So in terms of incremental global capacities for NPKs, DAP, next one or two years, how do we see in Middle East?

Are we seeing more capacities coming online? And also from Chinese export standpoint, any thoughts in general availability of raw materials for the next couple of years, keeping aside the current macro and cost?

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
There are two separate things. One is what you're talking about, the raw materials, and one is the finished products. As far as DEP and NPKs are concerned, see, the principal partners today who are supplying to India, the DAP, is primarily Saudi Arabia, uh, Morocco, and, and we're also getting phosphates volume coming from US. China has been quite muted as far as the phosphates are

concerned. And in terms of raw materials, uh, I mean, the principal source for sulfur, uh, and ammonia is mostly Middle So that's how the current situation is stacked up, and you're not seeing any major capacities in the, in the short term, but you will- you might see expansions happening in Morocco in terms of the phosphates and other products.

So that's how we look at it.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Got

Harshdeep Singh - President & Chief Commercial Officer, Paradeep Phosphates Limited
It.

Operator
Thank you, ladies and gentlemen. That was the last question of the day. I would now like to hand the conference over to management for closing comments.

Rajeev Nambiar - Joint Managing Director & Chief Executive Officer, Paradeep Phosphates Limited
Uh, thank you everyone for taking the time to join our earning call. Should you have any further questions, please reach out to our investor relations team. And thank you once again and have a good day.

Operator
Thank you. On the behalf of Antique Stock Broking Limited, That concludes this conference. Thank you for joining us, and [Operator Closing Remarks]