



FERTILIZERFIELD

FERTILIZERFIELD WEEKLY REPORT

Coverage: Aug 25 – Aug 31, 2025

Executive Highlights

- **Policy push:** Fertilizer industry urges GST cut on raw materials and ITC refund mechanism to ease liquidity.
- **Domestic capacity boost:** PPL and FACT launch key projects in sulphuric and phosphoric acid production.
- **Technology breakthrough:** India develops indigenous process for water-soluble fertilizers to reduce import reliance.
- **China supply risk:** Conflicting signals—some reports suggest export curbs from October, others report relaxation.
- **Tenders & projects:** RCF Thal ammonia revamp tender extended; India's urea tenders continue to sway global prices.
- **Corporate/market moves:** Chambal Fertilisers AGM notices; Deepak Fertilisers stock volatility.

1. Fertiliser Industry Urges GST Reform on Raw Materials and ITC Refunds

The Fertiliser Association of India (FAI), supported by major players such as Coromandel International and Indian Potash Limited, has pressed the Union Finance Ministry to address long-standing tax-related challenges in the sector.

The industry delegation urged Finance Minister Nirmala Sitharaman to:

- Reduce GST rates on key raw materials such as ammonia, phosphoric acid, sulphuric acid, and rock phosphate from 18% down to 5%.
- Allow Input Tax Credit (ITC) refunds that remain unutilized because final fertiliser products are supplied at government-controlled, heavily subsidised prices.

Currently, fertiliser companies face significant liquidity stress as they cannot claim refunds on accumulated ITC. This increases the cost of raw material procurement and disrupts cash flows, especially when global raw material prices are volatile.



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If accepted, this reform would not only improve the financial health of fertiliser manufacturers but also enable smoother procurement of essential raw materials, helping maintain timely supplies for farmers.

2. PPL to Commission New Sulphuric Acid Plant and Expand Phosphoric Acid Capacity

Paradeep Phosphates Limited (PPL) has confirmed that a 2.0 million tonnes per annum (MMTPA) sulphuric acid plant at its Paradeep complex will be commissioned by October 2025. This facility is expected to significantly reduce PPL's dependence on imported sulphuric acid.

Additionally, PPL plans to expand its phosphoric acid capacity from 0.5 MMTPA to 0.7 MMTPA by September 2026. The expansion will help secure the company's long-term supply chain for producing phosphatic fertilisers, particularly DAP and NPK grades.

3. FACT to Install Horizontal Belt Filter at Ambalamedu Phosphoric Acid Plant

Fertilisers and Chemicals Travancore Limited (FACT) has announced an upgrade project at its Ambalamedu phosphoric acid plant in Kochi, Kerala. The company is installing a horizontal belt filter system to improve plant efficiency and productivity.

The new filter technology is expected to:

- Increase phosphoric acid recovery.
- Reduce operational downtime.
- Improve energy efficiency and resource utilisation.

4. India Develops Indigenous Water-Soluble Fertiliser Process

In a significant R&D milestone, Indian scientists announced the development of a home-grown process for water-soluble fertilisers, marking the first such innovation in the country.

Currently, India depends heavily on imports from China for specialty fertilisers. With China expected to tighten export policies, the new process is strategically important.



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The indigenous technology is expected to:

- Reduce dependence on imports.
- Support the Government's push for self-reliance in agriculture inputs.
- Provide farmers with more affordable specialty fertilisers.

5. China's Fertiliser Export Policy: Contradictory Signals

There is confusion in the global fertiliser market due to conflicting reports on China's export stance:

- Economic Times reported that China is preparing to reimpose export curbs on specialty fertilisers from October 2025.
- Meanwhile, FertilizerField.com reported that China has removed export restrictions on fertilisers and rare earths.

This contradiction has left market participants uncertain. Traders and Indian importers are securing advance shipments and diversifying sources to mitigate risks.

6. RCF Thal Ammonia Revamp Tender Faces Repeated Extensions

Rashtriya Chemicals and Fertilizers Limited (RCF) has extended the deadline for its Thal Ammonia Plant Revamp EPC tender multiple times. Bidders have raised concerns over stringent insurance requirements, limited OEM flexibility, and project risk allocation.

These issues have slowed down the tendering process and could delay project execution timelines.

7. Urea Tenders Influence Global Prices

India's large urea import tenders remain a dominant factor in shaping global market sentiment. In recent weeks, announcements of Indian tenders have:

- Pulled CFR (Cost and Freight) prices upwards due to expectations of high demand.
- Influenced shipping schedules, as global suppliers prioritise deliveries to India.



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Analysts note that India's role as the world's largest urea importer makes its tender outcomes critical to global pricing trends.

8. Corporate and Market Developments

Chambal Fertilisers issued corporate notices related to its upcoming Annual General Meeting (AGM). The company continues to focus on capacity expansion projects at its Gadepan plant in Kota.

Deepak Fertilisers witnessed stock market volatility during the week, with notable downward pressure as investors await updates on project execution and financial performance.

Overall Impact

- **Farmers:** May face rising costs for specialty fertilisers if Chinese curbs return; however, government support on DAP pricing and domestic capacity expansions offer relief.
- **Industry:** Push for GST and ITC reforms could ease financial stress and improve liquidity across fertiliser companies.
- **Manufacturers:** New domestic projects (PPL, FACT) and indigenous R&D (water-soluble fertilisers) enhance long-term supply security.
- **Policy-makers:** Balancing subsidy allocations with industry tax relief will be key to maintaining stability in fertiliser pricing and availability.

What to Watch in September 2025

1. **Government response** to FAI's GST reform and ITC refund demand.
2. **Commissioning progress** of PPL's sulphuric acid plant.



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3. **China's final export policy announcement** on fertilisers for October onwards.
4. **Outcome of India's next urea tender**, and its effect on global CFR prices.
5. **Chambal Fertilisers AGM** updates and Deepak Fertilisers project disclosures.

