Coromandel
FUTURE POSITIVE

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Ref. No: 2025-26/015

May 9, 2025

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051
Symbol: COROMANDEL

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001.
Scrip Code: 506395

Dear Sir / Madam,

Sub : Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of conference call held on May 2, 2025

This is further to our letter dated May 2, 2025 regarding audio recording of conference call with analysts and investors.

In this regard, we wish to inform that the transcript of the Conference Call held on May 2, 2025 has been uploaded on the website of the Company at https://www.coromandel.biz/investors/investor-call-transcripts/ as required pursuant to Regulation 46(2)(oa)(ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We kindly request you to take the above submission on record.

Thanking you,

Yours truly,
For **Coromandel International Limited**

B. SHANMUGA SUNDARAM
Digitally signed by B. SHANMUGASUNDARAM
Date: 2025.05.09 20:43:37 +05'30'

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murugappa

"Coromandel International Limited Q4 FY '25 Earnings Conference Call"

May 02, 2025

MANAGEMENT:	**MR. SANKARASUBRAMANIAN S. – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER** **DR. RAGHURAM DEVARAKONDA – EXECUTIVE DIRECTOR (CROP PROTECTION, BIO PRODUCTS AND RETAIL)** **MS. JAYASHREE SATAGOPAN – PRESIDENT, CORPORATE** **MR. DEEPAK NATARAJAN – CHIEF FINANCIAL OFFICER**
MODERATOR:	**MR. S. RAMESH – NIRMAL BANG INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to Coromandel International Limited Q4 FY '25 Earnings call hosted by Nirmal Bang Institutional Equities Private Limited.

As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touch tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. S. Ramesh. Thank you and over to you, sir.

S. Ramesh: Good afternoon, ladies and gentlemen. On behalf of Nirmal Bang Equities, I am delighted to invite all of you for the 4Q FY '25 Earnings Call with the Management of Coromandel International. The Company is represented by Mr. Sankarasubramanian – MD and CEO; Dr. Raghuram Devarakonda – Executive Director (CP, Bio and Retail); Ms. Jayashree Satagopan – President (Corporate); and the new CFO – Mr. Deepak Natarajan.

So let me hand over the call to Sankar for his opening remarks. Over to you, sir.

Sankarasubramanian S.: Good afternoon everyone. And thanks, Ramesh, for organizing this call.

Let me give a brief on the business environment experienced during the year, and then we will talk about the Company's performance, followed by a Q&A session.

India experienced the positive Agricultural environment during 2024-25, aided by above normal monsoon and higher reservoir levels leading to higher crop sowings. As per the latest estimate for 24-25, the food grain production is estimated at 331 million tons, an increase of close to 5% over the last year. As per the National Statistical Office, the gross value added in Agriculture and allied activities for the Financial Year 24-25 is projected to grow by 4.6% as against 2.7% last year, and this reflects a positive turn around in the Agri sector. With good monsoon during rabi, reservoir levels as on date are much comfortable at 36% compared to 30% last year, with South, Central and West regions well above last year's level.

Going forward, the weather forecasting agencies like Skymet and IMD have estimated normal to above normal monsoon for the upcoming kharif season. Our key operating markets are expected to receive good rains. IMD will issue an updated forecast providing region-wise view in the last week of May. Summer sowings have started on a positive note. As on 18th April, the crop sowing stood at 7 hectares compared to 6 hectares last year.

Coming to the policy front:

India's irrigation infrastructure has been making a lot of progress. The area under assured irrigation has increased from 45% in 2010 to 55% in 2021, resulting in increased cropping intensity. In its budget, Andhra state has committed an outlay of Rs. 18,000 crores for various irrigation projects, which include Polavaram, to be implemented in FY25-26. Similarly, Telangana state also got the clearance for integrated Sitarama lift irrigation and Sitamma Sagar multipurpose project which is expected to bring close to 8 lakh acres under assured integration.

Direct income schemes like PM Kisan are gaining good traction. Andhra Pradesh Government has recently announced implementation of another similar scheme, which proposes to deposit Rs. 20,000 annually, including the PM Kisan scheme of Rs. 6,000 into farmers' account. As you all know, Telangana has also introduced the Rythu Bharosa scheme, and it intends to provide cash transfer of Rs. 12,000 per acre annually. All these augurs well to increase disposable income in the hands of the farmers.

The Government has announced nutrient-based subsidy rates for 25-26, with the increase in P rate almost 42%, in line with increase in global DAP prices and increase in other input raw material prices. The cabinet has also extended one-time special package of Rs. 3,500 per metric ton on DAP beyond the subsidy rate for the period up to 30 September '25. It has also given additional compensation to make DAP imports viable.

During the last year, most of the fertilizer raw material prices remained broadly stable, slightly at a higher level. Recently, sulfur, sulfuric acid prices went up as a result of demand from China, Indonesia and Morocco. The phosphoric acid price for Q1 has been fixed at $1,153/ ton, reflecting an increase of $98 per ton over the previous quarter. This is perfectly in line with the significant increase in DAP price witnessed during this period.

During the year, domestic phosphatic industry increased its production by 9% to 15 million tons. There has been a significant shift in the consumption mix, with NPK sales moving up by 28% to 14 million tons and replacing the DAP shortfall, especially in central and northern markets despite the lower MRP of DAP. Looking at the whole year number, the share of NPK has moved up to 60% as compared to 51% in the last year. DAP supplies were impacted due to lower supplies from China and also MRP restrictions affecting the viability of imports for the domestic as well as import of DAP.

During the year, the crop protection industry experienced reasonably stable volumes. And going forward into 2025, the market is expected to be relatively positive with stabilizing agrochemical prices, improved inventory situation and favorable weather conditions in Europe, Asia and Brazil. Some of our key molecules have received good interest from the market and we do expect the situation to further improve in the coming periods.

Coming to Company's performance for the year:

Our manufacturing plants undertook capacity debottlenecking to deliver the highest ever volume of 33.3 lakh tons with a high level of safety and environmental management. Our Ennore unit safely resumed the phosphoric acid and sulfuric acid plants after obtaining all necessary statutory clearances. The company's Phos Acid production, including Ennore, went up by 6% during the year. The major backward integration projects for Phosphoric Acid and sulfuric acid plants at Kakinada are on track and are expected to be commissioned in the current Financial Year 25-

26. We have also initiated work on the Brownfield granulation train at Kakinada which is expected to come on stream in the year 26-27.

Company has obtained all requisite approvals from Government of Senegal and has increased the shareholding in the mining Company BMCC to 54%. With this, BMCC has become a subsidiary of Coromandel. It has stabilized production through setting up a fixed processing plant. The throughput has significantly improved over the earlier quarters, resulting in the business achieving operational profitability in the last two quarters. Going forward, we do expect a consistent supply of rock phosphate from BMCC, which can meet one-third of total rock requirements for Coromandel. Company has also signed a long-term contract with Ma'aden, one of the world's largest producers of phosphatic fertilizers for the long-term supply of DAP and NPK fertilizers.

On the marketing side:

Coromandel registered record sale of phosphatic fertilizers and record consumption in the year 24-25, increasing the volume by 13%. The share of unique grades stands at 35%. On a consumption basis, the market share for Coromandel has improved to 18% from 15% over last year. As part of its market diversification approach, Company has forayed into north and central markets, and have received good response, making Coromandel a pan-India player in fertilizers.

On the SSP front:

Sales volumes for the year were up by 18%, with major growth coming from differentiated variants like Gro Plus and Urea SSP.

Coromandel's drone spraying services, delivered through Gromor Drive initiative and retail centers, achieved significant scale covering close to 2.2 lakh acres and is witnessing strong adoption by the farming community.

Specialty nutrients business, mainly comprising of water-soluble fertilizers, secondary and micronutrients and organic fertilizers had a good year. The volumes have been consistently growing year after year. The business also introduced crop-specific and state-specific products to expand its portfolio. The business commissioned sulfur plant to double its capacity. Business is also evaluating creating water soluble fertilizer capacity by leveraging its strengths in phosphates.

Nano DAP business continued its focus to promote awareness of the product. During the year, the Company has marketed 26 lakh bottles, maintaining a market share of 33%, achieving close to 80% of liquidation. Business is also seriously evaluating the export opportunities of Nano DAP across various countries.

Coming to Crop Protection and Bio business:

The revenue from crop protection business was up by 7% to Rs. 2,637 crores, led by higher sales in formulation which has grown by 16%, export grown by 5%, and bio growing by 9%. EBIT has grown by 25% to Rs. 365 crores as improved demand for its key molecules in domestic and export markets and performance of new products and captive molecules enhanced the profitability for the business. Share from sales of new products in formulations is at 21%, up from 15% last year.

In Bio Products business:

Despite a slowdown in Azadirachtin in the export market, the business achieved volume and sales growth. As part of its diversification strategy, it expanded into non - Azadirachtin plant extracts and launched VAM based biofertilizers. The business has also built in-house fermentation microbial R&D capabilities and plans to launch microbial crop protection products in FY 25-26.

During the year, the Coromandel signed a definitive agreement to acquire controlling stake in NACL Industries. The proposed acquisition will position Coromandel as one of the leading players in the Indian crop protection sector with a wide range of Technicals and pan-India presence in domestic formulations business. This will help in expanding Coromandel's scale, accelerating entry into contract manufacturing business, fast tracking new product commercialization and expanding its product portfolio. We expect the transaction closure and regulatory approvals to come through by Q2 of this year.

Coming to Retail:

During the year, the retail business of the Company expanded its footprint by adding another 130+ Mana Gromor centers in Andhra, Telangana, Karnataka. Also, we forayed in new markets like Maharashtra and Tamil Nadu. We are expanding our digital presence through My Gromor app and other social media platforms. With 99% of the stores profitable, we are looking at expanding our presence in coming years.

With that, I will now hand over to Jayashree to take you through the Company's financial performance. Over to you, Jayashree.

Jayashree Satagopan: Thanks, Sankar. And good afternoon, everyone. Let me quickly take you through the Company's financial performance.

In terms of the turnover, the Company recorded a consolidated total income of Rs. 5,114 crores during the quarter, and Rs. 24,444 crores for the full year vis-à-vis the corresponding period of Rs. 3,996 crores for the quarter, and Rs. 22,290 crores for the full year. This registers a growth of 28% for the quarter and 10% for the full year. The increase in revenues has been mainly on account of growth in volumes registered across all our businesses.

The breakup of subsidy and non-subsidy share of business stands at 79% and 21% during the quarter. In the corresponding quarter of the previous year, the percentages were 78% and 22%, respectively. For the full year, it's 82% and 18%. For the corresponding period in the last year, it is 83% and 17%.

As far as profitability is concerned, the consolidated EBITDA for the quarter was Rs. 426 crores against Rs. 273 crores during the corresponding quarter of previous year. For the full year, it was Rs. 2,628 crores against Rs. 2,399 crores during the last year. The increase in EBITDA is mainly due to volume growth across the businesses and margin expansion in our CPC business.

Subsidy/non-subsidy shares stand at 67% and 33% during the quarter. For the corresponding quarter of the previous year, it was 53% and 47%. For the full year, the break-up is 70% and 30%. The corresponding figure for the previous year is 72% and 28%.

The Board had approved a final dividend of Rs. 9 per share. This includes a normal final dividend of Rs. 6 per share and a one-time special dividend of Rs. 3 per share.

On subsidy, during the quarter, the Company received Rs. 2,190 crores towards subsidy claims. The comparative figure in the last year was Rs. 2,165 crores. For the full year, the subsidy received is Rs. 8,082 crores. Previous year it was Rs. 9,198 crores. The Government has been prompt in clearing the subsidy dues. As of today, we have received our subsidy claims till the third week of March. Subsidy outstanding as on 31st March 2025, was at Rs. 1,654 crores. During the previous year, it was Rs. 1,377 crores.

As far as FOREX is concerned, you would have seen that the rupee was pretty volatile during the quarter. We traded in a broad range of Rs. 85.39 to Rs. 87.71. Coromandel continues to follow a conservative approach and has hedged most of its exposures.

I have with me Deepak Natarajan, who has recently joined us as CFO of Coromandel. And let me hand over the call to him for a brief introduction. Thank you all for your interest in Coromandel and for joining us for the call today. Deepak, over to you.

Deepak Natarajan: Thank you, Jayashree. Good afternoon, everyone. Pleasure connecting with you all. Myself, Deepak Natarajan. I come here with about 25 years of work experience. Last five years, I used to work for Tata Projects Limited, and then prior to that with GE for 10 years and Cisco for six years. So that's my brief background. I look forward to connecting with you going forward in the subsequent quarters in more detail. Thank you.

Jayashree Satagopan: With that, we can open the session for questions, and we look forward to the interactions.

Moderator: Before that, I would now like to hand the conference over to Mr. S Ramesh. Thank you and over to you, sir.

S. Ramesh: Hello. Let me, on behalf of Nirmal Bang and myself, first thank Jayashree for being very receptive to the investor questions and increasing the level of disclosure in the Company. And let me also take this opportunity to welcome Deepak Natarajan. Welcome, Deepak, pleasure to have you on the call. And look forward to continuing our association. So let me now hand over the call back to the Company. And moderator, you can announce the Q&A, please.

Moderator: Thank you so much. We will now begin the question-and-answer session. The first question is from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: Yes. Thank you for the opportunity. And congrats on the good set of numbers. On the NACL, how do we plan to turn around NACL? And by when can we see NACL aligning with our crop protection division margin?

Sankarasubramanian S.: Right now, we are waiting for regulatory approvals, which may take another two to three months, post which we should take stock of what are the opportunities available. As we mentioned earlier, we need to put the processes back on track. We will be working on procurement efficiencies which can improve the EBITDA margin. The funding is coming through for them, so they should be able to increase the level of production and operation. Some molecules what they deal with are seeing price improvement in the marketplace. So, our aim would be to continue what they have been doing well and try and see how we restore the margins before we look at introducing new molecules and new products. They do have spare capacity which can be leveraged. They have an R&D set up which can be synergized.

Prashant Biyani: Sure. Sir, we also had a plan of investing Rs. 1,000 crores in crop protection, sp-chem, CDMO. Now post this acquisition, do we see that Rs. 1,000 crores CAPEX being trimmed? And if yes, by how much?

Sankarasubramanian S.: No, I would not say it will be trimmed. It will be moderated because the active ingredient capacity creation can be slowed down since we have spare capacities which can be leveraged. So that helps us in two ways, reduce our cash outflow, at the same time to go to market faster. The time it takes to set up the facility can be shortened considerably through retrofitting existing facilities. In terms of other investments in CDMO and specialty chemicals, there are new business opportunities which may be, depending on the new molecules, chemistry may require investment. We are evaluating the products which we need to get in specialty chemicals, and we are also in discussion with various players on CDMO opportunities.

Prashant Biyani: Right. And, sir, regarding our agreement with Ma'aden, annually how much fertilizers do we plan to import with them in total?

Sankarasubramanian S.: Right now, the contract is for 300,000 tons and we can potentially go up to 0.5 million tons. Our aim would be to see how much we can enhance our DAP imports from Ma'aden over a long period, so that will help us to maximize our NPK production in our existing facilities.

Prashant Biyani: Okay. This 3 lakh is per annum.

Sankarasubramanian S.: Yes.

Prashant Biyani: Okay. And sir, before I join the queue, last question, how is our CAPEX plan going on? And how much do we plan to invest this year on various projects?

Sankarasubramanian S.: Projects what we announced last year, phosphoric acid, sulfuric acid are progressing well. 45% of the project has been completed, both on PA SA, and we are on track to commission this during the last quarter of the current financial year. As far as granulation train, we have commenced the project in January and that will take 18 to 20 months to complete. That will come on stream by 26-27. Besides that, in the next year, we will be looking to expand our capacities and active ingredients at Dahej for CPC, and we are also looking to debottleneck our facilities both in Kakinada and Vizag to increase the fertilizer volumes, besides other normal sustainable CAPEX. We will also look at inorganic opportunities as and when they arise, which can be complementary to our product portfolio.

Prashant Biyani: Right. I shall join back the queue. Thank you so much.

Moderator: Thank you. The next question is from the line of Rahul Jain from Clearwater Partners. Please go ahead.

Rahul Jain: Yes. Thank you so much. And congratulations on a good set of numbers. I just had a follow-up on NACL. So, as already told by you that the approvals will come in Q2, and only after that will you decide. But then if I take a 10,000 feet view, say, three years from now where do you actually see NACL? So before acquisition you must have set some targets, so where do you see NACL say three years from now?

Sankarasubramanian S.: NACL is to get back in terms of capacity utilization. They have invested in Dahej facility, which is not operational fully, so our aim would be to see how we can get those new molecules in place and operate those active ingredients and bring the capacities of the AI at full level. And the second segment is domestic formulation, they have strong brands, and we should try and see how best we can grow the formulation business and change the product portfolio.

Rahul Jain: Sir, at full capacity, sir, what could be the potential top line that this Company could generate based on the current pricing scenario?

Sankarasubramanian S.: Too early to comment on it, and they should at least minimum go back to the numbers what they have achieved two years before.

Rahul Jain: Okay. I have one more follow-up on this acquisition itself. So, Coromandel today has some Rs. 2,500 crores, close to Rs. 2,600 crores of crop protection business, NACL as it is, does some Rs. 1,450-odd crores. And the ballpark calculation if I do, then at full potential they could do some Rs. 2,500-odd crores of top line. Is there any plan of creating a separate entity where the crop protection division of Coromandel and NACL merge, and that becomes your crop protection entity and the Coromandel becomes a pure clay fertilizer entity? Any thoughts on this?

Sankarasubramanian S.: No, there is no such plan. At this point of time, currently we are trying to run NACL as such, and we will achieve the targets what we set ourselves at the time of acquisition. At Coromandel, the crop protection business has its own set of product pipeline and strategic plans to expand capacities. Both will leverage the synergies but will continue to operate this way. Let us see at an appropriate time what the best options are for the investors and we will do that.

Rahul Jain: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Ankur from Axis. Please go ahead.

Ankur Periwal: Yes. Hi sir. Thanks for the opportunity. So, first question on the crop protection side. So one, if you can highlight what has been the volumetric growth for the full financial year. And just a follow-up on that, what could be the growth outlook here given the price deflation trend that we have seen historically and hopefully it's settled now? And your outlook on the margin side?

Sankarasubramanian S.: See, we operate in different segments, very difficult to put one number to the volume part of it. In B2B, we measure in volume, and in the case of domestic formulation we track in rupees crores. Putting a number in terms of the volume may not be meaningful. I would suggest we should look at high-end, double-digit growth for the next year across these three segments, domestic formulation, domestic B2B, and exports market. Outlook is quite positive basing on the success we had on new product introduction in the current year. We have a pipeline of products coming in next year as well, which will continue to take higher share of new products in the overall portfolio and will improve the margins. So, all I can say is our turnover for the next year can be on the high double-digit side, supported by a healthy profitability margin, with the changing portfolio towards high margin products.

Ankur Periwal: Sure, sir. Okay, fair enough. And just secondly on the fertilizer side, given the new capacity coming in probably by FY '27, what is the timeline that we are looking at for a full ramp-up over here, given the capacity expansion as well as the backward integration? And again, your earlier guidance of 40% jump in EBITDA margin on the fertilizer side, what timeline can we think of over there?

Sankarasubramanian S.: In the case of intermediate capacity of phosphoric acid, sulfuric acid, which will get commissioned in the fourth quarter of the current year, we can expect the full play to come in in the next year 26-27 because we will be stabilizing our production in the fourth quarter of the current year, which means next year will be the full year of operation. Our aim would be to achieve the rated capacity for phosphoric acid and sulfuric acid plants.

In the case of granulation plant, it will get commissioned in the third or fourth quarter of 26-27. From the marketing side, we have already taken steps to create seed marketing in the northern markets to absorb the additional volumes. Also, we are expanding our retail footprint across various states. So, there will not be any challenge in absorbing the additional volume. Our aim would be to achieve the full expanded capacity in the first year of operation. As India being a net importer of fertilizer and we being a strong player in phosphatic fertilisers, we do not feel any challenge in operating plant at the full capacity with the first full year of operation.

Ankur Periwal: Great, sir. That's helpful. And thank you for the detailed answers. And congratulations, Mr. Deepak, for joining in. And thanks Jayashree ma'am for your support over the years. Thank you.

Moderator: Thank you. The next question is from the line of Naushad Chaudhary from Aditya Birla. Please go ahead.

Naushad Chaudhary: Hi, thanks for the opportunity and congrats on a good set of numbers. First one on the nano DAP, sir just wanted to check how is the traction there, are we experiencing repeat buying here? And if things go as we have expected from this product, can this travel to the world, can this product travel? And if we succeed, what do you think how big can this product be for us in next three, four years?

Sankarasubramanian S.: Thank you for the good question. I am pretty confident that this product definitely will scale up in the coming years. We have been very systematic in our market approach and we are not pushing the product. We are generating a pull. We are working with the various ICAR institutes across the country and going through detailed evaluations on various crops. And based on the response we are very confident that partially this can replace DAP. Every acre, as I mentioned earlier, instead of two bags, one bag can be cut out and Nano DAP 1 liter bottle can be used. And we find that the response to the crop has been pretty good in the crops with high foliage.

During this year, we sold 26 lakh bottles, and we have seen 80% to 90% of liquidation which is very creditable. We are confident that going into next year we will be able to improve the volumes. Thanks to our retail stores, we are able to communicate with the farming community, explaining the importance of providing these eco-friendly phosphatic fertilizers, which is going to be a game changer for the industry as a whole.

If everything happens in the way we expect, we do expect the replacement of 2 million tons of DAP in another two- or three years' time. This has been our initial estimate as well. We also find that there is a positive response from various countries for this product and we have taken Government of India approval to export this as well. So, we have the capability to increase the capacity in a modular way, and we should be able to ramp up the volumes quickly. I am personally confident that this can be one of the significant business units for Coromandel in the coming years.

Naushad Chaudhary: Interesting. Second, on the retail side of business we have indicated, we have added 100 more stores, and we have indicated to almost I think double it in the next two, three years. If you can help us understand in terms of overall economics how much CAPEX and working capital required per store, what is the current financial status of all 900 put together, and how it should look like in the next two, three years?

Sankarasubramanian S.: The retail has been a pretty good growth story for us. In fact, more than 90%, 95% of the retail stores, are in the profit zone now, we have added another 130. Based on our learning curve, now we are able to get the breakeven point in a shorter time frame of six months. As we understand the portfolio, as we understand the customer preferences and the white spaces, we could reach the breakeven point much faster. We understand how to reach the customer, how to introduce new products. I think retail overall has become very profitable and it's a multi-label store. It doesn't depend on our own products.

Here again we educate the farmers on what is the right set of products to apply to increase their productivity. We provide services and have seen the drone spraying has been received very well for the farming community. Wherever we do drone spraying, there is a spike in crop protection offtake. So, we are pretty sure that retail is a way to go forward. In terms of investment, as of now, we are only on a rental basis. We do not own the stores. And working capital also, considering the pull it generates, I think we are able to leverage better on the sourcing part. Currently we are running the business on negative working capital.

There may be an initial challenge in absorbing the fixed cost as we ramp up these stores, but I am sure for the next two to three years we are confident that we should be able to increase the footprint to 3 times the numbers what we have. This is the way to go forward, and we will put all our efforts and leverage on the digital analytics part to ensure we get this right on the day one onwards.

Naushad Chaudhary: Thank you, sir. I will come back and thank you and all the best.

Moderator: Thank you. The next question is from the line of Viraj from SIMPL. Please go ahead.

Viraj Kacharia: Hi, Sankar. Thanks for the opportunity. Just a couple of questions, first on the NACL part. Just wanted to get your thoughts on what attracted you towards the Company, other than the fact that it's underutilized in terms of capacity utilization. But broadly in terms of the portfolio mix of the business per se, what is that attracted you the most? And just an extension of that is, if I were to look at our experience in terms of Sabero acquisition and our journey into crop protection over last 8, 10 years, what are the similarities or differences in terms of business on acquisitions you see between NACL and the other two?

Sankarasubramanian S.: See, NACL is again more or less similar to our business model, focusing mainly on generic space. But the important aspect is, they have been the supplier of choice for the major MNCs for many years. In fact, what we call modern time CDMO, most of those manufacturing capabilities were set up by NACL much earlier. To the extent their plant facilities and the processes have been set up in such a way to produce high quality products. That is something which is very critical and useful for businesses like AI manufacturing. Besides that, they have a good set of NABL accredited R&D facilities. They have been working on a complementary set of chemistries to what we are working on, including the latest fluorination chemistry, which will be helpful as we go into future molecules which are based on fluorination chemistry.

They have spare capacities and have also built very strong brands in Indian market. India is a large market for domestic formulation, and they have built brands of larger size. They operate in key markets which are, again, complementary to our markets. So, we see a lot of cross learning between both the entities which will help to grow the business overall. Comparing this to Sabero, Sabero is more of an AI play in the export market, whereas Nagarjuna has got all three segments, domestic formulations, B2B, exports, sort of CDMO type of operations. So I think these two are completely different. The only challenge would be, being in a genetic space margin structure may not be as high as what we expect with the new chemistries. That is the change we can bring about. I hope I have answered your questions.

Viraj Kacharia: Yes, that's very helpful. Thank you. Just two questions. One is on the NACL. If you look at the 10-year history, the operating margins has been around 8% to 9%. And this is despite of a very sizable domestic B2C business. So if you look at other generic players with AI, even they are in upwards of, say, low-teens margins. So just trying to understand where is the drag in the margin profile in that business. And the second question is for specialty nutrients and the retail part of Coromandel --

Moderator: Sorry to interrupt. Sir, could you move a bit away from your phone, you are very static.

Viraj Kacharia: Yes, the second part of the question is more on the scalability and profitability, especially for the retail business and specialty nutrients. If you can just give some color and the part to the aspiration we would have in those two segments?

Sankarasubramanian S.: Yes, I will take the second question first. Specialty is a highly profitable business, but involves a lot of concept selling, the volume scale up will be steady. We have been working on it over the period and various products in the product portfolio are developed in-house based on our R&D. EBITDA margin is also quite healthy, between 18% to 20%, and we have been growing consistently in the top line in the last few years at 15% to 20%. And we are sure we will continue to grow that, and that is also a focus area for us.

These are outside the subsidy gambit and its way to go forward in terms of introducing more nutrient efficient products to the farming community. SND will be focusing on creating some backward integration on the key raw materials which are currently imported. We are looking to capture the value chain in SND and sustain volume growth. Many of the key raw materials are currently being imported from China, so we are looking to create capacities to ensure that we have a steady supply chain, as well as we can increase the margin for this business.

On the retail, as I mentioned, we are doing well. This has not been exploited fully, according to us. We have created the funnel through which many products can come in. As the base SBUs, like CPC and specialty nutrients and bio business start introducing new products, our aim would be to introduce those products through retail which are high margin, which will also help in retail to breakeven much faster. It is profitable now, and I am sure with the increased centers, increased revenue, profit margin should grow.

Coming to your first question in terms of NACL margin, it operates in the generic space. With the way the AI prices have behaved in the last few years, there has been significant contraction in the AI margins. That is impacting on the overall margin portfolio, even though the formulation bit commands higher margin. So, the weighted average margin is much less due to suppressed AI prices. We do expect, in the coming years, the active ingredient prices to improve, which in turn can improve the margin structure for NACL. NACL used to make margins in the range of 10% to 11% in the past, which came down to 4%, 5%. Our aim would be to first restore the margin back to 10% to 11%, get the capacities back on track, and try and see how we build this margin by adding new products in the portfolio. That will be our approach.

Viraj Kacharia: Sure. I will come back in queue. Thank you very much.

Moderator: Thank you. The next question is from the line of Naushad Chaudhary from Aditya Birla. Please go ahead.

Naushad Chaudhary: Thanks for the opportunity again. Two clarifications, sir. First on the jump in the sulfuric acid prices, do you think the real impact has not yet come? Because recently also it has jumped substantially, the subsequent quarters should see major benefit of that or what's your stance on this thing, sir?

Sankarasubramanian S.: See, sulfur prices have really shot up, that has played out in the Q4. In fact, you can see some slight compression in the margin. But you can also realize that phosphoric acid prices have gone up to that extent. So, the value addition on phosphoric acid remains the same, to the extent of sulfur prices the phosphate price has gone up. Now the end product prices on NPK fertilizers will get corrected as we move forward, besides DAP, to absorb this price increase. But having said that, there are also other soft spots like ammonia where the prices which were prevailing at $400 have come down to $330. These pluses and minuses do happen, and overall, I think with the announced subsidy rates the business is reasonably confident of achieving the margins what it's set out for every year.

Naushad Chaudhary: Okay. And on the manufactured volume growth, this year I think we have optimally utilized the capacity which we have. For next year, do we think we will have capacity constrained on the manufacturing side of volume growth for FY '26? Though '27 we are coming up with Kakinada, by '26 do you think that trading portion would be higher because of the capacity constraint?

Sankarasubramanian S.: The two things we need to note, one is, we are debottlenecking our Kakinada plant, and that benefit is to flow in for next year. We also keep tweaking the product mix to increase the throughput. So that can also aid us in increasing the volume. Ennore annual granulation facility is still not back on track. We are working with various regulators to see how best we can get back on track on the granulation facility. So, debottlenecking of Kakinada, Ennore coming back on track & the product mix, along with the imported NP/NPKs to do the seed marketing in north should provide required impetus on the volumes, so that when the new capacity comes in we are able to sell the volumes in the first year.

Naushad Chaudhary: Alright, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Hello, sir. Yes, there are few things I wanted to know for Quarter 4, firstly on the Phos Acid prices if you could share. So what I was asking is, basically I wanted to know prices of a few chemicals. That is, what is the price that was there for phosphoric acid in Quarter 4, firstly? Secondly, we wanted to know how has the price for sulfur panned out from quarter three to Quarter 4 versus sulfuric acid from quarter three to Quarter 4. If you could give us the data per ton.

Sankarasubramanian S.: PA prices, as I mentioned earlier, it has moved up from $1,055 to $1,153; up by $98. Sulfur moved up by almost $120. What used to be $180 moved up to $300 plus. On sulfuric acid, which used to be $70, $80, moved up to $100, $105. So these are the spikes which have happened from Q3 to Q4.

Vignesh Iyer: Okay. So I mean, how do we see, I mean, our internal estimate on, is there a lag between that sulfur and sulfuric acid price? We might see some more increase that is possible on sulfuric acid side of it, I mean, going ahead with the season having more requirement towards fertilizers etc.?

Sankarasubramanian S.: I think Sulfur has reached the peak. Our view is sulfur should moderate from here. based on some spurt in demand from Indonesia for a different industry, and also China imports it peaked in Q4. Sulfur as a global commodity is in surplus and needs to come down. So, we do expect sulfur to soften in the coming months. Sulfuric acid, again, is a function of demand/supply, and I do expect it to remain static here and soften from here. Globally, commodity prices are not going up, whether it is corn or soya and which can dampen the global fertilizer and food prices as well, as affordability index is coming down for the farmers. So, I do expect the commodity prices to soften in the coming quarters.

Moderator: Thank you. The next question is from the line of Somaiah V from Avendus Spark Institutional Equities Private Limited. Please go ahead.

Somaiah Valliyappan: Sir, the first question is on fertilizer margin in Q4, you did mention there is a slight compression there. Is it entirely attributed to sulfur or is there anything that changed on a quarter-on-quarter basis? For instance, was there any inventory impact that had a bit of an impact on margins?

Sankarasubramanian S.: So, of course, sulfur played a role. But other than that, there’s no inventory impact. Rather we have improved on the channel inventory with improved liquidation. The fourth quarter is always a soft quarter with annual turnaround happening and in many of the intermediate plants we take annual shutdown. So to that extent, the value addition was relatively less. So it is in line with the past trend, and nothing special happened in the fourth quarter.

Somaiah Valliyappan: Got it, sir. Sir, also earlier we used to give our manufactured EBITDA per ton guidance. We used to have this Rs. 5,000 per ton. So does that still hold good in the current context where we are in terms of subsidy allocation for kharif and where raw material prices are?

Sankarasubramanian S.: Yes, we should be able to sustain that margin.

Somaiah Valliyappan: Got it, sir. Sir also on crop protection, quite a strong growth this time. So we used to be roughly around 50:50 percent in terms of exports and domestic, is the mix currently similar or has it changed? That's one. And second, if you could just help us in terms of, I think, earlier you did mention in terms of what are the factors that drove as a sub-segment within crop production, if you can just give some more color on it.

Sankarasubramanian S.: Raghu, do you want to take that?

Raghuram Devarakonda: As Sankar mentioned, part of the growth has come because of the introduction of new products in the B2C segment. And there is an uptick in Mancozeb demand in LATAM. So primarily, these two have contributed to the growth between exports and domestic B2C.

Somaiah Valliyappan: Sir, exports what would have been the growth? And the domestic B2C what would have been the growth? And Mancozeb, are we seeing any price realization improvements?

Raghuram Devarakonda: Yes, we have seen marginal improvement. The other fungicides are not picking up in terms of their costs or prices, so Mancozeb cannot indefinitely increase in price because then there will be a shift between the molecules. So, while we have seen an uptick, it's not like something extraordinary. The volume growth has been pretty good year-on-year as far as Mancozeb is concerned in the exports market. So specific statistics, I think somebody had already asked about volume growth, maybe I will address your question and the other question together. So the volume growth for exports has been close to 9%. And in terms of B2C it's in excess of 24% volume growth. I hope it answers your question.

Somaiah Valliyappan: Sure sir, it does. And also, what would be the value growth in exports and B2C?

Raghuram Devarakonda: As I said, the prices have also moved out somewhat, so in exports you will see a pretty decent growth. But as far as domestic market prices are concerned, it has either been flat or it has gone down in some cases. So maybe give me some time, I will try to dig it out. I do not have it in front of me.

Sankarasubramanian S.: Raghu, I have this data. In terms of the formulation business, there is 16% growth in value terms. And for the quarter, we saw a good jump, 31%. In fact, if you see, the share of CPC revenue has increased in this quarter, mainly driven by domestic formulation business, thanks to the new molecules we had, 31% growth happened in Q4. And for the full year, there's a 16% growth.

Raghuram Devarakonda: So as you can tell, while there is a volume growth, there's a bit of price erosion resulting in overall value growth of 16% when the volume growth has been 24% plus in the domestic market.

Sankarasubramanian S.: Yes, absolutely.

Somaiah Valliyappan: Sure, sir. Thank you. That's helpful.

Moderator: Thank you. The next question is from the line of Himanshu Binani from Anand Rathi. Please go ahead.

Himanshu Binani: Hi, sir. Thank you for taking my question. Sir, I just missed the last participant's question in terms of the EBITDA per ton guidance. So we are speaking to that Rs. 4,500 to Rs. 5,000 sort of number for FY '26, right?

Sankarasubramanian S.: Yes, very much.

Himanshu Binani: And sir secondly, if you can like help me with this unique grade share to the overall manufactured volumes for Q4 as well as for April '26.

Sankarasubramanian S.: 35% for the full year basis.

Himanshu Binani: Okay, got it. And sir, one last question basically on the retail side of the business, so can you help us understand the metrics in terms of the revenue, cost for like setting per store, and the absolute break even number at what revenues we breakeven? Any color on that would be like very helpful.

Sankarasubramanian S.: I would prefer to take it offline. I don't want to put this out. Initially it used to take two years, then we reduced it in a year, now we are able to do it in six months, basically because we are able to identify the right location for the stores and the products have improved significantly.

Moderator: Thank you. The next question is from the line of Ranjit from IIFL Capital Services. Please go.

Ranjit Cirumalla: Yes. So thank you for the opportunity. I just wanted a bit more insights on the two new hirings that we have made. One is the VP Nano Fertilizers and the VP Strategic Initiatives. What would be the KRAs for these two new hirings?

Sankarasubramanian S.: See, in the case of VP Nano, as the name suggests, he will be a business head for the nano fertilizers, both in domestic and export markets, besides focusing on exports for specialty fertilizers. He has rich experience in crop protection space, and having worked in Latin American market, we have hired him back for driving the nano business initiative in Coromandel. With respect to VP Strategic Finance, as a Company we are looking for growth opportunities. We have created an M&A cell, basically to provide financial insights into the business evaluation of the new targets, and for that we have taken this person on board. So his experience in business valuations and financial metrics to evaluate the targets will come in handy for us to look at the new inorganic opportunities for growth.

Somaiah Valliyappan: Thank you, that's helpful. Second question, coming back to the fertilizer guidance, back in December 2024 we had guided for a 40% jump in EBITDA per metric ton for our fertilizer business in two to three years' time frame, that still stays intact, right?

Sankarasubramanian S.: Yes. When the plant gets commissioned, the value addition of the plant flows in, we should see that sort of improvement. That is likely to happen in the fourth quarter when PA-SA plant gets commissioned. Post that, the increase will play out from there on. Then after that the improvement will happen once we get the new granulation plant in place.

Somaiah Valliyappan: Sure, sir. Thank you. That's all from my side.

Moderator: Thank you. The next question is from the line of Vibhu Kumar Shah from Sumangal Investments. Please go ahead.

Vibhu Kumar Shah: Hi sir, thanks for the opportunity. Sir my question relates to subsidy and non-subsidy profits. So where do you see non-subsidy profit reaching percentage wise three years down the line, sir?

Sankarasubramanian S.: Currently I think it's around 70:30, on the subsidy and non-subsidy share on the profitability. See, fertilizer also is likely to grow with the expanded capacities and increase in intermediate capacities. And we are focusing on CPC growth opportunities now. Ideally, we want to put the number 50:50 but not at the cost of slowing down on fertilizers. So, while we aim for that number, fertilizer is also growing good, and we are diversifying the portfolio. And our aim would be to strike a right balance between the fertilizers and non-fertilizer businesses. It's very difficult for us to put the number at this point in time with the way the Nutrient business is shaping up. We will invest and we will focus on non-fertilizers, especially CPC in the coming years.

Vibhu Kumar Shah: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj: Yes. Thanks for the opportunity and congrats on good set of number. The first question in terms of the R&D capabilities for both Coromandel and NACL, so whether there is any complementary impact on this? And in terms of incremental product development or funnel, are we going to optimize the effort given that now we are a same Company and there could be some overlaps which might be there. So just brief about that would be helpful. Thank you.

Sankarasubramanian S.: No, absolutely, we will leverage the synergy benefits between both the entities, leverage on their expertise. As I mentioned in my earlier remarks, they are good in fluorination chemistry, they have got certain capabilities and Coromandel has developed certain chemistries over a period of time. We will try to optimize between both the companies and try to see how we consolidate and get the synergistic value out of the development efforts. It may even include getting some infrastructure synergies as well. So, we may consolidate the R&D facilities in a single location to leverage the size and scale and attract talent and pool up together their efforts in introducing the new products. Definitely, this will be leveraged.

Rohit Nagraj: And in terms of the number of personnel in both the companies, how are they in terms of PhD etc.?

Sankarasubramanian S.: So you are talking about R&D personnel?

Rohit Nagraj: Yes, yes, that's right.

Sankarasubramanian S.: I think we have close to 100 and they have close to 50, 55. And roughly 160, 170 members is what we are talking about on a combined, only for CPC. But Coromandel has got some Nutrients related as well.

Rohit Nagraj: The second question is, I missed your recent remarks, so are there any targets in terms of synergy benefits that you have given out for the three years? You explained some R&D prospect that you will be getting certain synergies, are these at financial targets that we are looking at?

Sankarasubramanian S.: Very early days, we have to wait for the regulatory approvals and get that production and sales on track first. We need to put our heads together and then put these numbers against each of these, whether its procurement efficiency or new product introduction or the market synergies or the R&D development. Probably six months down the line we should be able to answer it more appropriately.

Rohit Nagraj: Sure. Thanks for answering. Thank you.

Moderator: Thank you. The next question is from the line of Shri Kumar Shah from Sameeksha Capital. Please go ahead.

Kumar Shah: So if you can share manufacturing EBITDA per ton for FY '24 and FY '25? That's the first. Second, SSP EBITDA per ton for FY '24 and FY '25? And what is our trading margin EBITDA?

Sankarasubramanian S.: I will get back to you on this, the segment wise EBITDA margins. I will ask Anuj, investor relations, to communicate with you on this.

Moderator: Thank you. The next question is from the line of Mr. S Ramesh from Nirmal Bang Institutional Equities Private Limited. Please go ahead, sir.

S. Ramesh: Thank you. So before we close the call, just I would like to have your thoughts on the very high debt in NACL and the high interest cost. So what is the timeline you expect to reduce the debt burden and interest cost in NACL? And if you look at the overall CPC business, you said there is some pricing pressure in the domestic markets. So assuming that the inventory related pressure in the domestic market is out of the way, will you see the pricing power coming back and domestic formulation?

Sankarasubramanian S.: Yes, definitely, our overall approach to the formulation business will be synergized with the Coromandel way of doing business, and that should bring discipline in the market placement and the working capital needs, and that should improve the profit margins and formulation. We do expect the disciplined approach to grow the formulation business. So, I think over a period of time, with the plants operating at full capacity, including the new Dahej plant, we should see some improved cash flow and liquidity coming into the system. And we should bring down the debt. But these debts have been secured for the CAPEX investments, and it may take a while to pay them back. At this point, on a standalone basis, it is difficult to put the timelines. But our effort would be to see they have good control over the working capital, release the cash to pay off the debt and bring down the interest cost.

S. Ramesh: Okay. With that, let me thank all the investors and analysts for joining the call. And my sincere thanks and gratitude for the management for giving a good insight on the business and answering all the questions. Let me hand over the call back to Sankar for his closing the marks. Thank you very much, sir.

Sankarasubramanian S.: Well, thank you, Ramesh. Thank you for your insightful questions. And definitely, we will be more responsible in ensuring that we deliver on whatever we commit. And looking forward to future interaction. Thank you very much.

Sankarasubramanian S.: Thank you.

Raghuram Devarakonda: Thank you.

Moderator: Thank you. On behalf of Nirmal Bang Institutional Equities Private Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.