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November 7, 2025

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

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

Dear Sir / Madam,

Subject : Transcript of conference call held on October 31, 2025

This is further to our letter dated October 31, 2025 regarding Conference Call to discuss financial results of the Company for the quarter and half year ended September 30, 2025 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 October 31, 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. Shanmugasundaram
Company Secretary & Compliance Officer

Encl. a/a:



“Coromandel International Limited Q2 FY '26 Earnings Conference Call”

October 31, 2025



MANAGEMENT: **MR. SANKARASUBRAMANIAN S – MANAGING
DIRECTOR AND CHIEF EXECUTIVE OFFICER,
COROMANDEL INTERNATIONAL LIMITED
MR. DEEPAK NATARAJAN – CHIEF FINANCIAL
OFFICER, COROMANDEL INTERNATIONAL LIMITED**

MODERATOR: **MR. HARMISH DESAI – PHILLIPCAPITAL (INDIA)
PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Coromandel International Limited Q2 FY '26 Earnings Conference Call, hosted by PhillipCapital (India) Private Limited.

As a reminder, all participants' lines will be in the 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Harmish Desai from PhillipCapital. Thank you, and over to you, sir.

Harmish Desai: Thank you, Sarthak. Good evening and welcome to the Second Quarter and Half-Year FY '26, Earnings Call of Coromandel International Limited hosted by PhillipCapital.

From the Management, we have Mr. Sankarasubramanian S. – Managing Director and CEO and Mr. Deepak Natarajan – Chief Financial Officer.

I would like to thank the Management for giving us the opportunity to host this call.

We will begin the call with 'Opening Remarks' from Mr. Sankarasubramanian S, followed by Mr. Deepak Natarajan for update on 'Financial Performance', post which we will have a 'Q&A session'. Thank you, and over to you, sir.

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

I will give a brief on business environment experienced during Q2, followed by company's performance.

India as a whole received the above normal monsoon at 108% of the long-period average, with widespread rains across India, except for few pockets in Eastern India. This resulted in higher Kharif acreage of 1%. The major gains were recorded in rice, pulses, and coarse cereals, whereas cotton and oilseed recorded lower sowings.

However, excess, unseasonal rains, which happened in August and September, affected the standing crops and also impacted the application of crop inputs as well as specialty products.

Northeast monsoon, which brings major rains in Tamil Nadu, Rayalaseema, Andhra, and Karnataka, also began on a positive note, and IMD has forecasted above-normal rains at 112% of the long-period average for the season. The reservoir levels are quite healthy, standing 4% above last year level and also 16% above normal storage. Overall, we are looking for a very bountiful Rabi season. South India is 123% of the long-period average in terms of reservoir level, which is very good for our key addressable markets.

On the policy front:

The Government has been taking proactive steps in Agriculture and announced the MSP revision for the Rabi marketing season, with overall increase of 4% to 10% taken across various crops.

As you know, during this quarter, the self-reliance in pulses mission was launched, which is aiming to make India self-sufficient on pulses production. Outlay of INR 11,000 crores has been earmarked for this, and this is expected increase output of 23 million tons of pulses in Financial Year '24-'25 to 35 million tons in 2031, through increased coverage, guaranteed procurement, and quality seed distribution and enhanced value chain support.

Along with various other reforms taken on the GST front, Agri input sector has also been considered for the GST correction, which has been very beneficial for the sector. For several products such as micronutrients and biopesticides, Agriculture machinery, and solar equipment, the rates have been reduced from 12% to 5%. And industry has passed on the benefits of these rate revisions to the farming community.

In respect of fertilizer, as you know, we have this inverted duty structure where output is 5% and input is ranging between 5% to 18%. This time, GST announcement has come in for reduction of GST rate for Ammonia and Sulphuric acid from 18% to 5%. So, in the case of fertilizer industry, the inverted duty structure remains and the credit accumulation happens. We have been pursuing with the government to give clarity for refund of these accumulated credits. But with this rate revision, the accumulation for the industry has come down, which is a good sign.

And as you all know that NBS rates, which gets announced once in 6 months, have been announced for this Rabi season, with a 10% increase for P and status quo maintained for N and K.

While this may not be reflective of the current raw material prices, as we have seen some spurt happen in the Ammonia and Sulfuric acid prices in the recent past. But we do expect that raw material prices will soften over a period of time. Certain raw material inputs like urea or rock phosphate, we have seen softness, and even the international DAP prices have started softening, which will cascade into other input raw material as well.

So, I think as responsible industry players, we will ensure that with this announced subsidy, with better negotiating ability on the raw material side, we should be able to sustain the operations and production and ensure the availability of fertilizer to the farming community. The prompt announcement of the NBS rate is very helpful in giving clarity ahead of the Rabi season.

Coming to industry performance:

Raw materials are almost steady across various categories except for the spike which happened in Ammonia and Sulfur in the middle of the quarter. The sulfur prices went up, and ammonia, because of unplanned shutdown happened in the Middle East, hardened during the end of the

quarter. Phosphoric acid price has moved up marginally from \$1,258 to \$1,290, that ensures the availability of critical input for the ensuing Rabi season. So, we do hope that there should be a downward correction in sulfur prices in the days to come. International DAP prices, with improved availability, have started softening, and I hope this trend will continue, which augurs well for our sector.

If you all look at the consumption of phosphatics, overall it remained close to last year level, but it is heartening to note that the share of NPK in the overall phosphatic consumption has moved up to 64%. If you all recollect, this used to be 50-50 in favor of DAP and NPK, and this has moved up to 64%, which is good for balanced nutrition. Slowly, the adoption of NP/NPKs in the Northern markets has started increasing, and this augurs well for Coromandel, which is predominantly into NP/NPK manufacturing.

I think during Q2, the industry has worked very closely with the government in ensuring availability of DAP. The imports have gone up significantly during this quarter, and also on half-yearly basis, adequate DAP has been procured, which ensures that the industry carries enough inventory as we move to the Rabi season.

Overall, because of the unseasonal rains witnessed in August and September, the consumption for industry has dampened. Otherwise, it would've grown much better than what it has been now. Still, its consumption is healthy at 121 lakh tons for the half-year, and imports have gone up significantly, as I mentioned, mainly driven by DAP. Industry continues to sustain the production of both DAP and NPK in spite of various geopolitical challenges. The industry could secure raw materials and ensure production is happening.

In the crop protection sector, overall inventory hangover has got normalized, and this is helping in improved volume offtake of key molecules. In India, the excess unseasonal rains of August-September impacted the spraying application in Kharif window. However, with the improved outlook for the Rabi season, these volumes will be made up in the Rabi season.

Coming specifically to company's performance:

I am very happy to report very resilient performance by Coromandel for the quarter across all business segments, thanks to improved offtake of Agri inputs. Company's fertilizer plants operated above its capacity, producing close to 9.1 lakh tons of NPK, up by 3% over last year. This could have been better except for some stock outage we had due to Ammonia disturbance witnessed during September.

It's very important to note that the company's Phosphoric acid facility has reported enhanced production through de-bottlenecking efforts, and that is reflected in the financials, is up by 13%. The production for the half-year has been healthy at 17.5 lakh tons, 5% growth over last year, and Phosphoric acid has grown up by 17% over last year with the same plants what we established up till last year.

Backward integration project for Sulfuric acid and Phosphoric acid is coming up in Kakinada. It is progressing well. 90% of the project targets have been achieved. And I am sure mechanical completion will happen in the coming quarter, and the commissioning of plants should happen in January. This is going to be the state of the plant with the new technology. It is also helping generating power, which can meet the entire power requirement of Kakinada. It is completely going to change the cost profile of the Kakinada operations from being an importer of acid to integrated play.

And as you all know, we have been securing rock phosphates from Senegal and the operations are getting stabilized. With the timing of the commissioning of this plant and Senegal rock getting blended with existing rocks, we are very confident of ramping up the Phosphoric acid volume in a short period of time. We can see this benefit flowing into the fourth quarter of this year.

We have initiated activities on NPK capacity enhancement at Kakinada for a million ton capacity. It is likely to be completed by third quarter of next year. The project is progressing well. As you all know, the company also signed up strategic supply contracts with Maaden for DAP, the Saudi Arabian phosphatic major, and also for securing long-term rock contract from Jordan.

On the marketing side:

We are happy to state that we have become the largest marketer for phosphatic fertilizers in the country. Our consumption-based market share in H1 stands at 19% versus 17% last year. In Q2, we registered a volume increase of 7%, marketing over 14 lakh tons of NPKs and DAP. Share of unique grade stands at 36%, similar to last year. Our H1 volumes are up by 17%. In line with our approach to expand presence in Northern and Central India, we have enhanced our sales to 200,000 tons in the first half. This seed marketing effort will augur well as and when the new plant gets commissioned next year.

SSP volumes were close to last year level in Q2 and is 6% up over last year for H1. We have completely changed the business profile of SSP. Instead of chasing volumes, we are focusing on value-added products like Groplus, Gro Alpha, which has improved the margin structure. Also, we are ensuring that we provide multi-nutrient single super phosphate to the farming community to replace DAP. This initiative of Coromandel to provide SSP plus urea, SSP plus micronutrients has been quite helpful to meet the shortages of DAP in the Northern markets, and provide a suitable alternative to crops like groundnut. These products currently account for around 50% of our overall SSP volume, which is coming through this unique granulation, that Coromandel introduced over the last two years.

Our market collections have been quite strong, supported by strong agronomic activities and government's timely disposal of subsidies. We may see the higher elevated numbers of subsidy in early September Q2 being the major quarter for us. The subsidy outstanding is higher, but we

have since collected in October, and we should thank government for timely disposal of subsidies, which were received even up to the third week of September.

Specialty nutrient business registered a very strong quarter, improving the sales and margin. We have reported a 20% growth in revenue, and focusing on improving the volume of sulfur for which the capacity expansion was taken last year. We are trying to diversify the sulfur portfolio to include sulfur plus micronutrients. We are also looking at granulation in specialties, including seaweed granulation, and also diversify the product portfolio.

With the increased demand for the specialty nutrient business, which is coming outside the subsidy scope, to provide higher EBITDA margin, the company has announced investment in MAP, which is a critical raw material required for manufacturing specialty nutrients. This project is coming up in Vizag, and will help us to reduce the dependence of one of the key raw materials for water-soluble fertilizers from China. These investments in granulation plant, MAP plant, will help the company to diversify the product portfolio and promote resource-efficient solutions for the farmers and also offers growth opportunity by ensuring availability of these key nutrients at affordable prices to the farmers.

Nano has been doing good. We have been systematically educating the farmers across India, and volume during the quarter has been 1,100 KL. The response from the farming community has been very good on certain crops like fruits and vegetables. Business has been continuously focusing on facilitating the movement of these materials to the farming community and creating awareness campaigns and continuously engaging farmers and channel partners. We have also been engaging with ICAR institutes and other technical institutes to communicate the positive impact of Nano, which can be an alternative to imported DAP.

Coromandel's spraying services through drones has gained momentum, and we could cover almost 80,000 acres in the current year for the first six months, as against 22,000 what we did last year.

The retail business has been expanding its footprint of opening a store a day. We have opened 100 stores in Q2, and totally 170 stores opened in H1. We have entered into new states like Maharashtra, Tamil Nadu, and are on track to reach the store size of 1,200 stores in FY26. All segment categories in retail have done very well. There has been an increase in volume of fertilizer sales through the retail outlets, and the business is progressing well on multiple initiatives like e-commerce, drone spraying services, diversifying to financial products including insurance. Company is drawing a blueprint of scaling up these retail stores to 2,000, expand the product portfolio, enhance the value, and will be effectively deploying analytics and AI on the customer-facing business segments like retail to enhance the efficiency and improve the profitability of this business.

On the crop protection & bio business, the business delivered a very good performance, recording improvements in both sales and margins across domestic, international, and B2B

segments. Bio product business also has achieved growth in the half-year period. Overall revenue grew by 10% to INR 829 crores, and EBIT was up by 48% to INR 162 crores in the crop protection segment.

It is very heartening to know that the key molecule Mancozeb registered a good volume growth in Latin American markets, and the capacity which was implemented in Sarigam has been fully utilized. We anticipate the demand for the molecule to continue and have set up an additional capacity at Dahej, which has been recently commissioned in October that will provide an additional impetus for the demand in the second half as well.

Domestic B2C segment had an exceptional quarter in a very tough business environment and achieved critical numbers in the early part of the Kharif season, but unseasonal rains has impacted the offtake. But nevertheless, the team has been going as per plan in terms of expanding the territories to 40 new markets and introduced new in-licensed products during this year. The in-licensed molecule we have taken from Japan last year has been doing well. Revenues were up by 11%. We are also embarking on a sales acceleration program in key markets where our margin and market share is beyond threshold percentage of 5%. New products introduced in last year are performing well, and the share in the sales stands at 25%. We continue to progress on CDMO front and have positive discussions with multiple international partners for technicals, intermediates, and patented formulations.

During the quarter, the company successfully completed the acquisition of NACL Industries, followed by the mandatory open offer. Emerging as one of the leading crop protection players in the country, NACL has done well in H1 with revenue growing by 18% to INR 900 crores and EBITDA by 12% to INR 83 crores. NACL is on track with meeting the KPIs as envisaged at the time of acquisition. And we are looking at various synergy areas by aligning our policies, R&D, product development, manufacturing infrastructure, and market access.

Overall, on a combined basis, crop protection business is likely to do well. And if everything goes well on an annualized basis, crop protection segment, including NACL, should reach the critical mark of INR 5,000 crores of revenue, which is significant and pushes Coromandel in the pecking order to third or fourth largest crop protection company in the country.

Bio business had a good quarter, introduced 8 new bio-fertilizers and biopesticides to strengthen its microbial portfolio. Business is collaborating with a global player for manufacturing API and has set up a facility to manufacture the same.

Overall, I am quite satisfied with the way the operations have played out, and we are looking forward to a very positive outlook for the Rabi season.

I will now hand it over to Deepak for commenting on the financial performance of the quarter. I will come back for the question-and-answer session.

Deepak Natarajan:

Thank you, Sankar. Good afternoon, everyone. The company recorded a consolidated total income of INR 9,771 crores during the quarter and INR 16,897 crores in the first half of the year, registering a growth of 30% for the quarter and 38% for the first half of the year. The consolidated total income also includes INR 245 crores pertaining to NACL, which became a subsidiary of Coromandel w.e.f. August 8, 2025.

Subsidy business share in the revenue stands at 83% for both first half and also Q2. It is broadly in line with what we saw last year at about 84% for the quarter and 83% for the first half of the previous year.

With regard to profitability, the consolidated EBITDA for the quarter stands at INR 1,147 crores against INR 975 crores in the previous year. For H1, we recorded INR 1,929 crores against INR 1,481 crores in the previous year.

Subsidy business share in the EBITDA stands at 71% for the quarter and 70% for the first half of the year.

Net profit after tax for the quarter was INR 793 crores in comparison to INR 659 crores recorded in the corresponding quarter previous year. For H1, PAT was recorded at INR 1,295 crores against INR 968 crores in the previous year.

With regard to subsidy, the company has received INR 3,336 crores towards subsidy claims during Q2. For the half year, the company has received subsidy worth INR 4,637 crores. The corresponding previous year number was INR 3,855 crores. The subsidy outstanding as on 30th September stands at INR 3,199 crores versus INR 1,714 crores in the previous year. While the closing number looks higher, it would be pertinent to note that almost INR 1,000 crores of the subsidy has been received in the month of October. Coromandel has been prompt in settling the dues, and the subsidy claims are being processed in a timely fashion.

With regard to Forex, we continue to see rupee trading in a slightly broader range of 85.18 to 88.93. There has been volatility during this period, the entire first half. Coromandel continues to hedge its exposures on a conservative basis.

Thank you all for your continued support and interest in Coromandel. We look forward to your interactions. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Somaiah V from Avendus Spark. Please go ahead.

Somaiah V:

Sir, my first question is on the manufactured EBITDA per ton in the fertilizer segment. Quite a robust current quarter. So, if you could just help us in terms of what are the key drivers in the current quarter which helps us to be much better on comparable, let's say, Q1 or previous year quarter. And also, how do we see things based on current subsidy rates and also the raw material price movements for the second half? That is my first question.

Sankarasubramanian S: See, we shouldn't track the EBITDA margin on a quarterly basis. As you rightly said, Q2 is a peak quarter for us, and I mentioned it in my communication as well. Phosphatic production has been very good, we are able to moderate the rock price increase and efficiencies have been extremely good in all the plants. We operated the plants at more than 100% capacity, and the conversion cost has been good. So, all this plays into the mix along with the inventory of raw materials what we hold.

Having said that, sometimes one quarter may look up more and one quarter may be less. As I have always been mentioning, as a company, we target minimum INR 5,500 EBITDA per metric ton, which we are confident of doing it in the second half as well.

Somaiah V: My question was on this NPK's gaining market share versus DAP. So, NPK has taken a bit of market share from DAP. So, in case DAP availability improves, let's say 6 months out or 12 months out, how much of this is sticky? How much of this could reverse?

Sankarasubramanian S: I think more and more farmers are seeing the benefit of balanced nutrition NPK. And I am not sure when this pricing mechanism of DAP will undergo a change. Please understand, this NPK shift is happening when DAP is INR 1,350. And I won't say availability at this point of time because DAP is available. The imports have gone up and we have adequate inventory in the system. In spite of that, there is an uptick in NPK. So, if at all the availability improves, at some stage, DAP pricing gets aligned with the market. I don't think any major shift back to DAP will happen. As a country, we should move towards balanced nutrition with more extension activities and companies like Coromandel will be persisting on this. I see this shift is for good.

Somaiah V: Just last question from my side on the Phos acid and the Sulfuric acid expansion. What is the level of utilization we can expect in FY '27? And also, from BMCC, what are the current volumes and what can we expect in FY '27?

Sankarasubramanian S: Whenever we commission the plant, we achieve 100% in the first month. And hopefully, we should repeat this track record and we are planning for 100% capacity utilization next year for both phosphoric acid and sulfuric acid.

As far as Senegal rock is concerned, at least we should expect 300,000 tons of rock coming in this year. Our plans are to see how do we scale up the volume to 500,000 next year. Hopefully, we should try and do it. That calls for some additional investments here which we are working on. So, at this point of time, I am confident that we should aim for 500,000 tons next year in Senegal.

Moderator: Our next question comes from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: Congrats on a good set of results. Sir, post this NBS policy, do we plan to take any price hike in NPK as an industry? Or how do we plan to defend our profitability?

Sankarasubramanian S: What I can say, NBS policy provides pricing freedom for NPKs. So, whatever it is required to be taken to, keeping in mind the needs of the farming community and ensuring availability of fertilizers and input cost structure, we will take appropriate call. I will not be able to put the number whether it be done at the industry level or a company-specific level. Fairly, the industry has been very responsible in terms of price corrections, and that will be followed through.

Prashant Biyani: Sir, while we don't talk about Dhaksha so much, last year, same time, there was a lot of excitement from Dhaksha, at least in the investor community. And last quarter, we also highlighted about the Board revamp and the new team. Incrementally, sir, what are the developments in Dhaksha and by when should we see order execution and fresh orders? And how much was the revenue from Dhaksha in H1?

Sankarasubramanian S: See, Dhaksha is focusing on new product development and executing defense orders. The execution of defense orders depends on evaluation of the current prototype what we have made. These defense orders take a long time as they go through a detailed evaluation process. We are pursuing with the government. As and when the evaluation goes through, we should be able to get the order going. Once the order comes through, then future orders should not be a problem. It has taken longer than what we thought initially.

Besides this, Dhaksha is also focusing on Agri drones. The advantage to Dhaksha is that Coromandel is using these drones for carrying out drone spraying services and giving a lot of inputs in terms of improving the maintenance uptime, increasing additional features on the drones, improving the battery life, improving the economics of drone spraying. Many things have been worked out. While you may not see everything in terms of the numbers, in terms of volumes we are selling, but a lot of activities and initiatives are undertaken at Dhaksha level. Any startup may not play out immediately. It is a high-tech area, and we are getting right partners to ensure that we create a proper ecosystem. There has been change in the government guidelines as well, which we are forced to follow through in terms of the sourcing of components.

Prashant Biyani: Sir, other expenses in the last three quarters, every quarter has grown significantly. What would be the reason for same? And then lastly, on Phos Acid new plant, when are we starting with trial run? From which month? And commercial production from which month?

Sankarasubramanian S: First question, what is that? I didn't get your point.

Prashant Biyani: First question was, other expenses in the last three quarters have grown significantly between 30% to 50% every quarter on a Y-o-Y basis. What would be the reason for it?

Sankarasubramanian S: See, it must be in the normal course of business. I need to come back to you, but there was nothing abnormal in this. We have a shift in our approach in terms of recognizing the CSR expenditures. In the past, it used to be year-ended. Now it's being spent on a quarterly basis. There are some one-off expenses in terms of various consultancies and engagements which will include NACL as well. Also, NACL transaction had one-time consultancy charges in terms of

open offer, legal charges. Those numbers may be pronounced in the last two quarters. This may be one-off which will come down as we move forward.

- Prashant Biyani:** Sir, lastly, Phos Acid trial run and commercial production will start from which month?
- Sankarasubramanian S:** We are looking at mechanical completion in December. January will be trial run, and production should start by second or third week.
- Moderator:** Our next question comes from the line of Ankur Periwal from Axis Capital. Please go ahead.
- Ankur Periwal:** First question on the crop protection side. While there is some bit of benefit because of the integration of NACL for the quarter, but if I look at the margins, which is on your Slide #12, the standalone CPC margin versus the consol CPC margin, so is there a loss that NACL had made in this quarter because your consol EBIT is lower than the standalone EBIT?
- Sankarasubramanian S:** Yes, your observation is right. Standalone EBIT is quite healthy. As you rightly pointed out, 15% has moved to 20%. Including NACL, it is almost flattish. The reason being, on NACL, there is one-off exceptional items and expenses. Also, we didn't consolidate full quarter performance into the numbers. We took proportionate numbers from the time it has become a subsidiary. So, it has taken, say, 50 days in a 90-day quarter. Probably it may not reflect when the expenses might have got captured, it may not reflect the full benefit. It is a combination of proportionate period consolidation and one-time expenses, which has led to lower margin.
- Ankur Periwal:** That's helpful. Will it be possible to share those, the quantum of that one-time expense?
- Sankarasubramanian S:** I think it is there in the NACL published result.
- Ankur Periwal:** No problem.
- Sankarasubramanian S:** I think NACL result, if you look at it, it is appearing as Rs. 17 crores as an exceptional item.
- Ankur Periwal:** And just secondly, from a growth outlook perspective, any thoughts on how are we looking at NACL's existing portfolio? Is there a need to maybe cut off some of the lower margin product, or how do you plan the growth expansion there? And commensurate to that, how should one look at the consolidated margins on the crop protection side on an annual basis going ahead?
- Sankarasubramanian S:** It is a good question. It needs some time in terms of how we realize the synergy benefits of both the companies. Fortunately, there is not much overlap in molecules except for Profenofos. The market segments they cater to are also different. They have a very strong domestic formulation business with different set of molecules and markets complementing to each other. Also we will try to synergize the R&D effort so that we don't duplicate on the same chemistry. We also try and see how best we can introduce our pipeline products so that we don't repeat the same in both companies. I think with the deputation of senior resource from Coromandel to NACL, there has

been a lot of alignment. I would say that one plus one should become three. It will not come down. It won't be a rationalization. It will be a growth opportunity for both the companies.

Having said that, Coromandel CPC business has got a different margin profile, which is in the range of 17% to 18%, whereas if you remember, NACL margin profile is in the range of 9% to 11%. It's fallen off to 4%. Currently the team is trying to get to 9% to 11%. And slowly, we need to get pipeline products, innovative molecules, contract manufacturing to bring the margin of NACL on par with Coromandel. So, that may require some time and effort, and that is what the NACL team is doing now.

Ankur Periwal: That's helpful. Just one follow-up here. From a revenue growth perspective, given that you mentioned the distribution network for NACL versus Coromandel, there is a lot of complementary areas that we can expand into. Does that also mean the standalone Coromandel portfolio can grow at a much faster pace given the geographical expansion?

Sankarasubramanian S: Absolutely. There is an ambitious growth plan for Coromandel CPC business, both in terms of active ingredients in the global market and making a global presence on B2C in Latin America. We are seriously evaluating opportunities. With domestic formulation, we will be expanding territories. We are not even at a four-digit formulation business turnover in India in a INR 29,000 crore industry. So, we have put in place an action plan to scale up the domestic formulation business. We have strengthened our product portfolio in the last three years and have enough molecules. Our aim is to grow much faster in domestic formulation business in CPC.

In global markets, we will be focusing on capacity creation and Mancozeb will help us to increase the volume. We will look at B2C light model in Latin American markets.

Each business will pursue the growth opportunities. We plan to grow topline at 20% to 25% topline, across segments and across both the companies.

Ankur Periwal: Great, Sankar. Just last bit on the CAPEX side. Now, given that last part of the Phos Acid and sulfuric acid expansion will be over, how are you looking at our annual CAPEX run rate going ahead?

Sankarasubramanian S: We still have this granulation plant CAPEX happening. Also we have announced quite a few CAPEX in the last few quarters: MAP project at Vizag and the joint venture in gypsum project to manufacture Plaster of Paris. Also, we will work on additional capacity creation at Senegal mining operations. Plus, we will keep looking at debottlenecking capacities in both fertilizer and CPC. We will be looking at new product registration, new capacity creation for active ingredients, and downstream projects for Mancozeb and other molecules to strengthen raw material security. How we capture value chain in fertilizers, we will try and do that in CPC as well. So, we have good pipeline of projects coming in, and we will continue to invest profitably.

Ankur Periwal: Thank you for answering all my questions.

- Moderator:** Our next question comes from the line of Naushad Chaudhary from Aditya Birla AMC. Please go ahead.
- Naushad Chaudhary:** First, on the, assuming next year sulfur and sulfuric acid prices correct or normalize, and same we experience in Phos Acid, how would that change in terms of your EBITDA expectation from the company?
- Sankarasubramanian S:** See, it is a function of multiple things. It depends upon Phos Acid, Rock price, and how sulfur behaves. Manufacturing of sulfuric acid using sulfur burner and generating power is the most economical thing to do. Once you create capacity, that value creation will happen. The sulfuric acid plant, what we have invested in Vizag, has almost paid off 60% to 70%. Balance will get paid off during this year.
- Similarly, the payback of the current investment, which is happening in Kakinada, will happen in the next two years. So, I think the first benefit comes from ensuring the supply security of acid. Power generation, which helps the running of the entire complex, is the second important thing. Then the value addition. I think value addition is likely to be better in the coming period than what we are witnessing at this point of time. So, that can only positively impact EBITDA than what we have at this point of time.
- Naushad Chaudhary:** So, irrespective of the direction of these prices, there will be a positive impact. Is that understood correctly?
- Sankarasubramanian S:** Absolutely. The value addition of sulfuric acid will bring in the desired savings. When I say that a INR 1,000 crore investment will pay back in 2, 2.5 years' time, you can understand the economics in terms of what it can add to the bottom line.
- Naushad Chaudhary:** At what price assumption will we calculate two years of payback?
- Sankarasubramanian S:** See, all these prices are linked. DAP, DAP to acid, acid to rock. So, we play on this thread. At sustained levels, I think 2, 2.5 years' payback should be possible.
- Naushad Chaudhary:** And what was the non-subsidy EBITDA share in this quarter?
- Sankarasubramanian S:** I am not sure what number has been there. These are all specific data point which we will not be able to share.
- Moderator:** Our next question comes from the line of Ranjit from IIFL Capital. Please go ahead.
- Ranjit:** My first question is on the global dynamics. While we have been seeing a consistent inflation in the Phos Acid, we haven't seen any commensurate inflation in the rock. So, what is leading to this disparity?

- Sankarasubramanian S:** Good question. I think new opportunities are coming up on rock. A lot of sources are opening up, and Egypt is increasing the output. Jordan output is increasing. We have also expanded our mining operations. Additional resources are helping to keep the price normalized. That is what I would say.
- Ranjit:** And this increase in supply in rock should help us in the higher spread, at least in the foreseeable future.
- Sankarasubramanian S:** Right.
- Ranjit:** That's helpful. Thank you. Second question is, would you be able to share any granularities with regards to TMAP capacity, even though the Board has approved, but we haven't shared any details with regards to capacity and CAPEX? That would be helpful.
- Sankarasubramanian S:** We are actually planning to make modular investment. At this point of time, the first phase will be 25,000 tons, which involves capital outlay of INR 150 to 170 crores.
- Ranjit:** And the last question is on earlier, we do have plans to refine phosphoric acid so that we would be able to be a part of the battery chemical supply chain. Any further thoughts on this?
- Sankarasubramanian S:** We have been working on fine-tuning the technology. We have been talking to the technology providers. We need to ensure that we recycle the output of the purification. And we are trying to work out the business economics. Also, it is very important when we come up with the end product, we have a tie-up with the customer. It has to be for the desired quality standards. So that process is going on. As and when we are ready, we will be able to share that information.
- Ranjit:** Any timelines we can provide? It's a one or two-year process.
- Sankarasubramanian S:** Six months.
- Ranjit:** That's all from my side.
- Moderator:** Our next question comes from the line of Riju from Antique Stock Broking. Please go ahead.
- Riju:** A couple of questions regarding the price hike. So, if you could share the price hike for the NPK portfolio that you have taken during Q2.
- Sankarasubramanian S:** Can you please repeat? I couldn't understand your question.
- Riju:** The price hike that you have taken during Q2, if you could share the numbers for the NPKs.
- Sankarasubramanian S:** This is an ongoing routine thing. I don't remember anything we have taken recently. We need to take depending on the subsidy rates which are recently announced. So, we need to play by the month depending on the cost structure and the subsidy level.

- Riju:** And in your opening remarks, you have shared that Phos Acid production gone up by 17% during this quarter because of some debottlenecking that you have done. So, if you could share the current Phos Acid capacity that you have. So, it is between 4.5 to 5 lakh tons. That's the capacity that you are having for the Phos Acid.
- Sankarasubramanian S:** The current capacity at Vizag is 4.5, and 0.6 at Ennore, totaling to 5.1. The new one which is coming up in Kakinada would be another 200,000. We will have 7 lakh tons of Phos Acid.
- Riju:** So, sir, 4.5 plus 0.6, this includes the debottlenecking that you have done during this quarter?
- Sankarasubramanian S:** Correct. 5 plus 2. 2 is the new one which is going to come up now.
- Riju:** And sir, one bookkeeping question, if you could share in terms of the current inventory that you are having at the dealer level or the retailer level, if you could share that number.
- Sankarasubramanian S:** I don't remember. It must be in the range of 6 to 7 lakh tons. I don't remember the exact number. I need to check. I will ask Anuj to get that.
- Riju:** And this is as per the manufactured volume. Is that correct?
- Sankarasubramanian S:** We will have a combination of both, manufactured and imported.
- Riju:** And sir, in terms of the BMCC numbers, as per the current quarter, is it fair to assume that BMCC is now profitable or it is now also making loss at the EBITDA level?
- Sankarasubramanian S:** No, it is making profits. You may not see the benefit of it in the consolidation because of various accounting treatments we give for the acquisition and other things. But at the base operation level, the business is doing profitably because we are scaling up.
- Riju:** Thanks for the clarification. Sir, one last question. If you could indicate the current prices of Phos Acid and the ammonia.
- Sankarasubramanian S:** Current Phos Acid is \$1,290. Ammonia is in the range of \$400 to \$450.
- Riju:** Thanks for clarifying all the questions.
- Moderator:** Our next question comes from the line of Sumant Kumar from Motilal Oswal. Please go ahead.
- Sumant Kumar:** Sir, can you talk on the crop protection side, how is the export business performing?
- Sankarasubramanian S:** In Export business, one of the major components is the Mancozeb volumes. Mancozeb, both in terms of volume and profitability, has grown very well. And that has been one of the key drivers for this quarter's profitability as well as for the half year. That will continue to remain as a major focus for the full year as well. So, export business has grown for this quarter by almost 6% to

7% and 12% on an half-yearly basis. So, there has been good traction on this Mancozeb molecule.

Sumant Kumar: And profitability is better than that? Profitability growth?

Sankarasubramanian S: Very good. Profitability growth has been extremely good. That is the main driver why PBIT margin has gone from 15% to 20%.

Sumant Kumar: Any other molecule we are targeting for export market in next couple of years?

Sankarasubramanian S: We are working on quite a few molecules. We have created capacities. We have got few molecules like Boscalid, Pyraoxystrobin for which registration is happening. We are increasing the capacity of Malathion. We have pipeline of 2-3 molecules. We are working on Strobilurin chemistries. We have additional capacities both in Coromandel as well as in NACL. We will be coming up with these molecules over a period of next two, three years. So, we have pipeline of products.

Sumant Kumar: And for domestic crop protection, ex of inorganic, how is the performance in the top line and profitability side?

Sankarasubramanian S: For Coromandel formulation business, you can say August, September has impacted the sale volume. Otherwise, it was going good. It's 11% growth, but on an half-yearly basis, it's at 20% growth. And overall for the year, we expect 25% growth in formulation business over the last year. If everything goes well, Coromandel's formulation business, including what we sell through retail, should reach the critical size of INR 1,000 crores, which is very significant. Combined with B2C business of NACL, which is again in the range of INR 1,000-1,200 crores, it is a very sizable branded formulation business.

Here again, our pipeline of new products, our co-marketing products, in-licensed molecules from Japan are going to be helpful for us. Even this year, our share of new product sale has been 25%. We are increasing our territories, as I mentioned in my remarks, and that has paid off well.

For some of the new molecules we introduced during this year, we could achieve full year budget in the first six months. So, I think crop protection domestic formulation provides enough opportunity with lesser CAPEX. And we have enough product portfolio now to meet the customer requirement.

Moderator: Our next question comes from the line of Dhruv Muchhal from HDFC AMC. Please go ahead.

Dhruv Muchhal: Sir, you mentioned the Phos acid expansion, which I believe is about INR 1,100 or 1,000-odd crore CAPEX. We will have a payback of about two years. So, if I just do a rough math, I get an EBITDA per ton just on the Phos acid plant. I believe that you are mentioning, including sulfuric, is about \$250, \$300. Sir, is that a sustainable run rate now? Because I think the number historically used to be much lower.

Sankarasubramanian S: You are not off the target.

Dhruv Muchhal: I am just trying to understand if this can sustain. What are the drivers? What's leading to this change versus the historical trend? Is it because the P. rock, you believe rock can remain lower irrespective of the Phos acid prices, can remain lower given the supply dynamics have changed? Is that the key driver?

Sankarasubramanian S: We try and produce our own rock from Senegal. We ensure that we blend various grades of rocks and different quality of rocks. We don't depend on high-grade rocks. The new plant which is coming up has got a metallurgy which can handle a low-grade rock as well, and it is on a different technology. Accordingly, we ensure that we buy low-grade rocks and blend it and sustain the margins.

Dhruv Muchhal: When you say payback of two years, this includes the sulfuric acid also, right? This is not just P. So, effectively, what I am trying to understand, this \$250, \$300 per ton margin that I have implied, that is including the sulfuric acid, right?

Sankarasubramanian S: Yes.

Moderator: Our next question comes from the line of Lakshminarayanan from Tunga Investments. Please go ahead.

Lakshminarayanan: I just want to understand how we have expanded our reach in terms of fertilizers in India in the last six months because I understand that we had seeded certain markets sometime back when there was short supply of complex fertilizers. I just want to understand what is our reach and how is geographically the revenue stacks up?

Sankarasubramanian S: In the new markets like UP, Rajasthan, MP, we have increased our volume from 100,000 to 200,000 tons. And this has happened in the half-year period. This trend will continue. We will try and see how to take at least a million ton to the markets so that when the new capacity comes in, we will be able to fulfill the demand.

Besides that, we are expanding our footprint in retail. As you know, we are increasing to 1,200 by the end of the year, and ultimately, we will move towards 2,000. So, that also provides opportunity for us to increase the presence across the key states. Of course, they are primary markets, but that will be more influenced with our own retail outlet.

Lakshminarayanan: We do get some subsidy for transportation. So, till what, how many kilometers it actually covers?

Sankarasubramanian S: 1,400.

Lakshminarayanan: Effectively, we can reach most of the parts of India, right? Okay.

Sankarasubramanian S: Absolutely. Key markets where we want to serve.

Lakshminarayanan: And in your opinion, how is the competitive scenario in the complex fertilizers looking? Because we are expanding, but as an industry, others are not expanding. So, how do you think this will pan out in the next three to five years?

Sankarasubramanian S: As a country, we need to move towards balanced nutrition, which means NP/NPKs have to increase their share, and DAP needs to come down. With the focus on unique grades, which is currently at 35%, we continue to innovate and come up with new products. We feel generic NPKs will not be sufficient. We need to come up with NPKs plus micronutrients like zincated NPKs.

We need to come up with slow release and control release fertilizers. Over a period of time I think this industry will get transformed into higher use efficiency products rather than generic grades. So, that requires a lot of pricing freedom, innovation, and early adoption and fast approval process, which we are pursuing with the government.

That is the way we look at it, and that is the reason you can see there are only a few companies who have also been branding like GROMOR. Each of the products, categories, subcategories are also getting branded separately because we need to communicate the value proposition and trust that farmers have got on the product.

The competition can be intensify, and it is important that we need to have that strong connect with the farmers. We are the only company to have agronomists educating the farmers on the unique features of our products.

Lakshminarayanan: And any views on these Nano fertilizers? How is this actually in acceptability as well as the preparedness for us?

Sankarasubramanian S: We have been growing steadily on Nano DAP. Our communication right from the beginning has been, instead of two bags, substitute one bag of DAP with Nano DAP bottle. We have done the studies across all ICAR institutes in the country. Response have been very positive and farmer usage has been good. Adoption has been improving. We have our team educating the farmers. It will take time for shift to happen- from a traditional bulk fertilizer of 50 kg bag, making him to accept a 1-liter bottle. And that is the process we are going through now.

But we have seen the positive feedback and response from the farming community. We are quite happy with that. It is working very well on fruits and vegetables and high foliage crops. We have also increased our volume, almost doubled the Nano DAP volume in the first half. I think it is one of the innovations which the Indian industry has come up with, and it should sustain. But it requires sustained efforts and careful education of the farmers and not to push or tag the product. That is very important, and I hope the industry will be responsible in doing it.

As Coromandel, we have always been focusing on proper education of farmers and let them make the choice. It is also environmentally friendly, and we will continue to focus on it. We are quite happy with the way the product has been accepted. In our retail centers where we have our

own Agri graduates communicating with the farmers, we have seen that farmers are willing to trying it out instead of DAP. It is a great opportunity now when there is a challenge in availability of DAP. It can be a boon for the farming community.

Moderator: Our next question comes from the line of Meghna Agarwal from Mount Intra Finance. Please go ahead.

Meghna Agarwal: I just wanted to confirm, as you saw, that there is an exceptional item in NACL for around INR 17.25 crore. Sir, can you just confirm the details? Like is it a one-off or what is it all about?

Sankarasubramanian S: See, it is an accounting adjustment to harmonize the accounting policies between Coromandel and NACL being same auditors, and we are trying to align this. The footnote has been given in the results of NACL. I think it may be more appropriate to refer to it.

Moderator: Ladies and gentlemen, we will take that as our last question for the day. I would now like to hand the conference over to the management for the closing comments.

Sankarasubramanian S: Thank you very much. In fact, very insightful questions. I really appreciate your interest in Coromandel and thank all of you for joining the call and also thank Harmish for organizing this call. I look forward to future interactions. Thank you very much.

Moderator: On behalf of PhillipCapital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.