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February 6, 2025

National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> 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,

**Sub : Transcript of conference call held on January 31, 2025**

This is further to our letter dated January 31, 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 January 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  
Q3 FY'25 Results Conference Call”

January 31, 2025



**MANAGEMENT:** **MR. SANKARASUBRAMANIAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – COROMANDEL INTERNATIONAL LIMITED**  
**DR. RAGHURAM DEVARAKONDA – EXECUTIVE DIRECTOR, CPC, BIO PRODUCTS AND RETAIL – COROMANDEL INTERNATIONAL LIMITED**  
**MRS. JAYASHREE SATAGOPAN – PRESIDENT, CORPORATE AND CHIEF FINANCIAL OFFICER – COROMANDEL INTERNATIONAL LIMITED**

**MODERATOR:** **MR. RANJIT CIRUMALLA – IIFL CAPITAL**

**Moderator:** Ladies and gentlemen, good day, and welcome to Coromandel International Q3 FY '25 Earnings Conference Call. As a reminder, all participant 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 star, then zero on your touch-tone phone. I now hand the conference over to Mr. Ranjit Cirumalla from IIFL Capital. Thank you, and over to you, sir.

**Ranjit Cirumalla:** Thank you, Muskan. Good afternoon, everyone. Welcome to the Coromandel International's Q3 FY '25 Earnings Conference Call. We thank the management for giving us this opportunity to host the earnings call today.

From the management, we have with us Mr. Sankarasubramanian, Managing Director and Chief Executive Officer; Dr. Raghuram Devarakonda, Executive Director, CPC, Bio Products and Retail; and Mrs. Jayashree Satagopan, President, Corporate and CFO.

We would begin the call with an opening remarks from the management, post which we will have a Q&A session. Over to you.

**Sankarasubramanian:** Good afternoon, everyone, and thanks, Ranjit, for organizing this conference call. I'll give a brief overview on the business environment and the company performance and Jayashree will take you through the financials, then we can have a Q&A session at the end.

On the agriculture scenario, the rainfall, northeast monsoon, which is the major rainfall activity over South Peninsula, especially in our markets of Andhra, Rayalaseema and Tamil Nadu and Karnataka, has been good, and all regions have reported good rains, especially in October, December period - majority of these regions received above normal rains.

Also going by the early estimates for the next cropping season, global weather models are predicting La Nina to neutral conditions to prevail, which augurs very well for the agriculture scenario for the next season. Thanks to good monsoon, reservoir levels are comfortable, especially in the southern part, with most of the regions reporting high storage compared to last year's normal level, although levels are lower in the northern region.

The conducive environmental conditions have resulted in improved crop sowing. As on 24<sup>th</sup> January, we could see 2% growth in the crop sowing reaching to 66 million hectares, Being the rabi season, wheat is a predominant crop with 31 million hectares, pulses 14 million and oil seeds at 9 million hectares. .

The first advance estimate of the major agri crops projected kharif food grain output at 167 million tons which is 9 million tons more than last year. Record output of paddy and maize is expected in the current season. The gross value added for agri and allied industries is also expected to grow at 3.8% compared to last 1.4%, making it the fastest-growing sector in the country.

On the policy side, there has been good development in terms of infrastructure strengthening. Government has recently announced the work under Ken-Betwa River Linking Project that intends to bring 3.5 million hectares under assured irrigation. Further, there has been renewed

impetus for completion of Polavaram Project in Andhra, and that can bring in another 1 million hectares of land under irrigation especially in our core markets.

As you are aware, the government has been closely engaging with the industry to ensure availability of fertilizers. And during the rabi period especially in the initial sowing stage, the industry and government has worked together and ensured availability of DAP in the northern markets and also availability of alternate grades of NP & NPKs.

To support this, government has also announced a special package of Rs. 3,500 per metric ton, which got extended beyond 31st December until further orders. Besides this one-time package, they have also extended additional price compensation beyond purchase price of DAP in order to ensure availability of DAP. As company and as industry, we are working towards balanced nutrition and trying to see how best the shift can happen from DAP to NPK.

On the industry side, fertilizer raw materials have been fairly stable, except for sulfur and sulfuric acid due to demand coming from China and Indonesia. Phos Acid price for Q3 has been fixed at \$1,055, \$5 reduction over the previous quarter. Also, there has been a corresponding reduction in rock prices we have witnessed.

Overall, I would say the raw material prices remain reasonably stable and likely to remain stable in the fourth quarter with the easing of geopolitical tension across the globe.

For the 9-month period phosphatic fertilizer production for the industry has gone up by 5% to 11.3 million tons. Of course, imports were lower to 5.6 million tons, almost 20% lower basically due to supply chain disruption of DAP.

On the consumption side, it is one of the best season industry has ever witnessed. In this period, the year-to-date consumption has grown by 6% to 20 million tons versus 18.9 million tons last year. Also, we have seen the shift happening between DAP even though the availability was less, but farmers have opted for NPK. I would say, 1 million ton shift has happened from DAP to NPK, especially in the northern markets, and the response to the grades likes 20-20 has been good.

Overall share of NP/ NPKs has moved up to 58% from 49% and Q3 also witnessed significant uptick in demand and consumption rose by 27% due to improved ago-climatic situations. The SSP industry consumption also has grown by 3% on a year-to-date basis. Especially in Q3, it has grown by almost 59%.

In Crop Protection, global markets are seeing gradual reduction in the channel inventory levels with improvement in consumption. Some of our key molecules have received good interest from the market, and we expect the situation to further improve in the coming periods.

Coming specific to our company performance for Q3, Coromandel has reported a very resilient performance with overall increase in volumes across the business segments and improved operational efficiencies due to higher throughput especially of intermediate phosphoric acid and sulphuric acid, low conversion costs and improved power generation in the fertilizer units. Besides that, all business segments have grown new products and value-added products.

Our plants operated at 95% capacity, producing 8.4 lakhs tons of NPK. We registered record phosphoric acid production in Q3 and the new sulphuric acid plant which was commissioned in the last year has been operating on 100% -plus capacity. This has helped the business to capture value on power savings. Also in the volatile prices of sulphuric acid, it was very advantageous for the business to have access to a captive sulphuric acid. Our ongoing project at Kakinada for setting up 2 lakh tons of phosphoric acid and related sulfuric acid is progressing well and we expect the plant to be commissioned by Q4 of next year.

As you all know, we announced investment in additional capacity of 7.5 lakh tons of NPK facility at Kakinada. Last week, we carried out Bhumi Pooja to initiate the project activity, and we are in the final stage of negotiating with technology providers and business partners and ensure that this project will come up in the next 24 months and be there for commercial production from Q4 of 2027.

On the marketing side, we have significantly improved our volumes. Primary sale of NPKs in Q3 stands at 11.4 lakh tons as against 9.4 lakh tons we had last year corresponding period, registering growth of 21%. It's heartening to note that our consumption has been extremely good.

There's been an increase of 73% in consumption and it stands at 12.7 lakhs tons as against 7.3 lakhs tons we had last year. This has considerably reduced the channel inventory for the company. Our ability to take the material to northern markets has been very useful to balance our presence in case of any uncertainties. For the 9-month period, our consumption based market share has moved up to 17% as compared to 13% last year.

The company is strengthening its marketing infrastructure, and during the quarter inaugurated central soil and leaf testing lab, a state-of-the-art facility at Kakinada. We also set up a polyhouse facility near Hyderabad to drive research in protective agriculture space. SSP also registered a quarterly volume growth of 29% with a major share coming from value-added products like Gro Plus and urea SSP.

On the specialty nutrient business, which mainly relates to water soluble fertilizers, secondary and micronutrients and organic fertilizers, we had a very good quarter. The business could recoup the volumes lost out in kharif and they could show improved volumes specifically in organic fertilizers. The business commissioned bentonite sulfur plant, which has improved the capacity from the current levels.

On Nano DAP, our agronomy team has been continuously engaging with the farmers across the country and carrying out field trials, and the response has been quite positive. And during the 9 months period, we have sold 25 lakh bottles, constituting almost 40% of the total sales that has happened in the country.

As you all know that we have also started the Gromor Drive, which is a drone spraying activity. In the last 9 months, we have covered more than 1.1 lakh acres, including the services rendered through our retail outlets. These spraying services, besides providing benefit of cost and convenience to farmer, can also considerably save 90% of the water during input application as

compared to conventional methods. This will be one of the activities which Coromandel will be scaling up as we move forward in the next 2 years.

Crop Protection has done well in the domestic formulation segment registering growth of 15% and global export market registering growth of 5%. Business also improved its margin structure - EBIT has improved by 8%, especially driven by domestic B2B and formulation segment.

Overall, EBIT margin for the segment is at 14.3%. The new products introduced during the year have performed very well, and the share of sales on new products for the year stands at 24% as against 14% we had last year. In export, our key products have started receiving increasing demand driven by positive momentum in Brazil.

The business has initiated activities for its multi product plant at Ankleshwar, which was approved by the Board in the last Board meeting, and we are progressing well to commission the plant in 18 months' time.

Bioproducts business improved its margin during the quarter, though, export volumes have got impacted, and there's been a delay in securing orders which will come through in the fourth quarter. Business is looking at collaborative opportunity on the Aza side, expanding the product portfolio beyond Aza.

The company is collaborating with a global trading company based out of Europe for niche product segments similar to a CDMO opportunity, which can open up doors for future engagements and can take the bio business to the next level.

It's also testing out the new products in plant extracts and microbial space. I'm happy to share that a lot of products are on the final stage of approvals and registration.

In CDMO, we continue to engage with multiple customers, and we are in the stage of sample submission. Further engagement will happen before we commence the operations.

Retail business delivered very strong performance during this quarter and the business has performed well across all the segments. Fertilizer has done extremely well through the retail outlets and we have also improved the performance on all other verticals- Crop Protection sale has considerably improved. Specialty Nutrients has grown well, and business has also increased organic fertilizers volume. Business is in the process of adding new stores, have added 18 stores during this quarter, and now the total store count has moved to 810.

The retail business is also focusing on creating exclusive crop protection, liquid fertilizers and drone spraying service stores under the brand name of CoroCare and they are doing the pilot for 3-4 stores. If it works well, it will be extended to more number of stores across AP, Telangana and other states. These are the initial observations on the business performance. I will request Jayashree to cover on the financial side.

**Jayashree Satagopan:**

Thank you, Sankar. Good afternoon, all. Let me take you through the financial performance for the quarter and for year-to-date.

**Turnover:** The company recorded a consolidated total income of Rs. 7,049 crores during this quarter and Rs. 19,330 crores for the 9 months ended 31st December, registering a growth of 28% for the quarter and 6% for the 9 months. The increase in revenues is mainly on account of higher volumes in the business.

Nutrients and Allied businesses contributed 91% share and the remaining 9% comes from Crop Protection business. For the 9-month period, it was 90% and 10%, respectively. Subsidy businesses' share in revenue stands at 84% for the quarter and 83% for 9 months. During the previous year, it was 82% for the quarter and 84% for 9 months.

**Profitability:** The consolidated EBITDA for the quarter was Rs. 722 crores as against Rs. 358 crores during the last year. For the 9-month period, it was Rs. 2,202 crores as against Rs. 2,126 crores during the last year.

Subsidy businesses' share in EBITDA stands at 69% during the quarter and 71% for the 9 months. Previous year, it was 37% for the quarter and 74% for 9 months. Net profit after tax for the quarter is Rs. 508 crores in comparison to Rs. 228 crores for the corresponding quarter last year and Rs. 1,476 crores for the 9 months against Rs. 1,477 crores during the last year.

**Subsidy:** During quarter 3, the company received subsidy amount of Rs. 2,036 crores. Last year, it was Rs. 721 crores. For the 9-month period, subsidy received totals to Rs. 5,892 crores. And in the last year, it was Rs. 7,033 crores. Subsidy outstanding as on 31st December, 2024, was at Rs. 2,095 crores.

**Balance sheet:** The company's balance sheet continues to be strong. Focus on working capital improvements has helped in augmenting the cash position. Company intends to utilize the investable surplus for its capital investments as well.

**Incentives on capital investments:** The company had applied to the AP government for availing incentives on the large capital investments that's being made in the state. This has been favourably considered by the State Industrial Promotion Board.

**Tax matters:** The company has successfully applied and has been receiving GST refunds. During the quarter, the company engaged proactively with the GST authorities and represented the matter relating to a demand of Rs. 589 crores against the earlier GST applications and refunds received. The company has recently received a favourable order from the GST Commissioner.

**Interest:** During the quarter, the company earned net interest income, excluding the Ind AS lease adjustments, of Rs. 51 crores viz-a-viz Rs. 31 crores in the last year. For the 9-month period, company earned a net interest income of Rs. 68 crores vis-a-vis Rs. 53 crores in the last year. Company continues to deploy the surplus funds in Board-approved securities and will be deploying them further for its future strategic investments.

**Forex:** During the later part of the third quarter, the U.S. dollar strengthened against most currencies, with the Republicans winning in the U.S. Elections and Donald Trump getting back to power. Indian rupee, like other global currencies, witnessed a sharp depreciation moving from Rs. 83.79 to Rs. 85.68 during the quarter. Coromandel continued to follow a prudent

conservative approach of hedging the forex exposures, which has immensely helped in limiting the impact of the currency depreciation.

**Dividend:** The Board in its meeting held on 30th January 2025, has approved an interim dividend of Rs. 6 per share.

Thank you all for your interest in Coromandel and joining the call today. We look forward to the interactions.

**Moderator:** Thank you very much. The first question is from the line of Nirav Jimudia from Anvil Research. Please go ahead.

**Nirav Jimudia:** Ma'am, I have two questions to ask. So one on the agro side. Ma'am, if you can share what was the volume growth for Mancozeb in 9 months of FY '25 vis-a-vis of 9 months of last year as well as also if you can share that like recently, we have seen the prices of Mancozeb in the international market moving up. So how much of that is captured in Q3? And how much it is still left to be captured going forward?

**Jayashree Satagopan:** So, Nirav, thanks for your question. I'm just going to get the volume data out. Meanwhile, in terms of the Mancozeb prices, I'm going to request Raghu to give you a bit of an update.

**Sankarasubramanian:** So my suggestion would be, instead of specific products and pricing, let's look at the macro picture. I would request Raghu to respond to it. But we'll not get into the specifics on the product pricing and volume at this stage.

**Nirav Jimudia:** Fine, fine, fine. Sir, also, if you can share like last year, we produced close to around 70,000 tons of technicals out of over 90,000 tons of production capacity. So how are we looking FY '25 and FY '26 in terms of the production of technicals, given the kind of newer products we have launched on the formulation side? This along with if you can combine the volume data growth for Mancozeb, that would be helpful.

**Sankarasubramanian:** Raghu, I'll briefly touch upon before you comment on Mancozeb.

**Raghuram Devarakonda:** Sure.

**Sankarasubramanian:** It may not be appropriate to look at absolute volume of technicals because more and more new products are coming in, which are high value and low volume. Some molecules also go out of the system. So it may not be appropriate to look at tonnage as the indicator for the future growth prospects. Rather we should look at whether we have got registration for new generation molecules, which can improve the overall business prospects and the margin structure.

There are enough opportunities available for us to scale up the production. And recently, in yesterday's Board meeting also, we have taken approval to enhance the capacity of our technical facility. Besides the multiproduct plant for which we took approval, we are looking at some brownfield capacity expansion, which may come up between Sarigam and Dahej.



So we are looking at the current business environment, opportunity that it throws up in terms of the registration, and the countries in which we operate. We are planning to take advantage of the market situation and increase our volume growth.

Definitely, the capacity utilization may come down due to monocrotophos moving out, but we are repurposing these plants with new technicals and new products and the products which have been initiated in the beginning of this quarter are in the final stage and will be completed by March. And this will come into next year in production, and we'll be launching the products and brands both in domestic and global markets.

Raghu may supplement with any volume data relating to Mancozeb.

**Raghuram Devarakonda:** So primarily, just to add, I think specifically the Technicals that we are talking about, as we have mentioned in the previous interactions, we are expanding our product portfolio to enter herbicide also, so that we get a good balanced portfolio of insecticides, fungicides and herbicides with a view to support our formulation foray.

We have made a foray into selling formulations in the exports market as well. So with that objective, we have invested in the back end to make some technicals so that we produce ample quantity both to support the B2C as well as the B2B opportunity.

**Nirav Jimudia:** Got it, got it, sir. Sir, second question is on the SSP side. So if you can share your thoughts here because last year was bad in terms of the SSP. But given the kind of price increases and the shortages, what we have seen on the DAP side, possibly SSP being a good substitute, how do you see the volume growth for SSP in FY '25 and FY '26?

And also, if you can share like what sort of margins per ton we are currently making on the SSP side? Because in one of the interactions earlier, ma'am mentioned that like we were anywhere between Rs. 1,500 to Rs. 2,500 a ton of SSP margin. So if you can share your thoughts here, that would be very helpful.

**Sankarasubramanian:** SSP has definitely revived. In fact, current year performance is much better. As you rightly said, due to the shortage of DAP and also the good monsoon situation, there has been a spike in SSP volume. In the case of Coromandel, more than chasing volume, we have looked at value-added products. We have a unique product, which is base SSP plus micronutrients like zinc and boron, which can be a potential alternate to DAP, which has been doing extremely well. We have scaled up the volume of these variants. In fact, the major share of our volume growth, which happened in this quarter has come from these differentiated products like Gro Plus.

Also, as you are aware, we have introduced urea SSP, which besides P, contains N as well. And this is again a one-to-one alternative to DAP. This has also been very well received in the market. So our aim in SSP business is to focus more on value-added granulation products. And accordingly, we are increasing our capacity to produce urea SSP. The plant which came up in Nimrani for urea SSP has been operating at full capacity. Now we are trying to add this facility at Udaipur, which is another plant for SSP. And going forward, more than 50% to 60% of the total SSP volume will come from these differentiated products, which improves the margin structure. You are absolutely right, the margins are in the range of Rs. 1,500 to Rs. 2,000, but it

can potentially go up with the increased share of these unique grades. As you know, we have plants across the country, and we have capacity close to 1 million ton.

This year, we had some challenges in availability of sulfuric acid, and we couldn't scale up the volume. But going forward, our aim would be to reach 1 million ton capacity in 2 years' time, probably taking it to 8 lakh tons next year and thereafter 1 million ton, and that too with focus on these specialty grades, which are as good as any other NPK products.

**Moderator:** The next question is from the line of Prashant Biyani from Elara Securities.

**Prashant Biyani:** Congratulations on great set of numbers. Sir, POS volume this quarter has been very strong across India in both urea and complex. What is driving this? And would it mean that Q4 dispatches should again be seeing double-digit growth for us?

**Sankarasubramanian:** So overall monsoon condition, reservoir levels and crop acreages are up, due to which the consumption has gone up significantly. In fact, as you're all aware, in the year beginning, the channel was carrying higher inventory that partially got reduced in kharif.

Now in this Q3, there's a significant reduction in the channel inventory. As you all know, in most of the markets, the crop season comes to an end by February middle or end. The consumption may not happen from March until season starts in May. But having said that, we could see a significant improvement in POS volume even in January.

So this is really helpful in terms of reducing the channel inventory, thereby unlocking the subsidy amount which is stuck in the system. It's good. It augurs well for the next kharif season where the industry can build up inventory and meet the market demand. But the volume growth is contingent upon the capacity and the import tie-up, which has happened.

So it won't be a double-digit growth. It will be as per our plan. And as you know, fourth quarter, we generally take annual turnaround. So our volumes will be more or less aligned with the market demand. That's the way we have been doing every year.

**Prashant Biyani:** Sure. Sir, for FY '26, what kind of volume growth are you looking at? And it will be contributed by incremental volumes would be contributed through manufacturing or trading?

**Sankarasubramanian:** See, it will be a combination of both. Very difficult to put a number, but we have been carrying out some debottlenecking of our facilities at Kakinada as well as Vizag. And that will be really adding to the volume increase next year. Also in our Ennore plant where we have currently restarted only phosphoric acid and sulfuric acid, we are yet to start the granulation plant. We are trying to repurpose this plant for any alternate range of NPK fertilizers. So there is a potential volume increase for manufacturing from Ennore and also by debottlenecking the capacities at Kakinada and Vizag.

Besides that, we may resort to imports, especially DAP. As a company we manufacture NP/NPKs and we import DAP. Sometimes we also resort to NPK. As a strategy, we have decided to scale up the volume in the next 2 years to ensure that whenever the new plant comes up, we

develop the markets, especially in the northern states of MP, Rajasthan and Uttar Pradesh, so that we'll be able to easily absorb the volumes as and when the plant is commissioned.

**Prashant Biyani:** Right. Sir, for this quarter, I think there is a dip in non-subsidy non-CP EBITDA, the segment which comprises of spec chem, organic nutrients, retail and others. Is the reading right? And if yes, what is driving this decline? And I was a bit confused because in your initial commentary, you told that specialty nutrients business was good, but this non-subsidy non-CP EBITDA is showing some decline. If you can confirm that?

**Sankarasubramanian:** I don't know how you arrive at the math. All these are part of the Nutrient segment, both specialties as well as retail comes under the Nutrient segment and that has grown. Our retail stores have done extremely well on the volumes across categories and most stores have become profitable.

And specialty nutrients have also grown on volume terms compared to last year, both top line and profitability has grown for this segment as well. We have improved our Nano DAP volumes as well compared to last year. So probably there can be a marginal reduction in the bio business where the export orders we executed last year has not happened to that extent.

**Moderator:** The next question is from the line of Arjun Khanna from Kotak Mahindra Asset Management.

**Arjun Khanna:** Congratulations on a great set of numbers. The first question is in terms of supply chain. So we are setting up a new granulation trains. So we had acquired a stake in Baobab Mining. Any other such acquisitions on the anvil? We had talked about securing rock phosphate. We haven't seen any such acquisitions or such tie-ups post this one. Would like to hear your comments on the same.

**Sankarasubramanian:** For the new granulation capacity, the phosphoric acid required is 2,00,000 tons. We are putting up a new plant that will take care of Phos acid. For the corresponding sulfuric acid needs also, we are putting up a plant. For ammonia, we have a long-term contractual arrangement. So we don't see any challenge.

For phosphoric acid, we require rock. We have fair visibility on the sources of rock. You are right, Baobab Mines, we are scaling up. During this quarter, we have commissioned the fixed processing plant and the operations are getting stabilized. At this current rate, we are able to ship out 1 ship every 45 days. And soon that will get reduced to 30 days with improved throughput.

So we do expect Baobab Mining can scale up volume to 3,00,000 tons next year and in the following year up to 5,00,000 tons, which is a significant supply to meet the Kakinada rock requirement for the new phosphoric acid plant. So we don't anticipate any challenge in terms of securing rock phosphate for the new plant. It will be driven by Senegal supply plus other existing sources where we have long-term contracts.

**Arjun Khanna:** Sure. That's helpful. And at 5,00,000, would that entity be profitable?

**Sankarasubramanian:** Yes. It should, with the cost structure once the volume improves. Currently, the cost structure is a little on the higher side because of the lower output, but when the output gets stabilized, we

are highly confident that we'll be much more competitive. More than looking at the stand-alone profitability of Baobab, we look at the complete value chain of phosphoric as a value addition and also our ability to buy rock from other sources at a competitive price.

Our understanding of mining, our understanding of rock market is definitely helpful to secure the entire volume at the most competitive price. So I don't look at Baobab on a stand-alone profitability basis. On an integrated basis, it makes a lot of strategic sense for the company.

**Arjun Khanna:** Sure. Very helpful, sir. Sir, the second question is on the retail piece. You also did allude to it. What would the turnover be of this business, say, in the third quarter and in 9 months? And in terms of year-on-year, how are we looking at scaling this up going forward?

**Sankarasubramanian:** As per the segmental, we don't put out the separate top line and profitability. But what I can say is that it has grown significantly. On Q3 alone, the top line growth is 20%. And in terms of bottom line growth, we have seen significant improvement.

In bottom line on retail, we capture only the retail margin, we don't capture the entire margin because that remains with the respective SBUs in terms of captive products. Only for the third party, the entire margin goes into the retail business. There has been 17% growth in the profitability as well.

Besides revenue and profitability, it improves our ability to scale up the new products. So we have seen in the last few quarters, whatever new products in Crop Protection or specialty segments or organic, the ability of retail to connect with and communicate with the farmers and scale up the volume has been tremendous. This has given enough confidence to us to enhance the number of centers from the current level. The last time also, we spoke about doubling the centers from current levels, and we are on that path. We'll be adding significant number of stores in fourth quarter as well. So strategically, I think upside of retail is still yet to be played out.

**Arjun Khanna:** Sure. Sir, what would be the number of stores as on 31st of December? And would it be PBT positive as a whole?

**Sankarasubramanian:** Absolutely. 810 stores.

**Arjun Khanna:** 810?

**Sankarasubramanian:** Yes.

**Arjun Khanna:** And you said we are looking at doubling it over 2 years to maybe 1,500 plus by FY '27?

**Sankarasubramanian:** Correct.

**Moderator:** The next question is from the line of Somaiah from Avendus Spark.

**Somaiah:** The first question is on the volumes that we have done, 11% growth. Could you help us understand how much was contributed from our core region? And how did we benefit from the northern market expansion? And also, if you can give some color on the northern market expansion, which are the regions and how you are planning it for the next 1 year?

**Sankarasubramanian:** See, this quarter, basically rabi season, the activity is more in the northern markets compared to the south market, especially in the month of November. And as I mentioned in my earlier communication, as part of our strategy to increase the availability of fertilizers in the northern market, we started sending shipments to state of Madhya Pradesh, Uttar Pradesh, Rajasthan.

The volumes, of ~3.1 lakh tons have come from north and central. If I have to compare the earlier year corresponding period, it was around 1.6 lakh. So we can say we have doubled our numbers as compared to last year corresponding quarter.

This is a strategic call we have taken to ensure that we move to northern markets for our NP/NPK and position ourselves as a pan-India player in the fertilizer, especially phosphatic business. We have significant presence through single super phosphate, specialty nutrients and Nano and we have a complete range of product portfolio. While we have been focusing on primary markets of Andhra, Telangana, Karnataka and Maharashtra, we started focusing on these secondary markets.

**Somaiah:** Got it, sir. Sir, also, could you give some color on the global phos acid market, how you are seeing in terms of supply-demand dynamics and also on rock? Is this a year where there is a good amount of supply and the demand is kind of normalizing compared to last year?

Or you see still things to be on the tighter front because phos acid prices have kind of slightly gone up now. Now we are at Rs. 1,050-odd levels. So just wanted to understand your thoughts on the supply-demand dynamics.

**Sankarasubramanian:** So phosphoric acid globally, most of the countries have started securing fertilizers for their domestic use. So to that extent, there is no significant addition to the global trade of phos acid. But the sources which have been supplying acid, especially to Coromandel, we continue to receive those supplies. In fact, we have diversified our phos acid sources to more than 6 to 7 and derisked ourselves.

Besides various sources, we are putting up a new phosphoric acid plant of 2,00,000 tons. We don't see much challenge in terms of availability of phosphoric acid. Whatever is required, we should be able to tap the market and make it available.

And in terms of the rock, we have a significant requirement both for Vizag and Kakinada. Currently, we have 1.5 million tons we consume in Vizag. It may go up to 2.3 million, 2.4 million tons when we commission Kakinada plant. But we have stable sources from African countries, and we don't see any major challenge.

The current pricing scenario, Phos Acid prices generally track DAP prices. And as a country and as a company, we are in a position to negotiate terms in line with the DAP price movement and ammonia prices. That has been the trend in the past. And India was able to negotiate better price as compared to global prices prevailing in Europe and other parts of the world.

In terms of the rock pricing, as I mentioned in my earlier communication, there has been reduction in rock price in the last quarter. And going forward also, I expect some softness in

rock phosphate, which we could see especially for SSP use and also for our main Phos acid production.

We are not expecting any challenge in securing raw material as well as the prices.

**Moderator:** The next question is from the line of Ankur Periwal from Axis Capital.

**Ankur Periwal:** Congratulations on a good set of number. First question on the fertilizer margin outlook. We had highlighted during our management interaction earlier around 40-odd percent jump in overall fertilizer margin. Just wanted to understand the time lines for it and whether the change in SSP portfolio, the differentiated products that we are making is a top-up to that 40% jump or is it including in that guidance that you had given earlier?

**Sankarasubramanian:** This I refer in the context of the value addition what we'll get once we commission sulfuric acid, phosphoric acid plants at Kakinada. And as and when this plant gets commissioned, the improved conversion cost efficiency and the value addition what we have and our ability to secure rock from our captive mines, we should be able to achieve this sort of improvement in the EBITDA margin probably in 2 years down the line. And that also includes the portfolio of SSP.

**Ankur Periwal:** Sure, sir. And just secondly, your thoughts on the Crop Protection business, especially on the export side. The pricing-led competition that we had been seeing earlier, are we now expanding into newer geographies as well? Or the growth focus from crop protection perspective will be largely on India as a market in terms of in-license and combination products and export will be taking a back seat? Your thoughts there?

**Sankarasubramanian:** No, we'll be growing in all the 3 segments, whether it is exports, B2B or B2C. And the main reason we are expanding capacity is to cater to all the 3 segments. We are also diversifying our presence. Price fluctuations do happen in any commodity.

We've seen in the recent past that there has been an increased demand and uptake of these molecules because of the additional spraying, especially by Latin American growers. The lowering of inventory is helping us to get the better price. Our focus will be to see how best we can increase the volume in the export market. Right now, we predominantly focus on B2B. We are trying to see how we can formulate and sell various technicals.

While we are preparing ourselves for introducing and registering new products, we are also in parallel working on creating the market opportunities to participate in B2C, especially in Latin America. and Southeast Asian countries. We are also initiating registration in Europe and U.S. So we will definitely continue to focus in export market.

Of course, India is not to be left out. In India market, as I mentioned in my last earnings call, we are bringing back the focus with our wide range of 14 technical active ingredients that we manufacture, which provides us with enough opportunity to scale up the branded volumes.

We are coming up with new combinations and formulations, and we'll give an aggressive push to the domestic formulation business. This may not require capex, but its more in terms of brand

building and strengthening product management approach. We are updating our organization structure to suit the revised needs.

Our aim would be to grow all the 3 segments. And whatever the residual capacity is there to optimize the operations at our plant, we will focus on B2B domestic as well.

**Moderator:** The next question is from the line of S. Ramesh from Nirmal Bang Equities.

**S. Ramesh:** Congratulations. So if you look at the volume growth for the industry in exports, numbers range 30%, 40%, 50%. So in terms of the volume growth expectation in exports next year on this base, what is a realistic assessment of volume growth possible for the industry in your company?

**Sankarasubramanian:** Raghu, you want to take that?

**Raghuram Devarakonda:** As Sankar mentioned, the outlook is quite positive. Having said that, from a value perspective, for many of the actives because we still largely do business in actives, the prices, while they have stabilized, they are at a fairly low level. So therefore, volume becomes an important play to keep the overall sales at an even field.

So having said that, that is the reason why we thought we could foray into the formulation segment where not only we capture a decent amount of top line, but also the margins. So in that regard, the thrust that the management is taking, is putting more money into registration. So when there is so much of competition on generic actives, the only way to make money would be to enhance our presence in the formulations market, both in India and abroad. So when you say volume, our growth expectation is buoyant in both actives as well as formulations. But as a company that is making a more recent foray into formulations, its outlook for formulation growth is on the higher side in exports, specifically that you ask. Does that answer?

**S. Ramesh:** Okay. That is fair enough.

**Raghuram Devarakonda:** There is a shift. Yes, there is a shift. So the thrust is more on formulations, yes.

**S. Ramesh:** Okay. And in terms of the nutrient business, based on the October NBS rate, is there any under recovery in the fourth quarter? And how do you see that being reset in the April subsidy? What is the indication you're getting from the government?

**Sankarasubramanian:** See, there are some uptick in raw material prices like sulphur, sulfuric acid. And definitely, DAP margin-wise, it is not good enough for us to produce and sell. So we have been representing to the government. And also certain NPK grades like N-10, there has been challenges because of very low subsidy on potash. As the industry, we have been representing to the government to make those corrections and also consider additional costs.

If you ask me for the fourth quarter at this point of time, in certain products, it looks okay, but for certain grades, there is a shortfall in margin. We will be continuously engaging with government and hope to see some correction happening in the next year.

- S. Ramesh:** Okay. One last thought on the minority interest accounted in the consolidated results, I presume it's mostly based on your Dare Ventures and your drone subsidiary. So when do you think the drone and Dare Ventures subsidiary impact on your consolidated numbers turn positive?
- Sankarasubramanian:** Jayashree, you want to take that?
- Jayashree Satagopan:** Yes. You're right, Ramesh. Most of our subsidiaries, which are less than 50% is getting counted as a minority interest. As far as the subsidiaries are concerned, the larger entity that is into operations is the drone subsidiary. Here, as you know, we had received the orders from the emergency procurement team on defence and the order book is about Rs. 250-odd crores. Dhaksha is awaiting the PDI so that the shipment of these drones can be made. Pending that, we are just focusing on the agri drones business at this point in time, and also training of pilots. So we expect in the coming year quite a positive traction in the drone company operation.
- Dare Ventures is nothing but an entity which looks into investing in new ag-tech start-up companies. Like, for instance, we had invested in a company called Ecozen, which is into solar power related and then XMachines, which is into small agri robotic applications.
- So Dare Ventures is just a small investment arm, but there are other entities, which are subsidiaries globally, which hold primarily registration for exports in the CPC segment. So the main one is the drones company, which we believe, with traction building up on agri as well as some turnaround on defence, should do well in the coming year.
- Moderator:** The next question is from the line of Bharat Sheth from Quest Investment.
- Bharat Sheth:** Congratulations on good set of numbers. Sankar, if you can give a little more color, say, where we are talking of, say, reaching SSP 1 million tons. So what kind of a blended will be, let's say, out of that mixture of SSP and urea? And if you can also share the profitability part, how is it with this mixture will be having higher than the SSP and/or sitting somewhere in what kind of a range?
- Sankarasubramanian:** From the value-added products, both urea SSP and Gro Plus when we reach scale, I expect 60% to come from these 2 products. And balance 20%, 25% will come from normal granulated SSP with zinc and balance can be powder SSP.
- So blended margin with this sort of a combination of 60:40 should go to Rs. 2,500 per ton. Currently, base SSP is powder SSP and granulated SSP in the range of Rs. 1,500 to Rs. 1,800. And the other products are in the range of Rs. 2,000 to Rs. 2,500. So blend with the increased volume of this Gro Plus and urea SSP should take the margin up for SSP.
- Bharat Sheth:** How much? Sorry, can you repeat?
- Sankarasubramanian:** Sorry?
- Bharat Sheth:** This blended margin, how much you said? Sorry, I missed it.
- Sankarasubramanian:** Rs. 2,500, you can take as blended margin.



- Bharat Sheth:** Okay. And secondly, if you can give a little more color on our specialty nutrient business. So what is the size? And how do we see with this expansion in geography also?
- Sankarasubramanian:** Which business? I'm not clear.
- Bharat Sheth:** Special nutrients. SND.
- Sankarasubramanian:** In Specialty nutrients, we operate on pan-India basis. And especially in Western Maharashtra, Rajasthan, MP, UP, Punjab, Haryana, these are all the key markets for the specialty nutrients. We have increased our sulfur capacity also and have put up a new plant.
- We have seen 30%, 40% volume growth in specialty nutrients in the retail centers, especially in AP, Telangana. We also sell in other common markets through fertilizer channel, whether it is Karnataka, Andhra, Telangana or other parts of India. So, we have a combination of retail network, exclusive markets, predominantly for horticulture crops and drip irrigation and also we sell through common markets. We have introduced seaweed granules this year. Right now, we are doing it with a third-party product. If the volume scales up, then we may put up new facility to make our seaweed granules. And we are also scaling up volumes on organic potash.
- Our focus will be to scale up the volume and create capacities. In fact, we are reaching the size and scale, we are seriously looking at manufacturing some of the raw materials to reduce our dependence on imports from China. That provides opportunity because global players of specialty nutrients are also looking for India sourcing. They are trying to shift the manufacturing source from China to India. If that happens, that provides additional opportunity for companies like Coromandel to come up with these raw materials because water-soluble fertilizers use MAP, SOP and potassium nitrate.
- We are also seriously evaluating as part of our growth strategy to create a back-end value chain for specialty nutrients and also be a global supplier. I strongly believe water-soluble fertilizers, high-end specialties, organic and bio will be the next phase of growth, and we are currently positioning ourselves for that.
- Bharat Sheth:** So currently, what is the size and profitability? Is that fair understanding, earlier, we were talking of around 20% kind of EBITDA margin.
- Sankarasubramanian:** Absolutely. It has the potential to generate EBITDA margin of 20%, 25%
- Bharat Sheth:** And what is current size?
- Sankarasubramanian:** I think with their currently placing as well.
- Bharat Sheth:** And currently, how -- what is the size?
- Sankarasubramanian:** It will be in the range of Rs. 550 crores to Rs. 600 crores on an annualized basis. Our aim would be to see how do we double it in the next 2 years' time.
- Moderator:** The next question is from the line of Vignesh Iyer from Sequent Investment.

- Vignesh Iyer:** My first question was on the line of sulfuric acid, due to backward integration, can you tell me how much did we save instead of, say, importing the same in this quarter as well as quarter 2? And second question is, how has the price of sulfuric acid panned out in, let's say, last 4 to 5 months? I mean if you could quantify like in January, how much it has increased as compared to maybe September or October level?
- Sankarasubramanian:** It used to be in the \$80, \$85 range, that has moved up to \$100. And we do have a combination of annual contracts and the spot contracts. So if you can say the average around \$90 to \$100 has been the sulfuric acid price if they import.
- On the value addition, what we get in terms of manufacturing sulfuric acid, we have two benefits, cost of production versus imported sulfuric acid as well as the power savings. I may not have an exact number for the quarter, but I can say roughly Rs. 180 crores is the 9 months benefit we have realized on account of sulfuric acid value addition.
- Vignesh Iyer:** That is your Vizag and Ennore plant together, right?
- Sankarasubramanian:** Vizag. We have got new sulfuric acid capacity in Vizag.
- Moderator:** The next question is from the line of Liju Dalu from Antique Stock Broking.
- Liju Dalu:** Sir, my question was in terms of the unique grade share to the total fertilizer volume this quarter. So if you could share that number?
- Sankarasubramanian:** For this quarter is around 34%.
- Liju Dalu:** 34%, yes. That's it from my side.
- Moderator:** As that was the last question for the day, I now hand the conference over to the management for closing comments. Over to you.
- Sankarasubramanian:** Thank you very much. We will continue to do our best to improve our performance in the coming quarters. Thank you for your active support. Thank you, Ranjit.
- Jayashree Satagopan:** Thank you, all.
- Moderator:** Thank you. On behalf of IIFL Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.