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Ref. No: 2026-27/053

November 18, 2026

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

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

Dear Sir / Madam,

Sub : Transcript of conference call held on November 12, 2026

This is in furtherance to our letter ref. no. 2026-27/051 dated November 12, 2026, regarding the upload of the audio recording of conference call held with analysts and investors on our Company's website to discuss financial results of the Company for the quarter and half-year ended September 30, 2026.

We wish to inform that the transcript of the Conference Call held on November 12, 2026 has been uploaded on the website of the Company at https://www.coromandel.biz/wp-content/uploads/2026/11/Q2FY27_Call-transcript.pdf 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**

BALASUBRAMANIAN SHANMUGASUNDARAM

B. Shanmugasundaram
Company Secretary & Compliance Officer

Encl. a/a

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Coromandel International Limited

Q2 & H1 FY27 Earnings Conference Call

November 12, 2026

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 – SYSTEMATIX SHARES AND STOCKS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Coromandel International Limited Q2 and H1 FY27 Earnings Conference Call hosted by Systematix Shares and Stocks Limited. 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 for an operator by pressing star and zero on a touch-tone phone.

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

Harmish Desai: Thank you, Shaurya. Good morning and welcome to the Q2 and H1 FY27 Earnings Call of Coromandel International Limited, hosted by Systematix Institutional Desk. From the management, we have Mr. Sankarasubramanian, Managing Director and CEO, 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, 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.: Thank you, Harmish, for organizing the call. Good morning, everyone. I hope you had a wonderful Diwali. My belated wishes to you and to your family. I will begin with an overview of brief business environment experience during the quarter and also provide an update on operational performance. Then I will request Deepak to take us through the financial performance.

As you all know, Q2 was an unprecedentedly challenging quarter for the industry. We had multiple headwinds coming together at the same time. Deficit rainfall in key markets, rupee depreciation, elevated raw material prices, lower NBS rates, and weak consumption impacted the operating environment. In fact, rainfall deficit was around 20%-30% in our key markets such as Andhra Pradesh, Telangana, Karnataka, Maharashtra, and this has impacted the agricultural activity as well as input consumption.

Also, the widening price differential between DAP and complex fertilizers influenced the farmer buying behavior and impacted the offtake of NPKs. All these factors resulted in sharp industry-wide decline in fertilizer volume, with production and consumption of NPKs has fallen considerably by 40% during this quarter.

Happy to note that government yesterday announced the NBS rate for Rabi '26-'27 season. This is a very timely and positive intervention, particularly given the fact that there has been significant volatility in international fertilizer and raw material markets. This improved subsidy support should help improving the viability of domestic manufacturing and restore better pricing balance between DAP and complex fertilizers, thereby supporting the adoption of balanced nutrition.

We are still awaiting for detailed notification, and the revised rates appear to align with the NBS mechanism, with its underlying principle of reflecting the movements in line with international raw material and fertilizer prices.

The government has also announced a special support to address the exceptional increase in Sulphur and Sulphuric acid prices, which has significantly impacted the cost of phosphatic fertilizers. During the year, government launched the Framework for Fertilizer Sale system on a pilot basis across select districts.

These initiatives are very positive from the perspective of improving transparency and promoting efficient fertilizer usage. The initial implementation has also highlighted certain practical challenges, including longer purchase process for farmers, access to digital infrastructure, and accommodating farmer choice and brand preferences.

Industry has shared its feedback with the Department of Fertilizers, and we are hopeful that these operational aspects will be suitably addressed before the framework becomes a reality. In AgChem, we continue to see regulatory tightening, including restriction around certain molecules like Carbosulfan and Paraquat. However, impact on Coromandel is not significant.

With respect to non-subsidy businesses, restriction has been imposed by certain states on the sale of non-subsidy fertilizers by fertilizer marketers. Industry has been engaging with the authorities in the state of U.P., Bihar, and Maharashtra, and we are hopeful that an appropriate framework can be evolved that protects farmer interests while continuing to encourage balanced nutrition and innovation.

During the quarter, Andhra Pradesh has announced a major program to develop Rayalaseema as a global horticulture and food processing hub, and significant expansion is planned in horticulture acreage. Given our strong presence in the region, and our new granulation plant coming on stream in the near future, this augurs very well for Coromandel. We see this as a positive long-term opportunity across our various segments, nutrients, crop protection, specialty nutrients, especially through our retail platform.

Coming specifically to Q2 performance, as I mentioned, it was a very challenging quarter.

We sharpened our focus on differentiated offerings. We launched 10 new products across nutrients and crop protection segments. Reasonably, we managed the working capital well. Revenue grew by 6% to INR10,348 crores; however, EBITDA declined 18%, mainly due to compression in NPK fertilizer margins during this quarter.

Also due to deficit in key markets on rainfall and higher input prices not adequately compensated by Kharif NBS rates, our performance across the value chain got impacted. In the fertilizer business, volume uptake was impacted due to monsoon and price differential. However, we increased our market share from 17% to 19% in H1; Our primary sale for the quarter was down significantly by 30% to 10 lakh tons, and consumption also declined 33%. It was a conscious call taken by the company to moderate the primary sale and production to manage the working capital. by closely tracking consumption, production and supplies. With the government announcing the new NBS rates for the Rabi season, we do expect that part of the benefits will be passed on in correcting the MRPs, which can revive consumption during the Rabi season.

The production got moderated by 15% in Q2 to 7.7 lakh tons due to softer demand. Our newly commissioned Phosphoric acid and Sulphuric acid plant at Kakinada has come at a right time to ensure availability of these key raw materials, even though we operated the plant at a lower capacity until we got the Sulphur subsidy notification sometime in August. With Sulphur subsidy coming in, this new project is back on track and started operating at full capacity.

This will support the value creation in a highly volatile operating environment, thanks to the timely government intervention. Our granulation plant project is progressing well in Kakinada. We hope to commission this by February of this year. This capacity should be available for the next year.

Overall, we can see a moderation in the global raw material prices. While Urea has come off some time back, we have seen softening approach in Sulphur as well. Sulphur is now likely to go below USD900 due to stiff resistance from metal segment as well as in the fertilizer segment. In Sulphur, which used to be a disposal problem, there is an opportunity to bring it down below USD500 as well if we sustain our approach in terms of smart purchases.

DAP continue to remain more or less at the same level in the last two months. Phos acid prices have been rolled over at USD1,700 as Sulphur prices remained high during this period.

Our SSP volumes for Q2 got moderated by 13% to 1.9 lakh tons. Our focus on differentiated grades in terms of GroPlus and Urea SSP has been quite helpful and helped us to improve the margins.

Moving on to Crop Protection segment. Crop Protection demand remains soft during the quarter. The impact of rainfall has had a cascading effect on the agrochemicals as well. The exports demand recovery has been gradual as farm economics was impacted due to high fertilizer costs and relatively docile agri prices. Encouragingly, we are seeing improvement in the price of certain agriculture commodities globally. And that should improve the offtake of agri inputs as well.

Crop Protection business delivered 22% revenue growth during the quarter, supported by strong performance in export market. Our diversified global presence continue to provide opportunities to deepen our presence across key geographies. In domestic market, we continue to invest in portfolio development and differentiated offerings, with new products contributing 36% during the year.

During the quarter, we introduced six new products across agrochemicals and biologicals. There has been some impact on margin for few molecules, but it broadly remains at comfortable level given the variability in crude linked intermediates experienced in H1. Customers have deferred the purchases. This had a bearing on the production of product offtake as well.

We are expanding the capacity of one of our key molecules - that will come on stream by this month end. We are also planning to establish Fluoro launch plant at Ankleshwar, as we strongly believe fluorination chemistry is going to be the next major intervention in agrochemicals value chain.

Once we successfully run the launch plant, hopefully it should pave the way for the ultimate commercial project for the specialty chemicals, which we envisaged two years before.

On the subsidiary NACL, Revenues are at INR374 crores, down 18%, and EBITDA at INR12 crores, significantly lower than corresponding quarter of the last year. It is a one-off aberration the company witnessed due to significant margin pressure after carryover of high-cost inventory and the corresponding pass-on could not happen due to market compression. Prices of certain key molecules came down. The company has to take a significant impact on the margins. Lot of initiatives are being taken up to have a synergistic approach between crop protection business of Coromandel and NACL in terms of portfolio, in terms of sourcing strategies, optimizing the production capacities, leveraging on the product portfolio capabilities. We hope to see a robust comeback of NACL performance in the coming quarters.

Our retail business had a very strong quarter, supported by continued focus on farmer engagement and crop-specific campaigns across markets. We are seeing good traction on our proprietary product portfolio. Some of our retail white label brands are scaling up well and expected to cross INR100 crores in annual sales this year. We also continue to expand our physical reach, adding 80 stores during Q2 and taking the overall network to 1,300 stores across Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Maharashtra.

Retail is an untold story. It's been playing out very well for us. The team has done an extraordinary job in terms of operating profitably in a stressful monsoon situation. They provided alternate products such as organic fertilizers, specialty nutrients, which helped them to achieve the bottom line. Some of the new stores have reached the break-even much faster than what we initially expected. New stores have started contributing meaningfully, reinforcing our confidence in scalability of the models, and we are on our journey to enhance the network to 2,000 stores over the next two years.

Our specialty nutrients, organic and biological business also performed well. In this stressful situation, the adoption of water solubles and the specialties are gaining traction, and Coromandel is rightfully positioned in terms of making these differentiated product offerings to the farmers. These products hold more relevance during the water stress conditions and the growing emphasis on sustainable agriculture.

So, overall, I think with the better policy support through the revised NBS rates, improved farm economics, moderating input costs, and the seasonal pickup in Rabi activity, I do expect operating environment is going to be much better in H2. I expect bounce back on the production, sales and consumption. Of course, I'm cautiously optimistic at this point of time, and I'm sure if El Niño predictions are coming true, by year-end, El Niño could move to the neutral position, which provides high optimism for the forthcoming Kharif season as well.

Now, I would request Deepak to talk about the financial performance.

Deepak Natarajan: Thank you, Sankar. Good morning, all. Diwali greetings and season greetings to all. The company recorded a consolidated total income of INR10,348 crores during the quarter, compared to INR9,771 crores in Q2 of last year, registering a growth of 6%.

The revenue increase has been mainly on account of higher subsidy rates versus last year and growth across the various businesses. It is pertinent to note that last year Q2 results include NACL numbers effective 8th August 2025 onwards.

Overall, the subsidy share of the business stands at 81% during the quarter, which compares with 83% in the last year. As far as profitability is concerned, the company reported a consolidated EBITDA for the quarter of INR944 crores as against INR1,147 crores last year, registering a degrowth of 18%.

The decrease in EBITDA is mainly due to higher input prices on account of ongoing Middle East crisis and not commensurate with some of the revisions in the NBS rates and the MRP. The profitability share of subsidy business stands at 58% compared to 72% last year. Net profit after tax for the quarter was INR523 crores in comparison to INR793 crores last year.

Moving on to the financial performance of the first half of the year, the company recorded a consolidated total income of INR18,563 crores during H1 versus INR16,897 crores in H1 of last year, registering a growth of 10%. The subsidy share of the business stands at 79% compared to 83% last year.

With regard to profitability in H1, the consolidated EBITDA was reported at INR1,705 crores against INR1,929 crores last year, registering a degrowth of 12%. The profitability share of the subsidy business stands at 53% compared to 70% last year. The net profit after tax for H1 was INR905 crores compared to INR1,295 crores in the previous year.

As far as subsidy is concerned, during the quarter, company received INR3,086 crores towards subsidy claims. Government has been prompt in clearing all the subsidy dues. As of today, we have received subsidy claims till the September fourth week. In October, the company further received subsidy of about INR1,200 crores. During H1, the company has received INR4,478 crores towards subsidy claims.

The subsidy outstanding as of September was INR3,535 crores compared to INR3,199 crores in the previous year. With regard to forex, during the Q2, rupee traded in a range of about INR94.5 - INR96.6. Coromandel continues to hedge its exposure on a conservative basis.

Thank you. With that, I hand it over to Harmish.

Moderator: Thank you very much. We will now begin with the question-answer session. The first question is from the line of Prashant Biyani from Elara Securities Private Limited. Please go ahead.

Prashant Biyani: Thank you for the opportunity and Diwali greetings to the management. Sir, what kind of MRP reduction is expected, maybe gradually or at once, after the subsidy increase?

Sankarasubramanian S.: See, it is very difficult to put the number. We need to get the specific notification and then we will respond. But at least I feel NP grades, like 20:20, which has seen a very sharp increase from INR1,350 per bag to INR2,100, there we expect moderation to happen. It can be minimum 10%-15% of moderation in those fertilizers.

But let us not forget the fact that companies were incurring huge negative margins. This subsidy will partially offset that, and if still there is a scope, we may be able to do this MRP correction. Again, Ammonia has started spiking, so we need to wait and see. Definitely, we will look for some moderation in prices, because it is not sustainable to continue to have wider price gap with the DAP.

Prashant Biyani: Sure. Sir, how much of Sulphur subsidy have we considered in our Q2 results?

Sankarasubramanian S.: You know the notification clearly says subsidy is applicable to the floor price of USD800.

Prashant Biyani: Yes.

Sankarasubramanian S.: So, when Sulphur went up, we decided to curtail our purchases. Whatever shipments we have got beyond this price threshold level, they are only eligible for the subsidy. It is not very significant, but has been quite helpful, especially for August and September. It would be difficult for me to put the number, but it came handy, especially for our Kakinada new plant. Our production was moderated, and after the Sulphur subsidy announcement, we could get back on track.

Prashant Biyani: Sure. And just lastly, sir, along with the Rabi subsidy notification, has this also been approved by cabinet or it is yet to be approved by them?

Sankarasubramanian S.: Yesterday, the cabinet approved. There is no further approval required. It is all finally approved and cleared.

Prashant Biyani: Even for Sulphur?

Sankarasubramanian S.: Yeah.

Prashant Biyani: Okay. Thank you, sir.

Sankarasubramanian S.: Thank you.

Moderator: Thank you. The next question is from the line of Riju from Antique Stock Broking Private Limited. Please go ahead.

Riju: Hi, sir. Thanks for the opportunity. My first question is regarding the non-subsidy business EBITDA. If you look at the subsidy business EBITDA, that was very much lower compared to last year, but the non-subsidy business EBITDA has seen a sharp jump in the H1 as well as in the 2Q. So, what explained that, if you could give some sense on this?

Sankarasubramanian S.: In the non-subsidy business, the major share comes from crop protection business, where one of the molecules had a challenge because of the carryover inventory. While the Sulphur-based derivatives influenced the input cost, but globally, there has been correction in the market price of Agrochemicals.

Initially in the first quarter the Agchem prices went up, but the global agricultural prices have remained soft for major portion of Q2. Hence, the uptake for price increase was not there.

There is high input cost, not adequately compensated, and the moderation in prices have also happened which has compressed the margin. We have moderated the inventory, and we are getting back on track. But the rest of the businesses, whether it is bioproducts or retail or specialty nutrients or SSP, they all done well.

Another major reason, which is an aberration for this quarter is the ban on fertilizer companies to sell non-subsidized product in the key states of Maharashtra, Bihar, and U.P., which has impacted the business. Hopefully, if that gets resolved, we should come back on track.

Riju: Understood, sir. In the crop protection business, if you could provide the number for the standalone CP business EBITDA margin, a broad indication?

Sankarasubramanian S.: PBIT, CPC standalone is 16% for the current quarter. The half year is 17%.

Riju: Okay, understood sir. In the fertilizer business, if you look at in terms of the H1 or the 2Q performance for the industry, the DAP volume was, sales volume was flattish, while the NPK sales volume declined about 36%-38% on a YoY basis. Is this explained mainly because of the higher prices NPKs, or was there any cause of the crop-wise shifts that we have seen in the Kharif season?

First this, and second, looking at the subsidy, there is a high probability that industry-wise price cut might happen, and with that also, we might be able to maintain our margin profile. With that, can we expect the leftover inventory from Kharif will get cleared? How do you see the overall industry channel inventory situation for the 2H of this year, and how will be the impact overall for the DAP and NPKs inventory?

Sankarasubramanian S.: The NPK switch to DAP has happened mainly because DAP price has been artificially pegged at INR1,350, whereas in NP fertilizers like 20:20, the price went up to INR2100. In a stressful situation, farmer never wants to pay this sort of a price increase. Naturally, there has been a demand contraction, and farmers were looking for cheaper DAP, which is a high-P product.

This has been one of the major setback for the domestic manufacturers, and that is when government intervened and announced Sulphur subsidy, and now they have corrected the Rabi rates to reflect the market reality. So, up to INR1,500 or INR1,800 per bag of 20:20, the demand contraction was not happening. Once it was going beyond that, we could see demand contraction.

With the announcement of NBS rates, I think NP/NPK volumes will come back, and that will also reduce the import of DAP to a greater extent. I think what it used to be 60/40 between NPK and DAP turned out to be 30/70, 30% for NPKs and 70% for DAP in last few months. That is expected to set right with the new NBS announcement. In terms of the channel stock, I would say it is not very high because industry has cut down the production, cut down the imports, on anticipating demand contraction due to bad El Niño season.

Thanks to that, the channel inventory buildup is not quite significant. There can be a marginal 5%-7% higher levels compared to last year. Consumption will pick up with correction in MRP. I think we should see reduced inventory levels as we close this year end.

I don't see major challenge, and the system can absorb these additional volumes which has been placed in Kharif. Outlook of Rabi also depends on northeast monsoon - we have seen two cyclones, and that has revived the prospects of chili crops in South, in Andhra market. Also in the North, it's early stage of Rabi. Wheat cropping is likely to be normal.

There can be impact on oilseeds and pulses. But overall, eastern region Potato crop has come up well, and we also expect central region to pick up on crop acreages. I think there won't be any major deviation on consumption in the Rabi season, and with a reasonable level of inventory, the new NBS rates and likely moderation in prices, I do expect the consumption revival to happen

Riju: Understood, sir. Thanks for the clarification, sir. One last bookkeeping question. What is the closing inventory that we are holding as on September, and out of which, how much was at the dealer level and how much was at the factory level, if you could mention?

Sankarasubramanian S.: I'll get back to you specifically. I don't put out these numbers. There is nothing extraordinary, I would say, at this point of time. It's more or less getting maintained to the last year level as far as channel inventory is concerned. As far as factory production is concerned, we have curtailed our production considerably, as I mentioned in my initial note.

Riju: Understood Sir, Thank you.

Moderator: Thank you. The next question is from the line of Darshita Shah from DSP Asset Managers. Please go ahead.

Darshita Shah: Hi. Thank you. Firstly, with the Sulphur subsidy coming through, Sankar sir, how are you seeing the backward integration spreads? Are they better than last year? Are they the same, especially given that the proportion of backward integration versus last year has now moved up? Should we see backward integration spreads improving maybe for the second half of the year?

Sankarasubramanian S.: Absolutely. From August onwards, we are back on track. Sulphur prices were ruling high, and we were not operating PA plant at full capacity, which has never been the case so far for Coromandel. Now we are back on track, and from October onwards, we should scale up our volumes, as the value gap also has improved considerably. I think this improved impact on the overall performance from the value gap should kick in the second half.

Darshita Shah: All right. Are the spreads similar to, would it be anywhere in the range of USD300-USD350? Is that a safe assumption to make, or could it be higher or lower than that?

Sankarasubramanian S.: I think it's a safe assumption to make.

Darshita Shah: Okay, great. Secondly, sir, when we look at Crop Protection EBIT, that is down about 20%-odd, but our non-subsidy piece has done significantly well. You mentioned that it is because of the specialty nutrient and the other businesses that we have. Is this more of a proportion of the retail business being able to sell it better, or are we doing something differently to grow these brands, firstly?

Secondly, is there any aberration because of lower NP sales or lower DAP availability that the demand for these organic fertilizers have gone up? I mean, how should we be thinking about it, especially the non-subsidy, non-CP part of the business?

Sankarasubramanian S.: No, you're absolutely right. It's a combination of factors, what you've rightly alluded to. Retail has got its act right in terms of positioning the right product depending on the market situation, and that was quite helpful.

Also, we improved our network in Andhra, Telangana. That has also aided. In fact, most of the retail stores have improved the performance in a very short period of time. Also, when the NP/NPK prices went up, the farmer tendency is to look for an alternate cheaper fertilizer, and organic fertilizers volumes have also picked up. Also, in the stressful condition, the natural tendency is to use more of water solubles and specialties.

So, its combination of multiple things - our retail connect, additional reach, and the scaling up of organic fertilizers. On Bio, globally we are able to get the volume back. Ability to source neem at a competitive price, all this has been helpful in achieving non-CP, non-subsidy products. It's combination of increased network and new product offerings. We launched two new products in organic fertilizers, which was received very well in the market. Some of the white label products which retail was doing, we are able to source it internally from our own bio business division that has scaled up well. Some of these brands are reaching the size and scale of INR100 crores.

Darshita Shah: Okay. Thirdly, on the nano product, is it that we are seeing increased demand because of higher NP/NPK prices? How should we be thinking about the overall contribution for the nano piece on revenue as well as on EBITDA?

Sankarasubramanian S.: See, nano has got a promising future. At least our experience has been extremely bullish on nano, not only in the domestic market, but also in the global markets. Unfortunately, the ban on non-fertilizer in certain states has dampened the volumes. In key markets like U.P., Maharashtra, we had a setback, and we didn't position these materials during this quarter.

Ideally, this should have picked up, and government has been promoting alternate to chemical fertilizers. These products should definitely be on the top. But unfortunately, this state ban has impacted the sale of nano. But I think that's a temporary challenge. We should come back on track on this.

Adoption has been very good. Whoever has bought last season, we are able to supply them nano this season as well. We have become a market leader on nano DAP. Globally also, we have started exporting certain consignments. We are in the process of registering this product in Latin American markets, Middle East and South Asian countries. Hopefully, we should see traction on nano volumes as well.

But it is very critical for us to remove this ban in these key states where the adoption can be higher, which we are working on. In terms of revenue, it won't make a big impact on the top line because of the sizable commodity-based fertiliser business. But in terms of EBITDA margins, they are very healthy.

Darshita Shah: Got it. I have a few questions. I'll get back in the queue.

Sankarasubramanian S.: Thank you.

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

Somaiah V.: Hi, sir. Thanks for the opportunity, sir. My first question is on the industry sale. For first half, what would be the POS complex sales between both NPKs and DAP put together?

Sankarasubramanian S.: DAP, NPK is around 104 lakh tons as against last year 121 lakh tons.

Somaiah V.: Understood, sir. Also, we have the split between DAP and NPK.

Sankarasubramanian S.: NPK is 60 lakh tons as against last year 77 lakh tons, and DAP is flattish at 44 lakh tons.

Somaiah V.: Sir, that's helpful. Sir, second question is on our granulation facility. You had mentioned about February the start. What is the expectation in the next Kharif? What level of utilization we can get up to? Also, in terms of marketing, we have been already going into some of the northern markets and placing the product. What are the expectations in terms of next year of this point and time that will place in the market?

Sankarasubramanian S.: See, this year happened to be a very stressful season, and the volumes have contracted in the current year. Even with this capacity last year, we had done 4 million by importing 8 lakh tons of DAP/NPK fertilizers. We do expect El Niño to turn neutral by year end. I don't see any challenge in operating the plant close to the full capacity.

We are expanding our retail network. That will be our main channel to drive part of the volume. We have already started the seed marketing two - three years before in key northern markets like U.P., Rajasthan, and M.P. We will try and improve our volumes going forward into next year as well. I do not see any challenge in ensuring full utilization of the new facility next year.

Having said that, we will also be focusing on differentiated product offerings from the new capacity and not to repeat the generic grades. The facility which is coming up has got capability to have multiple nutrients be added to main NPK products, like boron or zinc.

During the current year, due to ad hoc policy changes, we could not come up with alternate products.

Our aim would be to see how best we can leverage the new capacity to come up with new products which can add value to the farmers and improve the productivity. That is what we will be focusing. To answer you in short, our target would be to operate the plant at full capacity for the next year.

Somaiah V.: Sir, on the Phos acid front, we are near about 70% backward integrated. There is still this 20%-30% headroom. So, is this something that we are looking forward or is there any operational challenge? Is the maximum limit that we can get to?

Sankarasubramanian S.: First, we want to realize the value of the investment what we have made in Kakinada, operate the plant at full capacity. Having invested INR1,100 crores in setting up the PA-SA plant last year, it is important for us to ramp up the volume and generate the cash out of that investment.

Obviously, we will look forward to additional capacities as and when required. I do not see any challenge in the infrastructure. We have our mining operations also being scaled up at Senegal. But as a matter of prudence, we will always keep some exposure for bought-out acid. We will not be going in for 100% captive.

Somaiah V.: Understood. Sir, on AgChem, so if you could just share the split between exports versus domestic, the mix, and also volume and price impact during the quarter?

Sankarasubramanian S.: In terms of exports, we have got significant growth this year. Almost 40% of the growth has come from exports, and almost 45% of our revenue has come from exports, thanks to some of our molecules gaining volume in the export market.

Somaiah V.: Sir, this mix and growth includes NACL?

Sankarasubramanian S.: Sorry?

Somaiah V.: So this includes NACL?

Sankarasubramanian S.: No, this is Coromandel's CPC segment, and NACL had a setback on exports. I will have to come back to you on the segmental growth of NACL across exports. Coromandel Crop Protection business exports growth has been 44%, and the revenue share has been more than 40%.

Somaiah V.: When you were referring to the opening remark in terms of a product-led challenge at NACL, high-cost inventory, is that been the write-offs or it will kind of normalize now going forward? Any expect that impact to kind of not be there?

Sankarasubramanian S.: Obviously, the high-cost inventories have come down. For the input raw material prices, we are renegotiating and also looking at the value chain - how do we make those intermediates in-house. We are trying to optimize the production capacities between the two companies' operating plants. Sometime when you operate the plant at low capacity, your efficiency and the conversion cost also goes up. So those issues are being set right and addressed. We are also able to secure some of the raw materials at a competitive price in the current quarter. Hopefully, that should play out now.

See, these sort of challenges in agrochemicals will always be there in terms of sudden compression in margin, expansion in next quarter. These things are bound to happen, but with the wider portfolio, variation should get smoothened out. We are also trying to see how we cut down costs and we are working on various initiatives to improve the operational EBITDA, and the impact will play out in the coming quarters.

We need to look at NACL in little broader sense -. NACL is bringing in huge opportunity in terms of spare capacities of active ingredients. In fact, there may not be any need for

Coromandel to invest in active ingredient capacity in medium term. We can leverage NACL capacity to a great extent. That is the first advantage.

Second is the R&D strength of NACL and Coromandel on a combined basis, which provides necessary impetus for new-age chemistries like fluorination. We would not have got into fluorination, put up a launch plant in such a short period of time, but for the talent available in NACL in terms of the R&D team and capability.

Its CDMO play in terms of ability to manufacture various intermediates by connecting with the global players would be helpful as both the companies work towards having long-term contracts in the CDMO space. In the current portfolio of NACL, there is a challenge in the margin and EBITDA, and the molecules are not the new-age molecules. They are old generic molecules. We were aware of this when we looked at this target. It will take some time because anything to happen in crop protection, it will take two, three years to get the new product registration going. We have inducted the right set of talents and are also working on various new product introduction. I think you have to give some time for things to play out and output. may not be measured in terms of the quarterly EBITDA performance in the near future.

Somaiah V.: Understood, sir. One last question from my side. Sir, this fluorination plant that you had mentioned in Ankleshwar. What is the roadmap there? What are the steps in terms of opportunities that potential next few years? What are we expecting the ramp-up in the specialty side? If you could just touch upon that.

Sankarasubramanian S.: We have a fluoro pilot plant already in place. We are now putting up a launch plant. For any of these fluorination-based chemistries, there are global customers who are keen to tie up with us, but they need samples to be given at all stages of the production, whether it is the R&D stage or a pilot stage or a launch plant stage. So, this is on a commercial scale.

We need to give the samples and get them tested. As they are highly capital-intensive projects, we don't want to set up the facility unless we have a sign-up with the key customers. So, we are in the process of identifying those key intermediates which we can sign up with the customers. Once the launch plant is ready with those products and products are cleared by customer, we will look for commercial scale up. This is a journey which we have embarked one year before, and with the NACL it is getting accelerated now.

Once we have a visibility on the product getting cleared with key players, we should be able to set up a commercial plant which may involve capex of about INR250 crores-INR300 crores, once we establish the feasibility and viability.

So, we are looking at both the opportunities for in-house usage as well as for the CDMO play. I think this will open up the opportunity for us to enter into specialty chemical space, which we have been discussing in the past as well. We do not want to commit the capex upfront unless we are sure about what we are doing.

Somaiah V.: Sure, sir. Thank you.

Moderator: Thank you. Next question is from the line of Himani from ICICI Prudential Asset Management Limited. Please go ahead.

Himani: Hi, sir. Thank you for giving me the opportunity. On the biological side, while you have already highlighted that the growth has come from the biofertilizers being available at the competitive prices versus high-priced NPK. Just wanted to understand, should we look at this growth only from this year's phenomena, or is this growth sustainable in future?

Sankarasubramanian S.: No, absolutely it is sustainable. Biologicals have got two, three verticals here. One is the plant extracts like neem-based biopesticides, another one is bio stimulants and microbials, what we have been doing, and third is the organic fertilizers, which are based on industry waste like press mud as well as municipal waste. We have come up with variants in organic fertilizers by adding phosphates and nutrients. So, it's a complete boutique of products, and as a company, we strongly believe in integrated nutrient management, which means 20% of organic and 80% of conventional fertilizers.

The challenge here is in terms of ensuring the availability of quality products at the doorstep to the farmers, as the logistics costs are quite high. That is where our retail centers are coming up - we are able to service the farming community closer to the place of consumption.

The adoption rates are quite high, and this is likely to sustain and grow. There are lot of smaller players with a good, researched products available. It need not be a global play. It can be a localized play with lot of micronutrients, microbial addition. Before releasing the products, we do our rigorous in-house testing.

This is one of the areas which Coromandel is driving through its retail outlets - to safeguard the environment, improve soil health, and making it sustainable and affordable for the farmers. So, we are completely bullish on this, and we'll continue to grow on this space.

In the biological bioproduct segment, we have made a beginning. We have a lot to catch up on this. In fact, last two quarters, we have been driving these bio verticals through the direct sales, rather than piggyback on the current crop protection channel. We have seen good traction, because most of these bioproducts are concept selling. It requires a lot of engagement at the farmer level, right from the crop development until the fruiting stage.

So, I think this is the way to go, and we have got a robust product pipeline. Currently, the share of bioproducts is relatively less. Our aim is to see how best we can scale up in the non-subsidy segment and be a significant player. The EBITDA margins are completely different. We have seen the traction here, and we will continue to build on this. It is not a one-off thing. It will sustain and grow.

Himani: Understood, sir. Thank you so much.

Sankarasubramanian S.: Thank you.

Moderator: Thank you. The next question is from the line of Archit Joshi from Nuvama Wealth Limited. Please go ahead.

Archit Joshi: Hi. Good morning, sir, and Diwali greetings to the entire team. Sir, just one question. We had shared something on the battery-grade phos acid in the last two interactions. Any developments there in terms of technology or any long-term partnerships, any capex, any economics that you can help us with on that account? Thank you.

Sankarasubramanian S.: Too much preoccupied with the nutrient, our mind space was not there on this. This has taken a backseat. We are working on it. Technology is available. Here again, we need to ensure that we have a customer stickiness. We need to work along with few end consumers of this battery-grade acid.

We will evaluate again - there has been slow down on this in the last two, three quarters because of the challenges and the headwinds we faced in the main business. Hopefully, we should come back to it in the fourth quarter. I have nothing much to share at this point of time.

Archit Joshi: Sure, sir. No problem. Thank you. Thanks a lot. That is it from me.

Moderator: Thank you. The next question is from the line of Abhijit Akella from Kotak Securities Private Limited. Please go ahead.

Abhijit Akella: Yes. Good morning, sir. Thank you so much for taking my questions.

Sankarasubramanian S.: Good morning.

Abhijit Akella: Good morning. First one was just now that the Rabi subsidy rates are known for the second half. Would we have sort of a fairer idea of where we could expect EBITDA per ton to settle at for FY27?

Sankarasubramanian S.: Let's wait for the quarter to close because things are so volatile. The last two quarters have completely destabilized in terms of margin structures. I would prefer to wait, but things have improved significantly. Our value addition is restored now. The challenge here is not the margin per se, but it is more of a volume. How do we revive the consumption? To what extent we need to set the market price? These things will play out in coming weeks.

Probably one more quarter we should be able to give you precise view, but structurally, we are there. Even in this stressful quarter, we have done a decent number in Q2 in terms of both manufactured margin and some opportunistic imports, which has helped us to have a decent margin on import NPKs as well.

I think we should be able to come closer to what we have been talking about in the past from Q3 onwards. Until the consumption revives, I do not want to do any second-guessing, but things are looking positive.

Abhijit Akella: Sure, understood. The second one was just on the subsidy announcement itself. In your reading, does it seem somewhat more favorable towards the NPK segment rather than towards DAP? That was one question.

The other one is that footnote five of the financial results we have disclosed says that the necessary consequential impact of this NBS announcement will be taken in the subsequent

quarters. Is there any adjustment required to be already declared Kharif season results also, or this will only be with prospective effect?

Sankarasubramanian S.: There can be some positive impact on the channel inventory what industry is carrying because these subsidies are paid out basis of POS consumption.

Rather than saying whether there is a positive impact, I think industry will not have negative impact going forward. I would say Industry has to be rightfully compensated for having purchased and produced and carrying the high-cost inventory. That will be reasonably compensated as we sell these fertilizers to the end consumers, farmers. To that extent, there will be a positive impact in the coming quarter. NPK is a balanced nutrition, and domestic sector is focused on NP/NPK fertilizers, and we can make it available during these challenging times. DAP capping at INR1,350 is an aberration.

I do feel that NP/NPK consumption should come back. At some stage, even this capping of DAP may get released because government also cannot afford that sort of a higher subsidy and let the farmer decide which fertilizer he has to use. That is the right thing to do, and that is what industry also we have been advocating.

Abhijit Akella: Okay, sir. Just last two quick ones from my side. One is the Framework for Fertilizer Sale. Does that apply only to Urea and DAP or also to NPKs? If it is the latter, then is there some impact on possible volume growth in the NPK category also from here?

Sankarasubramanian S.: It is applicable for all. But there are certain operational challenges eg in some areas where ideally some of the cash crop farmers need higher volumes of NP/NPKs, they are not currently able to do because of this restriction. Industry has already started engaging with the government and given this feedback to ensure that the farmer who needs the right dosage of NP/NPK should not be deprived on this.

Package of practices developed by agriculture universities need to be updated, and we have already written to the government. We will be engaging with them. It is very important that right dosages, latest new innovative products are factored in the package of practices before they put out this system. This is on a pilot scale. The feedback has been given.

We will take it up further with the government to see that it does not adversely impact the availability of these fertilizers to farmers who need them. It is a serious concern which we are trying to address.

Abhijit Akella: Perfect, sir. The last one was on the fluorine chemical plant side. In the last two, three years, we have seen quite a lot of Chinese capacity coming up in the fluorine derivative space, and some of the larger Indian companies have also been undergoing some struggles in that space. In that backdrop, how do we plan to differentiate whatever offerings you plan to put up over here?

Sankarasubramanian S.: One or two things. First, we are trying to establish the proof of concept and looking at fluorination chemistry-based agrochemical intermediates and certain pharma intermediates. Right now, we are not creating complete downstream. But one unique advantage Coromandel

has got is in terms of hydrofluorosilicic acid, which helps us to diversify into fluorination chemistry rather than using fluorspar route.

Our ability to leverage on our byproduct, which is coming from our Phosphoric acid, can be a good value addition. So, that can provide the complete value chain in the fluorination chemistry space.

But having said that, we need to establish the market and identify partners who will off-take the volumes. These capacities will come up based on the market needs rather than looking for the market after the capacity comes in. So, we will have to lock-in customers before we move ahead with the capex.

Abhijit Akella: Got it, sir. Thank you so much and wish you all the best.

Sankarasubramanian S.: Thank you.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investment Managers Private Limited. Please go ahead.

Bharat Sheth: Hi, sir. Thanks for the opportunity. Sir, my all questions are answered, but can you give a little more color on this non-subsidy and non-agrochemical business? The size of the business and how do where we are talking of very bullish, so how difficult is to scalable, I mean, and what are kind of entry barrier that it has so people cannot enter into?

Sankarasubramanian S.: In Agrochemicals, complete landscape is known. In terms of bio products, all the products are unique and specific to Coromandel, whether it is neem-based biopesticides or microbials. These are all in-house research product. And even these biofertilizers, some of them are specifically registered and developed by us in-house. I think to that extent, it has a strong entry barrier. But scaling up of volumes would be a challenge because they are applied in low dosage and it conceptually takes time to develop the market. So, it's a combination of product uniqueness, product branding and reach. In the global markets, the registration presence is important, where with our wider portfolio of crop protection in 80-90 countries, we are much better placed. It makes us easily accessible to these markets for cross selling these products, whether it is nano or bio products. To that extent, we are rightfully positioned to scale up the volumes.

On the specialty fertilisers, of course, it's a larger play, lot of competitors are there, lot of global players are also there, and we depend on imported raw materials. And here again, we are trying to invest on our own captive MAP. There are a lot of key raw materials imported from China. We are trying to reduce the Chinese dependence, and we are putting up our own MAP plant, which will feed into our own WSF manufacturing. We are having a sustainable volume growth of 20% - 25% in Specialities. Even during this stressful period, we are able to manage this. Other advantage we have is our large sourcing capability in fertilizer can have a positive rub-off effect in these businesses where the similar type of raw materials are being sourced. So our sourcing efficiency, our infrastructure, our dispatch supply chain through our common rakes of fertilizers, all these are something unique to Coromandel, may be difficult

for the rest of the players to compete in the market space. We do not compete on generic play, we focus on specialties. To that extent, we have less competition intensity.

Bharat Sheth: What is the current annual size of the business and how do we look at scaling up growth over next two, three years?

Sankarasubramanian S.: Which business?

Bharat Sheth: Yes, this business, I mean, all bio and non-agri, non-subsidy and non-agro-chem?

Sankarasubramanian S.: Probably it is not differentiated as a separate segment. I am not sure at this point of time whether we can put out these numbers. They are very significant and they have reached the size and scale comparable to the individual listed entities as well, especially on specialty nutrients and bio products, a significant play.

Bharat Sheth: Last question, sir, any update on the Dhaksha?

Sankarasubramanian S.: Waiting for good days. Next quarter definitely I should be able to give you good news in the defence order. But few good things have happened in the last quarter on Dhaksha.

We have introduced two new variants in agri drones. We have scaled up our volumes of agri operations in Coromandel through Dhaksha drones. We have done sizable volumes through retail outlets, and we have seen wherever we are using drone spraying, our volume of liquid fertilizers and liquid agrochemicals have gone up significantly. We are attaching agri drones to each of our retail centers, and there are pilots attached to each of the retail centers, and they will be executing this agri drone services. I am reasonably confident that future agri revolution in India will happen through drone spraying. Right now, it is confined to spraying, but it can move into precision agriculture at a later stage. This is as far as agri vertical is concerned.

On the defence side and the surveillance drones and other fixed-wing drones, we are already working. We have come up with new variants, and we are going in for registration.

This sector is growing at the annual CAGR of 25%, and not many established players are there. We have created a large ecosystem and are trying to develop indigenous vendors. We are looking to partner with other institutions to get the access to latest technologies. We have worked much on the product offerings, range, everything.

Once we are able to execute the order, we should be able to realize the value out of Dhaksha. I know it is completely different from agri inputs, but being part of this on agriculture side, drones have been helpful. On the defence side, it opens up the new opportunity.

Bharat Sheth: Thank you and all the best, sir.

Sankarasubramanian S.: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. S. Sankarasubramanian for closing comments.

Sankarasubramanian S.: Looking ahead, we are cautiously optimistic about the Rabi season, due to improved fundamentals and moderating raw material prices. The recent revision in NBS rates should help fertilizer sector. The demand side farm economics remain broadly supportive. Agri commodity prices of key crops are holding above MSP level, and that should improve farm cash flows and input affordability as we move to the Rabi season.

We are also seeing some improvement in agriculture environment. The recent rainfall has been quite helpful in replenishing the soil moisture in the country, and sowing has begun to pick up now, although aggregate acreage remains behind last year at this stage.

Thank you for your insightful inputs and questions, and hope to see you again next quarter. Thank you very much.

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