

Coromandel International Limited

Tax Strategy



Disclaimer: This voluntary report has been prepared by Coromandel to the best of its knowledge and in consideration of the best of practices.

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About Coromandel – An Introduction

Coromandel International Limited (**hereinafter referred as, ‘Coromandel’, or ‘The Company’**), a prominent player in India's agricultural sector and part of the prestigious Murugappa Group, is committed to enhancing farmers' livelihoods and promoting environmental sustainability while creating value for its stakeholders. As a leading producer of agricultural inputs in India, Coromandel specializes in a wide range of products, including primary, secondary, and micronutrients, as well as biological and plant protection solutions.

It operates in two major segments: Nutrient and other allied businesses and Crop Protection. These include Fertiliser, Crop Protection, Bio Products, Specialty Nutrients and Organic businesses. The Company is 2nd largest manufacturer and marketer of Phosphatic fertiliser in India. The Company's Crop Protection products are marketed in India as well as in international geographies, offering wide range of technical and formulation products. The Specialty Nutrients business of the Company focuses on water soluble fertiliser, secondary & micronutrients and nano fertiliser products. The Company is leading marketer of Organic fertiliser in India. The Bio Products business of the company focusses on plant extractions for various applications. It also operates a network of around 750+ rural retail outlets across Andhra Pradesh, Telangana, Karnataka and Tamil Nadu. Through these Retail outlets, the Company offers agri inputs and farming services including crop advisory, soil testing and farm mechanization to around 3 million farmers.

PLANT NUTRITION:



Fertilizers:

Coromandel's line of fertilizers offer unique blends enriched with secondary and micro-nutrients, ensuring crops receive balanced nutrition for optimal health. It has capability to manufacture 13 different fertilizer grades. In addition, it produces Single Super Phosphate and its unique variants, providing rich source of primary and secondary nutrients.



Specialty Nutrients:

Coromandel's specialty nutrient solutions not only deliver essential plant nutrients but also effectively address soil deficiencies with higher nutrient utilization efficiency. The product range includes Secondary Nutrients, Micronutrients and Water Soluble and Liquid Fertilizers.



Organic Fertilizers:

Utilizing natural components from urban waste and plant remnants, Coromandel markets organic solutions targeting soil health and plant health and is the leading marketer in the country.



Nano products:

During the year, Coromandel commercially launched its inhouse developed & patented Nano DAP product, making it amongst the pioneers in introducing nano technology in agricultural applications. It is a unique liquid fertilizer product that contains nanoparticles of Diammonium Phosphate.

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Headquartered in Chennai, Tamil Nadu, Coromandel operates divisional offices in Bangalore, Vijayawada, Pune, Indore, Noida, and Kolkata. With a vast network of over 12,000 dealers, supported by 2,000 marketing and agronomy professionals, Coromandel provides agricultural inputs and advisory services to more than 20 million farmers annually. The company is dedicated to sustainable development and environmental care, with cutting-edge manufacturing facilities designed for safe and efficient production. Coromandel's 18 manufacturing plants across South, West, Central, and North India ensure the delivery of high-quality agricultural inputs.

Coromandel follows a sustainable development model that prioritizes people, planet, and profit. Its Corporate Social Responsibility (CSR) strategy aligns with its core values, focusing on empowering and educating people while enhancing their quality of life. Beyond CSR, the company views tax payments as a key aspect of its economic and social responsibility. These contributions are essential for the development of the regions in which Coromandel operates and reflect its commitment to social inclusion, responsibility, and sustainability.

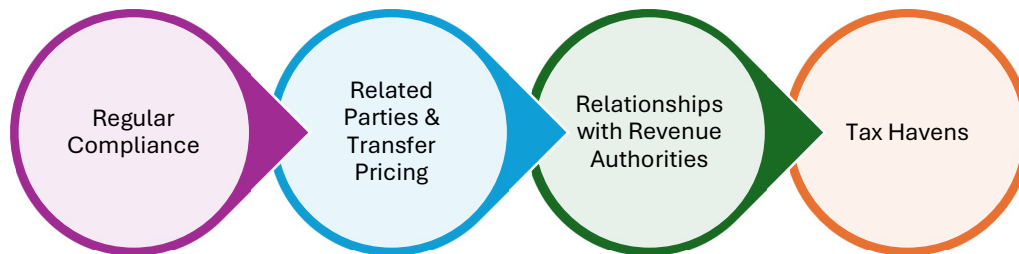
The Coromandel Group (which includes Coromandel and its affiliated companies) adheres to actions and decisions which are guided by the five lights — **Integrity, Passion, Quality, Respect, and Responsibility**. These principles influence all decisions, including those related to taxation. Taxes play a crucial role in government revenue and economic stability, and Coromandel sees tax compliance as an essential part of its commitment to responsible corporate conduct.

In this report, Coromandel shares a summary of its tax strategy, principles, and key governance factors for mitigating tax risks. The Chief Financial Officer (CFO) along with the Taxation Head is responsible for the tax strategy, which is regularly reviewed for potential updates. The Taxation Head, assisted by a dedicated team, oversees the implementation of the tax strategy and manages tax-related procedures. These procedures, both automated and human, ensure compliance with tax regulations, and every team member is accountable for following the established rules, procedures, and internal controls related to tax reporting.

This is the first Tax Strategy document of Coromandel made available in the public domain and a voluntary policy measure undertaken to enhance stakeholders' transparency and accountability.

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Coromandel's Tax Strategy



Periodical Compliance

Coromandel is committed to fully complying with tax laws in all regions where it operates, maintaining a non-negotiable stance towards non-compliance or delays. Coromandel aims to create efficient tax governance systems, using tax advisors when needed, to ensure complete and timely compliance. This system is regularly reviewed and updated to align with relevant tax laws and regulations across jurisdictions, ensuring adaptability and relevance. The company is dedicated to meeting statutory compliance deadlines and setting high industry standards through efficient systems, real-time monitoring, and regular updates to adapt to regulatory changes. This includes –

- All tax returns and tax audit reports are filed within statutory due dates along with timely settlement of tax obligations as required.
- Disclosure of relevant facts and circumstances to tax authorities and accurate reporting to stakeholders.

Coromandel provides complete transparency to all stakeholders about tax payments and tax approach.

Related Parties & Transfer pricing

Coromandel follows a related party transaction policy, framed around the provisions of the Companies Act 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015, the Income-Tax Act, 1961 and the OECD Guidelines (Organisation for Economic Co-operation and Development) ensuring proper approval, disclosure and reporting. Coromandel's transfer pricing framework adheres to the arm's-length principle, supported by FAR (Functions, Assets, Risks) analysis and

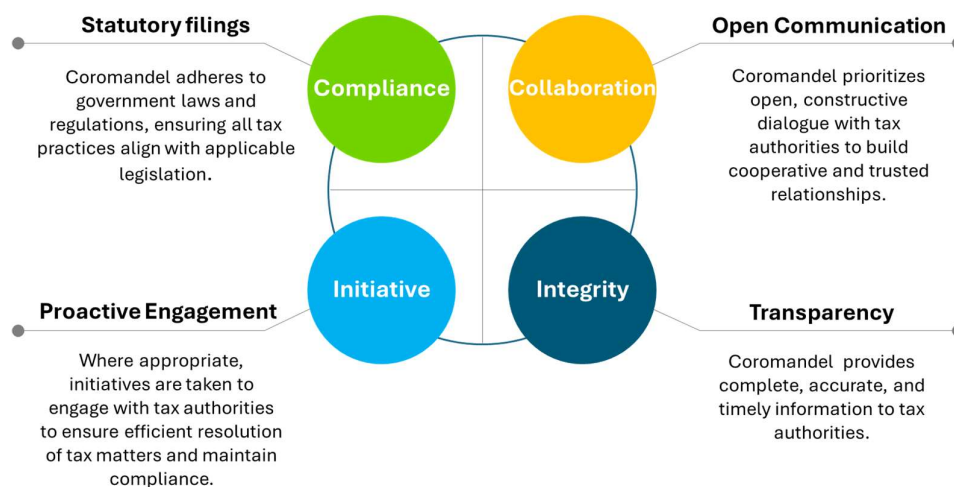
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benchmarking, conducted internally or externally as needed to ensure pricing is on an arm's length basis.

Coromandel ensures that all transfer pricing filings are completed within statutory deadlines, and material tax matters are reported to the management as needed.

Relationships with Revenue Authorities

Coromandel has established strong, respectful, and cooperative relationships with tax authorities, built on trust and transparency. Its approach is guided by the following principles:



The comprehensive approach underscores Coromandel's dedication to ethical tax practices and governance. This approach also ensures effective collaboration, minimizes disputes, and promotes a positive working relationship with tax authorities.

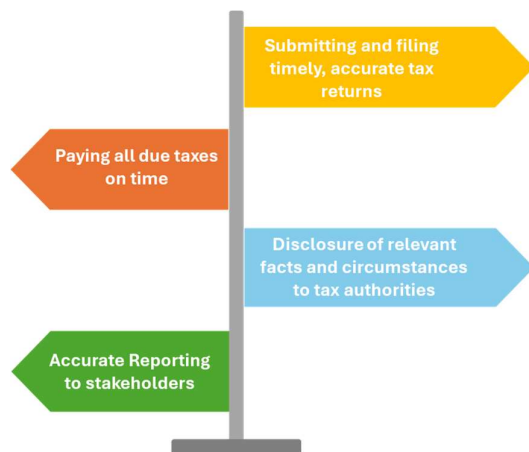
Tax Havens

Coromandel is committed to not using Tax Havens for tax avoidance and not to transfer value created to low tax jurisdictions. Coromandel does not believe in using artificial tax structures by resorting to tax havens designed for tax avoidance, lacking a commercial rationale, and not aligned with the purpose and objective of domestic or international tax laws.

Coromandel's Focus on Compliance

Coromandel is focused and committed to complying with statutory tax obligations in all the jurisdictions in which it operates in a responsible manner.

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The tax strategy is regularly monitored and approved by the management to ensure that adequate resources are effectively deployed to manage present and future tax matters. Coromandel is committed to compliance with the spirit and the letter of tax laws and regulations in the countries in which the Company operates through its subsidiaries, JVs and Associates.

Governance and Management of Tax Risk

Coromandel is dedicated to maintaining robust corporate governance practices that emphasize transparency, accountability, and ethical business conduct. The organization passionately believes that good governance is crucial for creating sustainable value for all stakeholders, including shareholders, customers, employees, and the broader community.

The 7 Pillars of Coromandel's Corporate Governance



Coromandel strictly prohibits any form of tax evasion or avoidance, recognizing such practices as illegal and unacceptable. Coromandel upholds a zero-tolerance stance toward such behaviour and actively encourages transparent and constructive engagement with tax authorities, fostering open and cooperative working relationships.

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Here are a few key points on Coromandel's Tax Risk Management:



Tax Planning

Coromandel focuses on aligning tax planning activities with the organization's overall business and sustainability goals to achieve efficiency without compromising on compliance and its commitment to the agricultural community.

Coromandel is committed to adopting tax positions with an underlying substance and commercial rationale. Wherever a significant position is taken, it seeks assistance from experts or senior counsels and obtains approval from the management. Resorting to aggressive tax positions is not advocated at Coromandel.

Coromandel leverages government provided tax incentives and ensures exemptions and deductions are claimed within statutory or regulatory frameworks.

Coromandel invests in different countries through its subsidiaries where the company seeks to build long-term relationships with government and local communities. The taxes collected and paid on behalf of the government represent a significant responsibility that Coromandel diligently fulfills.

For all cross-border operations, Coromandel ensures adherence to transfer pricing regulations, international tax standards such as BEPS (Base erosion and Profit Shifting) of OECD, and the domestic tax laws of the respective jurisdictions.

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As an initiative to efficiency and consistency in tax accounting Coromandel has framed internal Standard Operating Procedures (SOPs) in areas such as Direct tax, Transfer Pricing, Goods & Service Taxes and Customs.

Tax Management and Coromandel

In-house Tax Team

Coromandel has a dedicated tax team comprising of experienced tax professionals. This in-house team focusses on all facets of tax and updates the management on key aspects. The inhouse tax team collaborates with businesses to provide sound tax advice regarding tax implications of business decisions, agreements, business transactions, and mergers & acquisitions. Regular tax updates from multiple sources and key updates are disseminated to the relevant stakeholders internally (e.g., across businesses), facilitating informed decision making. The in-house tax team is responsible for the implementation of tax functions and principles by identifying, evaluating, and advising on tax laws.

Tax Processes and Controls



At Coromandel, the tax team upholds strong processes and controls to ensure compliance with all applicable tax regulations. Coromandel has implemented a robust system for tracking and monitoring pending tax litigations and fulfilling compliance requirements mandated by various statutory authorities. From a control perspective, it employs the four-eye review mechanism to maintain thorough internal checks.

Furthermore, Coromandel provides training to non-tax personnel in key areas such as finance and ensures effective communication with internal stakeholders. This empowers them to contribute value to the team by staying informed about recent developments and making well-informed decisions that align with the overall interests of the company.

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External Consultants

In respect of significant transactions and litigations, Coromandel seeks tax advisory and support from external consultants as and when needed, on matters involving situations which are pertinent to the overall growth of the company.

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