



Conference call on “Coromandel’s Acquisition of Baobab Mining and Chemicals Corporation”

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ANALYST: MR. S RAMESH - NIRMAL BANG EQUITIES

**MANAGEMENT: MR. SAMEER GOEL –MANAGING DIRECTOR -
COROMANDEL INTERNATIONAL LIMITED
MRS. JAYASHREE SATAGOPAN – CHIEF FINANCIAL
OFFICER - COROMANDEL INTERNATIONAL LIMITED
MR. MAYUR GANGWAL - GENERAL MANAGER FINANCE &
INVESTOR RELATIONS - COROMANDEL INTERNATIONAL
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Coromandel's Acquisition of Equity Stake in BMCC Conference Call hosted by Nirmal Bang Equities Private 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 an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. S Ramesh from Nirmal Bang Equities. Thank you, and over to you, Sir!

S Ramesh: Good afternoon, ladies and gentlemen, on behalf of Nirmal Bang Institutional Equities, it gives me great pleasure to invite you all to this strategic conference call with the management of Coromandel International. It is on the Coromandel's Acquisition of Equity Stake in phosphatic mining of BMCC, the Baobab Mining and Chemicals Corporation. We have with us the Managing Director, Mr. Sameer Goel; and CFO, Jayashree Satagopan; and GM, Finance and Investor Relations, Mayur Gangwal. Let me hand over the floor to Mrs. Jayashree Satagopan to take us through the business of the transaction and outlook. Over to you Jayashree!

Jayashree Satagopan: Thank you Ramesh and good afternoon all for joining the investor conference call this afternoon. We are indeed happy to inform you that Coromandel International Limited is set to acquire a 45% equity stake in Baobab Mining and Chemicals Corporation, BMCC which is a rock phosphate mining company based at Senegal, Africa.

The acquisition is going to be through its wholly owned subsidiary, Parry Chemicals Limited. This involves a total outgo of Rs.225 Crores, 150 Crores for buying the equity stake and further 75 Crores by way of infusion through shareholders loan for future capital expenditure and expansion.

Talking about the business environment, as we all know rock phosphate is a key raw material for manufacturing phosphoric acid, and intermediate used for phosphatic fertilizer production. It is indeed a scarce commodity with presence in limited regions globally.

India as a country meets majority of its rock phosphate requirement through imports mainly from North, West, and East of Africa. India's share in overall traded rock is quite high. Out of the global rock phosphate production of 207 million tons, the rock available for trade is only 15% that is 30 million tons; major producers of rock are also the captive consumers of phosphoric acid and phosphatic fertilizer. India is a largest importer with about 7.6 million tons.

When you look at Coromandel, the advantage is quite obvious. As you may be aware Coromandel manufactures around 4 lakh to 5 lakh tons of phos acid annually and rock adds to the major feedstock for its manufacturing. We are currently sourcing rock from various countries. As part of our strategy to strengthen the value chain we have been evaluating opportunities in the phosphate mining area to secure our rock phosphate requirement. Key consideration for this includes exploitable resource availability, C2O5 content, infrastructure in terms of roads, ports,

compatibility with other rocks, and obviously the investment requirement. We have been exploring this space for some time now and BMCC based out of Senegal provides us a good opportunity to enter into the rock phosphate mining space. BMCC has been in commercial production from 2021 and has the resource certainty based on drilling activities and estimates that have been carried out.

Further, Senegal is a mining friendly location. It has established mining industry with phosphates as primary exports. Senegal is well connected with infrastructure and has qualified workforce. The state involvement has been constructive and quite transparent.

Mining code in Senegal was implemented in 2003, revised in 2016 and is administered by the Ministry of Mines and Geology. The investment in BMCC will help in strengthening Coromandel's backward integration and will ensure long-term supply security of the key raw material. At full capacity BMCC can meet up to one-third of the company's total rock phosphate requirement based on the current capacity.

In the past, we have made strategic investments with leading integrated players like TIFERT in Tunisia and Foskor in South Africa for meeting with phosphoric acid requirements. This is the first investment by Coromandel in a rock phosphate mining project. With this investment we see multiple opportunities going forward, opportunity to exploit beyond the indicated resource and also look at possibilities for improving the rock recovery efficiencies.

Let me now share few details about BMCC. As I mentioned earlier BMCC Project is based out of Senegal in West Africa which holds phosphate mineral resources of approximately 250 million tons. It has a processing-friendly deposit and is well connected through infrastructure and has sea borne access, it has a soft overburden, meaning no explosives are required, the mines can be extracted through excavators and a simple crushing process is used for processing the materials that have been mined.

This project has been subject to several evaluations undergone through multiple phases of explorations in the past decade. In 2018 BMCC was granted a 20-year renewable exploitation permit by a Presidential decree covering around 75-kilometer square area. BMCC has commenced active operations in 2021 and as far as Coromandel is concerned when we designed and commissioned our Phos Acid II plant at Vizag, the design was done to have the ability to process multiple grades of rock. The company has imported and used rock from Senegal and our technical and manufacturing teams have confirmed a good level of compatibility using the Senegal rock.

With this I would like to open the call for question and answers. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Mr. Akshay Ajmera from Nirzar Securities LLP. Please go ahead.

- Akshay Ajmera:** Thank you for taking my question and congratulations for taking this big leap in integrating our plants backward. So in percentage terms what would be the efficiencies or the improvement at EBITDA level that we will get if you can guide us and how much is the balance stake is held by which other entities in the BMCC? These are the two questions.
- Jayashree Satagopan:** Over a period in time this should help us in improving the EBITDA. As I said our investment in BMCC and the mines in Senegal should help us to access the rocks which will be more competitive from a pricing standpoint. Currently, the mines can go up to 1.5 lakh tons to 2 lakh tons per annum and with additional capital expenditure and expansion this can go up to 5 lakh tons per annum. So there will be a cost arbitrage as we start using these rocks and that should reflect in the EBITDA. It is too early for me to comment how much rupees per ton it would mean in the immediate future but you will see the benefit coming in as we start using this Senegal rock in our PAP II and possibly in PAP I as well. As regards to your second question in terms of the shareholding of BMCC currently has shareholding from Government of Senegal is 10% and as per the Senegal's law local company in Senegal also need to have a mandatory shareholding, that is held by MNR Senegal which is about 20%. Coromandel has 45% and the balance 25% is held by BFA Mauritius - this adds up 100% of the shareholding in BMCC.
- Akshay Ajmera:** If you can just give us a broad guideline on how much is the management's broad assessment of getting improvement in the EBITDA by using these mines, just a broad assessment at the initial level.
- Jayashree Satagopan:** We will be able to give this to you as we start using the rock. Currently we have limited usage of this rock. We have received the shipment of this product; this will also be mixed along with the other rocks that we are using. So we will be able to quantify and suggest this at a later point in time.
- Sameer Goel:** Akshay, just one more point, the quality of rock is over 33%. There are not many mines which gives that sort of high quality rock so we are quite happy to include this rock and therefore we expect the efficiency to go up and both our technical team and also our manufacturing team are working on getting efficiencies out there, this is very early days but it is getting us a high quality rock.
- Akshay Ajmera:** Sir is there any other company in India which is currently using that type of rock?
- Sameer Goel:** Again there are various sources of rocks which are used even in Senegal. There are companies who are mining the rock and I cannot comment on their quality of rock.
- Akshay Ajmera:** Got it thank you so much.
- Moderator:** Thank you. We take the next question from the line of Mr. Tarang from Old Bridge Capital. Please go ahead.

- Tarang:** Just wanted to check you said that the permit was given in 2018 to operate for 20 years so therefore the remaining life of the permit would be 16 year would that be accurate?
- Jayashree Satagopan:** Yes, the permit was given in 2018, depending upon the mineral availability, these permits could be renewed.
- Tarang:** Considering that the possible reserves are at about 250 million tons and in a reasonable scenario we will be able to excavate only 0.5 million tons clearly there is a potential to sort of renewal. So come 2038 the chances of that happening ahead right?
- Jayashree Satagopan:** Yes, you are right. See in the indicated area usually we could get about 50 million tons and there are further additional areas which can also be explored. Our assessment is we will have phosphate for close to about 100 years and therefore working with the government these permits could be renewed for continuous operations.
- Tarang:** As the excavation grows and as you cover more area is there a potential for this mine to maybe help you backward integrate more than one-third of your current requirement as output from the mine increases?
- Jayashree Satagopan:** Yes, there is a possibility to increase the offtake from the mines for our operations.
- Tarang:** Last, I mean, experience in Africa generally has been mixed so how did you sort of take care of the regulatory and political risk of deploying capital there and managing just wanted to get your thoughts on that?
- Jayashree Satagopan:** If you look at Senegal it was earlier a French colony right and it has been a democracy for a long time and there are other large corporates who are also present in Senegal like IRC – who has been there for almost four, five decades into phosphatic mining. They also have the Phos acid plant. They do about 6 lakh tons of acid at Senegal. So phosphate mining export is the major thrust for the Government in Senegal and given the past experience of Companies that have been there running it successfully also gives confidence for Coromandel to work through in this space.
- Sameer Goel:** Just to add to what Jayashree said, Senegal has been a very stable country even since they got independence from the French and it has good relationships with the neighbors. It has got good relationships within markets both in Europe and India and also in US, so it is a hub. The airport is very good, there are flights which go to US from South Africa stopping at the capital and it is a very stable economy, people are quite highly educated there, so that way we have not seen any structured issues emerge.
- Tarang:** Got it. Thank you Sir, all the best.
- Moderator:** Thank you. We take the next question from the line of Dhruv Muchhal from HDFC Asset Management. Please go ahead.

- Dhruv Muchhal:** Can you please help us when can this mine go to this 5-lakh ton if any sense is available for now. So currently I believe it is producing 1.5 right?
- Jayashree Satagopan:** We believe in a timeframe of two to three years the mine should be in a position to give us 5 lakh tons.
- Sameer Goel:** When you look at the deal what we are doing is it is not just investing in the current shareholding, we are also investing to support the expansion program for the mines through infusion in terms of the investment capital, which will help us to improve first efficiencies of the mine and then to look at output. The port infrastructure is getting built so like Jayashree said in couple of years we have a plan for this to expand further.
- Dhruv Muchhal:** This 75 crore shareholder loan will take care of the expansion also to the 5-lakh ton?
- Sameer Goel:** This is for increasing the current efficiency and we may inject more as and when it is required.
- Dhruv Muchhal:** What I was trying to understand can maybe a further capital investment requirement as we ramp up with this 5 lakh tons?
- Sameer Goel:** See if the mine needs further expansion, Coromandel as a partner with the other partners will look at how firstly we can ensure continuous production from the mine and how we can expand the throughput, this will still take couple of years.
- Dhruv Muchhal:** Is it possible to share any sense on what would be the cash cost of production given the mine is now operating for about a year or so some sense because this will help us understand independently what the profitability will be?
- Jayashree Satagopan:** I would think we have to look at it in two aspects; one is the cost of mining per se. Here because mining is not at an optimal level. While the mines capacity is about 5 lakh tons currently they are doing about 1 lakh ton when you scale it up the cost of production will come down and given the fact that there had been few shareholders and who have been trying to operate the mines now and with Coromandel coming in the whole system is going to get far more professional in terms of its operations ensuring efficiency and throughputs are also meeting up to the global standards so the cost of mining will come down and stabilize as the throughput goes up.

The current cost will not be an indication of future and there we are also looking at our own resources who will work along with the team at BMCC to scale up operations more efficiently and economically. That is number one. The second thing is while there is a cost of mining, it is also the cost at which we will be importing the rock into Coromandel. There will be transfer pricing mechanism and based on that we will be importing the rock into the country. So there could be some amount that is with BMCC for their own cash flow management for future expansion opportunities as well. From Coromandel standpoint, I would always look at how this cost of rock with high P2O5 content compares with the other rock that I can get. Is there a cost

arbitrage? Is there an opportunity for that? The answer obviously is yes. The second one is how am I able to blend it with the other rocks that I have and improve my throughput in the PA plants? There also technically both our R&D and the manufacturing teams have used the rocks and found the compatibility to be good. So the answer to the question is, we believe that there is going to be good amount of cost synergies for Coromandel in the medium to long-term through this investment because we will get continuous supply of rock and we believe it would be at a better price compared to the other sources from where you could possibly get the rock.

Sameer Goel:

Just to add to what Jayashree said two things there. Firstly, we have already mentioned, with the high-quality grade rock the good thing is the rock is available with the soft overburden. So even when we look at it and this is the right pickup and it is an open cast mine and the P2O5 is available at a very narrow depth, so which is the good thing. The other thing which we are looking at is also from a logistics point of view currently new port is also getting developed apart from port of Dakar which will make the logistics look even cheaper while even the Dakar port is not that far but comparatively we are getting a new port which is already coming up through the government where we will be able to send ships out. So all this will help in terms of the cost of the mines and the cost of the rock and one more thing which it does is when you have this own captive rock available it makes like you are well on your own negotiation power firstly to use alternate rock and secondly our negotiation power is with other rock suppliers so that is another benefit which will flow through because we are not dependent on one or two rocks.

Dhruv Muchhal:

Sir and just one last question is, is it possible to in brief probably help us understand how does this dynamics in the rock phosphate market works because it is not a very liquid market it is not very well understood so I mean what I am trying to understand is there a mechanism like how much of the phos acid prices move it is a ratio the rock prices ratio of that and hence it gives you a big advantage when there is a significant inflation in the phos acid prices. So just trying to understand how does the mechanism in the rock market work.

Jayashree Satagopan:

Well, there is no great formula here. Each country based on their availability, based on their supply demand and negotiation powers, also depending on the P2O5 content and the negotiation power of the buyers the rock prices get settled. People who have their own backward integrated facilities, having their own mine are able to negotiate slightly better price. And as Sameer was also mentioning while you have your own source, it helps in not only in securing the raw material, it also helps you to be in a better position when you are sourcing alternate rocks because you need quite a high quantity of rock.

Dhruv Muchhal:

Got it. Thank you so much.

Moderator:

Thank you. We take the next question from the line of Mr. Resham Jain from DSP Investment Managers. Please go ahead.

Resham Jain:

Congratulations on the acquisition. I have two questions, first is on the overall production which this company is going to do, is there an agreement also the first whatever quantity or will be sold

exclusively to Coromandel or that company will decide because they have different partners as well other than Coromandel. Can they sell to other players as well?

Jayashree Satagopan: What is your other question, Resham?

Resham Jain: The other question is a broader question because the Coromandel also was planning to set up or further increase the overall manufacturing capacity for NPK and the thought was that if we have the supply chain security we can actually increase our manufacturing capacity in India so does this acquisition ease that comfort of hiring the manufacturing capacity within India the NPK capacity I am saying?

Jayashree Satagopan: I will respond to both of them. As far as BMCC is concerned Coromandel will be acquiring 45% stake. Obviously as we mentioned it is subject to fulfillment of the conditions precedent and we hope this transaction will get completed by Q2 of this fiscal year. Part of this entire agreement is also purchase contract which will assure Coromandel gets the required rock supply and also have the preference beyond a certain threshold of rock that gets mined from the facilities. Therefore to your question yes Coromandel will definitely get a very large share of rock from BMCC.

To your second question, as we have mentioned in the past the intent is to see how much we can backward integrate and secure our raw materials. The first step was putting up a PAP II; the second one is setting up our own sulfur burner which we hope should be commissioned by June, July of 2023. The third one now is going for further backward integration - to acquire the stated mine to get the rock. As all of these stabilizes, I think it will give us the comfort to evaluate further possibilities for increasing the NPK capacity. I think that would be a medium-term objective for us. Currently the focus is clearly on ensuring that we complete our SAP III plant in time, we get BMCC fully operational and we will looking to at an appropriate time for further augmenting capacity in terms of NPK now they come through.

Resham Jain: Is it fair to assume that this acquisition obviously it is a supply security but from the financial standpoint should one assume a four to five years kind of payback period for such investments on a standalone basis?

Jayashree Satagopan: It would be even earlier.

Resham Jain: The benefit which Indian company will get will be separate in terms of the overall supply, consistency, and other things at the plant level?

Jayashree Satagopan: Yes, from Coromandel standpoint, we are able to get few shipments on a continuous basis that itself will be a payback for the project but in a longer-term it is assured supply of good quality rock and obviously as I was mentioning it also helps to be in a better position when we are sourcing from various other parties as well.

Resham Jain: Thank you madam. Thanks.

- Moderator:** Thank you. We take the next question from the line of Trilok Agarwal from Dymon Asia. Please go ahead.
- Trilok Agarwal:** Good afternoon and thanks for the opportunity. I want to check is there in most of the mines you obviously have the royalty payment as well so is there any royalty payment and if they impose in the future how does the deal gets impacted for you guys in context of certain cost?
- Jayashree Satagopan:** Trilok can you please repeat the question royalty payment to whom?
- Trilok Agarwal:** Is there any royalty payment which is on a per ton basis already a part of the deal and if not if in the future it gets imposed by the government is there any provision for that is what I wanted to understand on that?
- Jayashree Satagopan:** Yes, there is a royalty payment to the Government which has been factored in investment as we work through the financials and the payback.
- Trilok Agarwal:** What is the current royalty payouts that happen per ton basis if you can share some numbers?
- Jayashree Satagopan:** It is a percentage in terms of royalty. It is not per ton. It is 5% royalty which has to be paid to the Government of Senegal.
- Trilok Agarwal:** That is subject to any change or it is absolutely flat over a period of 20 years that you mentioned out here?
- Jayashree Satagopan:** Currently this is 5% and we do not see this changing.
- Trilok Agarwal:** The major benefit would be obviously we able to see only in next year right by the end of September only you guys will be able to conclude this transaction is that correct understanding?
- Jayashree Satagopan:** Yes, before September we think we should be in a position to complete the transaction.
- Trilok Agarwal:** Thank you very much.
- Moderator:** Thank you. We take the next question from the line of Vishnu Kumar from Spark Capital Advisor India Private Limited. Please go ahead.
- Vishnu Kumar:** Good evening Madam. Thanks for your time. So, my understanding is we need about 1.2 million to 1.5 million in terms of total rock requirement so this as we speak this acquisition would help us close to 10% of our requirement is that a correct understanding?
- Jayashree Satagopan:** We will need about 15 lakh tons of rock and at full capacity we are expecting the mines to give us 5 lakh tons, it will meet one-third of our requirement.

- Vishnu Kumar:** So do we have a 100% agreement with the company that everything can be shipped to India or is it that entity will decide that the best price will be taken or any of that sorts? Does Coromandel have a long-term agreement with that entity to bring everything to India?
- Jayashree Satagopan:** Yes, we do have a long-term contract signed with the entity; major portion of the rock that is mined out of BMCC will be shipped to Coromandel in India. There will be a small portion which could be shipped to any other company based on the requirement and beyond a certain quantity Coromandel also have the right of first refusal.
- Vishnu Kumar:** So can it be said that 75%, 80% would probably come to India?
- Jayashree Satagopan:** Yes.
- Vishnu Kumar:** Secondly just amongst all the NPK raw materials that is required, the most pricing of the P or even the derivatives of P so at some point would you want to take this 5 lakhs or rather you want to at some point take the phos rock security to at least 80%, 90% let us say even if you want to expand the plant and let us say our total requirement goes to a 20 lakhs. So at some point would you want to have it a much higher would that mean we would go for more such assets given it, I mean, it is not just for Coromandel at least for a country level securities critically, wanted your thoughts on that?
- Jayashree Satagopan:** Well, Vishnu this is a very good question. As I was mentioning earlier this current mine in the indicated area itself has enough mineral ore which can last for 20, 30, 40 years. There is possibility to explore around this area which I think can help us go for a longer period or secure more mineral from the area. So you can take 5 lakh tons per year for this period, or you can mine 10 lakhs if possible which will be for much shorter period overall.
- Definitely after a couple of years getting the comfort working in Senegal, increasing the throughput, improving on the efficiency Coromandel will definitely look at seeing how we can get more mining and more for our captive consumption that will be the first step. Not too sure whether at some point in time, we will have enough to mine and serve the needs of our country. If it is possible why not? But I think our own requirement itself is quite high. In most of the cases, the PA plant uses a mix of rocks, at least in all our plants will use two to three grades of rocks to get the phos acid. So, this will hopefully meet most of our requirement and if there is opportunity to export to others or even thinking aloud for a backward integration in terms of a PA plant, those opportunities could also be looked into it.
- Vishnu Kumar:** I actually had a different question would we go to a 80% requirement you need to have this kind of structures or you need to indirectly own that is something that we will look for maybe over three to five year target which would be in at least 1 lakh or rather say 10 to 12 lakh tons of supply security we need to have that means we will look for similar assets over the next three, four years is that our understanding or we will probably just restrict with this acquisition?

- Jayashree Satagopan:** No, all opportunities are open. We will be looking at opportunities - if there is a way to tie-up either through strategic sourcing for a longer period or through an equity participation Coromandel will explore both these options.
- Sameer Goel:** I think Vishnu the main thing you have to look at, is that you are looking at flexibility of supply chain. So depending on how the availability is and how the pricing is, it gives our plants the flexibility to chose. So, I think that is critical to any of our decision making and strategically that becomes important.
- Vishnu Kumar:** I am sorry if I am digressing a little bit. Would we consider probably an ammonia plant or anything would that be something that we will really consider because that also is floating a lot and would we consider thinking on that any thoughts that at least whatever is current thinking on that if there is any?
- Sameer Goel:** No, the way we are looking at it is more on sustainability. So definitely we are looking and when I say medium-term and long-term, even the Government has talked about looking at not just green ammonia and other things, those are projects we are working on.
- Vishnu Kumar:** Anything on TIFERT and Foskor if you could just help us understand anything is coming from them or is it like...?
- Sameer Goel:** We are getting 37% of our phos acid requirement came from Tunisia last year both from TIFERT and also from Partner Company, GCT and same thing is there in Foskor. What we are planning to do is to send our team to Foskor. And in TIFERT our Indian partner has sent a team. Basically if you look at it, we can improve the throughput and efficiencies of the plants. So the teams are working on it. There also we are talking to both the Governments in terms of the supply security including transportation and other things, and given the fact that phosphate mining has been good for company and especially when tourism goes down. The government is also heavily actively engaging with the phosphate industry.
- Vishnu Kumar:** Anything on phosphate?
- Sameer Goel:** Phos acid.
- Vishnu Kumar:** No anything on Foskor when you think we are getting from South Africa?
- Sameer Goel:** No, this was from Tunisia which is TIFERT and GCT.
- Jayashree Satagopan:** We also import from Foskor. We had couple of shipments from Foskor last year for phos acid we are also importing rock from Foskor - so it is both acid and rock.
- Vishnu Kumar:** This rock would be slightly lower quality if I am not wrong?

- Jayashree Satagopan:** Foskor rock is very good quality.
- Sameer Goel:** Foskor rock has got high quality.
- Vishnu Kumar:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Vidit Shah from IIFL. Please go ahead.
- Vidit Shah:** Thank you for taking my question. Just a quick clarification on the accounting treatment of this acquisition so is it going to be a subsidiary or are you treating it as separate?
- Jayashree Satagopan:** We have a 45% stake so we will be consolidating the financials.
- Vidit Shah:** How much of PAT activities would this be? It is like what can we assume to do the average level of profitability for this?
- Jayashree Satagopan:** This is for 2021 is the first year of operation for BMCC. I was mentioning a little earlier that given the fact that we are talking about 1 lakh and 1.5 lakh tons of phosphoric rock production, we will have to work on the efficiencies and the cost, which is what Coromandel team in India will also be supporting. So, it may take a couple of years for the entity to become hugely cash positive. There will be scaling up in the next two years to get it to 5 lakh tons of capacity which is when we will see good level of profitability in BMCC.
- Vidit Shah:** So currently is it going to be breaking even at PAT or losses?
- Jayashree Satagopan:** No not yet. It has just started the operations a year and a half ago, so it has to get a certain level of scale for it to be profitable.
- Vidit Shah:** So as you said you have around 15 lakh tons of rock requirement of which 5 can be procure from BMCC just want to understand about the rest of the 10 how much of it is tied up by a long-term it has been and how much is procured at what price.
- Jayashree Satagopan:** See several of them are through two-to-three-year contracts that is how the industry has been operating. Most of the rock contracts are for a period up to three years and it is renewed. However, as I was mentioning we are also open to look into a slightly longer-term contracts as well as strategic stakes which can help us to get long-term certainty and stability. So far, as we have been increasing our PAP production capacity, we have not faced any shortage in terms of rock availability. First, thanks to the smart sourcing by our commercial team the second is the flexibility that our manufacturing teams have in terms of processing multiple grades of rock. So there are contracts which are for one year or upto three years. We are open to looking into longer-term and this stake in BMCC will sort of help to solidify as we go along in negotiating and finalising some of the other contracts.

- Vidit Shah:** So majority of the contracts including BMCC are long-term so there is very little amount of rock is noted at the spot base is that right?
- Sameer Goel:** Yes. BMCC contracts are long-term. I do not know what your question was.
- Vidit Shah:** My question is the rest of the 10 lakh tons that we need that comes from long-term contracts?
- Sameer Goel:** We have contracts available for the rest.
- Vidit Shah:** Just a last one from me is around are there likely to be further acquisitions I mean you had indicated on the call that you would be definitely acquiring something this year and you have acquired BMCC so can we expect more activation this year and if so I mean if the strategy to consolidate supply chain first and make acquisition and investments in sulfuric acid or BMCC type of investment or our acquisition also going to be revenue increase kind of positive?
- Sameer Goel:** We had said in our last call also, we keep looking at this investment opportunities both organic and inorganic. Some of it could be backward integration, so we are definitely evaluating and looking at this and definitely something could come up if the proposal is right.
- Vidit Shah:** Okay fine got it thanks.
- Moderator:** Thank you. As there are no further questions I would now like to hand over the conference to Mr. S Ramesh for closing comments. Over to you Sir!
- S Ramesh:** This is Ramesh here. Congratulations, Sameer and Jayashree from Coromandel for getting into the transaction. I just have a couple of thoughts one when you look at this transaction what is the kind of price for rock phosphate because one is their financial evaluation and secondly in term of the shareholding per share which is 45% Coromandel is control in terms of operations and future investments in the target company.
- Sameer Goel:** Jayashree you got the question.
- Jayashree Satagopan:** The line was not too clear for me Sameer.
- Sameer Goel:** Ramesh could you just repeat it please though one question at a time.
- S Ramesh:** Yes, so I was asking in terms of the consideration of the economics of rock phosphate mining what is the underlying price assumption for rock phosphate that you have assumed here with the mid-cycle though the financial evaluation for this investment because rock has gone all the way from \$170 to more than \$200 today. So there is an indication in terms of the financial viability of the project if the rock prices settle down to the historic averages. The second question is in terms of the equity shareholding of the company got 45% stake and there is another partner with 25% stake so just a 45% stake give you management control in terms of investment decisions and

supply contracts or would you have to increase the stake further to get that management control in terms of the objective of security of supplying.

Jayashree Satagopan: Let me address your first question. As we went through the financial evaluation, we have done different scenario planning with rock prices being at record low to current levels (which is quite high) with all the sensitivity we find that this investment is quite viable and would be helpful and accreditive to Coromandel in a long-term and medium-term. Secondly, in terms of our investment where we have 45% stake, we have already entered into a long-term contract for purchase of rock from BMCC.

The next one is in terms of management control. As per the shareholder agreement that has been signed there are reserved matters which will definitely require majority stakeholder which is Coromandel's buy in, and we will also be having our own resources in Senegal who will support the operating team and help them run the operations far more efficiently. So we are looking at strengthening the operations, we are looking at strengthening finance there. All of these, we believe, will be very helpful right from the short-term to long-term.

S Ramesh: That was helpful so on that note we should thank all the participants' who are joining this call.

Moderator: Sorry to interrupt Sir this is the operator here. We have a question from one of the participant that is Mr. Bharath Subramanian from Sundaram Mutual Fund.

Bharath Subramanian: Thanks for the opportunity. Just one quick question in terms of reserves and resources you mentioned 250 million tons is it indicated reserves or resources at what cut off are you referring to.

Jayashree Satagopan: This is a mix of indicated and inferred resource. The inferred resource is about close to 65 kilometers which will help us to mine for say 100 years. In the indicated area we should be getting about 50 million tons resources at a 10% cut off.

Bharath Subramanian: Just on the profit side once and everything are revamped how easy is it to scale up 2 million ton in terms of process what is the growth as a reason over there.

Jayashree Satagopan: Please repeat I am not able to get your question.

Bharath Subramanian: So once in terms of getting up the circuits for 0.5-million-ton production and if we need to have a revised mining then how much easy is it how is the timeline we are typically recent increase we go to revised.

Jayashree Satagopan: I think we will have to see this. Currently, I think it will take two to three years for us to get./ Obviously, once the operations stabilizes there is still far more area that can be explored nearby or we can also expand within the indicated area to get more output. Both these possibilities are there. But I think we will take one step at a time - stabilize the operations to get from 1.5 to 3,

to 5lakh tons of output, ensure it is stable and we are able to mine continuously and then look for further increase in the production there.

Bharath Subramanian: Thanks that is it from me.

Moderator: Thank you. There are no further questions. I would now like to hand over to Mr. S Ramesh for closing comments. Over to you Sir!

S Ramesh: Let me thank all the participants for joining this session and maybe it is interactive and interesting and I would like to hand over the call to the management for their closing comments. Over to you Sameer and Jayashree!

Sameer Goel: Thanks. I think firstly what we are doing is a part of the Prime Minister's Aatmanirbhar vision. One of the things which we have seen especially with the higher raw material prices is that we need to work towards achieving self-sufficiency especially in terms of the raw material and then phos acid & fertilizer production. Given the fact that there is a high dependence on rock phosphate, therefore this investment is in the right direction to look at long-term sustainability and we are committed to working on that and that is why we are strengthening our backward integration and going a step further. Like Jayashree said, we are working to ensure that our phos acid capacities are augmented. Also leveraging all our overseas ventures is in line with that.

We are very happy to partner and invest in this particular mine because it will help us and the country in terms of achieving what is called securing phosphatic fertilizer and also improving the balanced nutrition and productivity for the farming community. Thank you very much for joining the call. Appreciate all the investors who have asked very good questions and also congratulating the entire team who have worked very diligently on this project and we have been able to work through this acquisition in a very short period of time. Thank you very much.

Jayashree Satagopan: Thank you all.

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