

“Coromandel International Limited
Q3 FY26 Earnings Conference Call”
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MODERATOR: MR. RANJIT – IIFL CAPITAL

Moderator: Ladies and gentlemen, good day and welcome to Coromandel International Limited Q3 FY '26 Earnings Conference Call hosted by IIFL Capital Services 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand over the conference to Mr. Ranjit from IIFL Capital. Thank you, and over to you, sir.

Ranjit Cirumalla: Thank you, Pari. Good afternoon, everyone, and thank you for joining us on the Coromandel International Limited Q3 FY '26 Earnings Conference Call. From the company, we have with us Mr. Sankarasubramanian, Managing Director and Chief Executive Officer and Mr. Deepak Natarajan, CFO. We'd like to begin the call with a brief opening remarks from the management, following which we will have the forum open for interactive Q&A session. I would now like to invite Mr. Sankarasubramanian to make the initial remarks. Thank you, and over to you, sir.

S. Sankarasubramanian: Good afternoon, everyone, and thank you, Ranjit, for joining the call. I'll begin with a brief overview of the business environment during Q3, followed by Coromandel's operational and financial performance for the quarter. On the macroeconomic front, amidst global uncertainties, India continues to remain well positioned with the first advance estimate placing our GDP growth at 7.4%, driven by services and manufacturing.

During the quarter, RBI reduced the repo rate by 25 basis points in December '25 to 5.25%, supporting domestic liquidity. During the quarter, the rupee remained under pressure. On a year-to-date basis, the INR depreciated close to 7%, driven by a widening trade deficit and higher capital outflow by FPIs.

On the agriculture side, late withdrawal of Southwest monsoon led to crop damage in select pockets of West & South India, impacting Agri input consumption during October and November. This was particularly visible in lower chilli acreage and grape segments affecting CPC sprays and nutrient application.

India experienced normal Northeast monsoon rainfall at 102% of long period average, resulting in improved reservoir levels. All India storage stands at 107% of last year and 125% of long-term average. Rabi sowings are up 3% year-on-year as of mid-January with growth across major crops. Wheat has moved up; rice has moved up sharply by 22%. Oilseed & cereals have shown positive trend.

On the regulatory side, draft Pesticides Management Bill 2025 has been released for public consultation. This entails time-bound approvals of generics, digitization of registration process and periodic reviews of registration for safety and efficacy. Draft seeds bill was also released during the quarter, which can lead to formalization of sector, improved traceability and reduce compliance burden.

During the quarter, Department of Fertilizers launched an integrated digital fertilizer claim process, enabling paperless transaction, faster settlement of subsidy claims. In Q3, government

released supplementary grants of INR18,000 crores for subsidy, with this total subsidy outgo for the year may reach up to INR1.86 lakh crores for the year '25-'26.

As you are aware, the union budget was announced yesterday. The budget has maintained continuity on Agri focus central schemes like crop insurance, interest subvention, commodity price support and PM KISAN for income support. A notable step is the proposed launch of multilingual AI-enabled platform, integrating the Agri-Stack with ICAR's agriculture best practices and focus on promotion of high-value crops.

For the year '26-'27, subsidy allocation has been fixed at INR1.17 lakh crores for urea and INR54,000 crores for phosphatic fertilizers under the NBS scheme. In this, the indigenous manufactured fertilizer subsidies have been maintained at current year estimates with some moderation in imported fertilizer subsidies.

I think looking at the past trend, we feel the allocation of subsidy is reasonably adequate, marginally better than last year budget allocation. But as you all know that government always comes up with supplementary grant as and when it's required. So, I think it's a fair allocation, adequate subsidy allocation has been made.

Recently announced India - EU FTA prima facie seems positive for Agri input sector and can open up possibilities on export of agrochemicals, specialty fertilizers, bio products marketing and CDMO though the final details are yet to evolve.

On the industry performance, commodity side, most of the key raw materials firmed up during the quarter. Phos Acid prices in the quarter moved up from \$1,250 to \$1,290. During the quarter, we witnessed a sharp increase in the price of sulphur and sulfuric acid. Sulphur has moved up to \$550, mainly triggered due to demand from LFP sector in China, nickel refining in Indonesia and also supply disruption from Russia. Similarly, supply side outages in major sources in Saudi Arabia and Trinidad led to sharp increase in ammonia prices as well.

Overall, due to unseasonal rains and delayed withdrawal of monsoon, industry's fertilizer consumption was affected. Overall consumption during the quarter came down by 7%. However, thanks to intervention from the government, the supplies remained robust and the production and Imports went up by 15% and 36% respectively during this quarter. Overall, I would say it is a tough quarter for the industry as extended rains have affected the consumption in key agriculture pockets and sharp increase in raw material prices and currency depreciation put pressure on margins for the fertilizers. However, on the positive note, we continue to see positive consumption shift happening towards NPKs, which improves balanced nutrition. And on a year-to-date basis, the share of NPK moved up to 60% from what it used to be 50% 2 years before. SSP industry has tracked well despite challenges of higher priced sulfuric acid. The consumption has moved up during this quarter.

Coming to Crop Protection business. The domestic industry was impacted by lower acreage of key agrochemicals consuming crops like chilli and grapes and reduced spraying due to extended monsoon spell. Globally, channel inventories have largely normalized and there's a good demand for some of our technical molecules, especially Mancozeb. While there were lower instances of

pest infestation, fungicide and herbicide applications have been steadily going up, which augurs very well for our crop protection business.

Coming to business performance on fertilizers. As I mentioned, we witnessed a very challenging quarter with a higher raw material price, depreciated rupee, not fully compensated NBS rates and the slowdown in consumption. Despite all these headwinds, the business delivered a resilient performance supported by very competitive sourcing of key raw materials, operational efficiencies. Our plants have been operating at 100% capacity utilization and a focused market approach to offer value-added products.

The company achieved highest ever quarterly fertilizer production of 9.9 lakh tons, which is 18% up over the last year. Phosphoric acid production also has grown over the last year. Our backward integration project at Kakinada for sulfuric acid and phosphoric acid are progressing very well as per the timelines and will be commissioning during this quarter.

The granulation train expansion is also on track, and it will be commissioned in the third quarter of the financial year 26-27. On the sales front, happy to note that we have become one of the largest phosphatic player in the country. The Q3 primary sale stood at 11.2 lakh tons, close to last year levels.

We have moderated sales to tune of consumption, especially in the state of Andhra and Telangana. The company has performed very well in Maharashtra, Karnataka and Tamil Nadu, offsetting some drop in Andhra. Our consumption-based market share in Q3 moderated to 14% as against last year 15%, which has slightly taken up our channel inventory. We do hope that this will get moderated in Q4.

Our share of unique grades has improved from 33% to 36% during the quarter. Also, we took some price correction during this quarter by 3% to 4% to offset the impact of increase in input prices and currency depreciation.

In SSP, Coromandel continues to do well and is market leader led by differentiated products such as GroPlus and Urea SSP. The share of these unique grades stands at 47% of the total SSP volume.

On a YTD basis, we have achieved 36.3 lakh tons of phosphatic fertilizer volumes, up by 10% compared to last year period. Our consumption-based market share stands at 17%, showing slight improvement over last year. We continue to work on new market expansion & on a year-to-date basis, sales have grown to 4 lakh tons, a 30% growth over last year especially from the northern markets. These were not catered to in the past - we have done seed marketing and the results are paying off. And this will be helpful as and when we commission the new plant next year.

Our mining project at Senegal has stabilized the operation and has become the largest exporter of rock phosphate from Senegal, and we are in line to achieve annual volume of 3.5 lakh tons of rock production this year. As you all know that we have set up a joint venture company, Stuccoedge India Private Limited through our wholly owned subsidiary company for

manufacturing & sale of phospho gypsum-based products. The project has commenced. In the next 15 months, we should be able to get diversified product portfolio from gypsum.

The Specialty Nutrient business, which deals with the water-soluble fertilizers and organic fertilizers have achieved record Q3 volumes driven by improved performance of micronutrients and organic categories. Business has introduced four new products. MAP water-soluble fertilizer plant project announced in the last quarter has commenced its activity at Vizag.

Nano continues its growth trajectory in Q3, registering strong double-digit growth with a strong focus on liquidation & channel engagement. The company has become a market leader in Nano DAP. The product has been very well received across various segments, especially in horticulture segments. Business is also evaluating global markets and has received very positive response and trials are happening across the globe. And as and when the registration happens, this opens up a new opportunity for exporting Nano DAP globally.

On a YTD basis, the business has marketed over 4,000 KL of Nano products, which is 68% growth over the last year and leads the market in Nano DAP segment, as I mentioned earlier.

On the drone spraying business - largely through Gromor Drive - we have covered close to 2 lakh acres during the first 9 months, offering scalable and efficient precision application solutions to the farmers.

Retail, despite a slow start to the quarter, delivered a commendable performance with 20% year-on-year growth. During the quarter, the company added 84 new stores in Q3, taking the total store count to 1,113. Business continued to focus on new initiatives such as e-commerce, drone spraying, direct delivery and insurance business.

Our Crop Protection & Bio business reported a very strong performance, benefiting from favourable demand for its key molecules across export and domestic markets. Standalone revenue for the quarter stood at INR785 crores, registering a growth of 24%. EBIT grew by 74% to INR158 crores, resulting in margin moving from 14% last year to 20% in Q3.

Export growth was driven by volume uptick and higher NRV of major technicals and addition of key customer accounts. Despite challenging business environment, domestic B2C improved sales during the quarter. Business is expanding its channel presence and has added 1,000 new dealers during the year.

New product sales share stood at 25% on a year-to-date basis, reflecting company's continued focus on portfolio diversification and steady traction of recent launches. B2B segment reported a very robust performance across product portfolio. In Q3, company expanded capacity for Mancozeb and is further looking to expand capacities and initiated activity for the same at Sarigam plant.

The Bio business improved realization for its Aza products that supported revenue and margin growth. The business is actively working on new product development, including microbial platform and partnership opportunities on biological APIs.

Coromandel's subsidiary, NACL Industries had a tough quarter. The revenue and EBITDA -- while better than last year - the margin trended lower as domestic B2C sales were impacted due to adverse market conditions.

During the quarter, NACL has successfully completed rights issue, the proceeds of which will be used to retire all high-cost debt and also used for creating capex, which can help in reducing costs and improving operational efficiencies for NACL plants. During the quarter, the company's credit rating was upgraded to CRISIL AA stable. We are working closely with the NACL team on synergy areas, including R&D, manufacturing, marketing and registration.

The company's drone subsidiary, Dhaksha, is at an early stage of its growth journey and its full potential is yet to be realized. The company is undertaking a series of corrective actions and remain confident of improving the performance in the coming period. In parallel, efforts are underway to pursue technical partnership with leading organizations and improve execution across defence, agriculture, surveillance and training segments.

Overall, Coromandel has performed very well in a challenging business environment with all business segments showing improvement over last year.

The company continues to explore growth opportunities across both subsidy and non-subsidy business while remaining focused on operational excellence, cost discipline and long-term value creation. I'll now request Deepak for taking you through the finance-related updates.

Deepak Natarajan:

Thank you, Sankar. Good afternoon, everyone. With regard to the turnover, the company recorded a total income of INR8,863 crores for the quarter and INR25,759 crores for the 9 months ended December, recording a growth of 26% for the quarter and 33% for the 9-month period. The share of subsidy business for the quarter and for the 9-month period stands at 82%.

As far as profitability is concerned, the consolidated EBITDA for the quarter stands at INR805 crores against INR722 crores last year. And for the 9-month period ending December, it stands at INR2,738 crores against INR2,202 crores last year. Subsidy business share in EBITDA stands at 62% for the quarter and 67% for the 9-month period, and this is an improvement from the previous year's number, which stands at 69% for the quarter and 71% for the 9-month period.

Net profit after tax for the quarter stands at INR488 crores in comparison to INR508 crores for the quarter. And for the 9-month period, it stands at INR1,784 crores against INR1,476 crores for the last year.

The company continues to collect subsidy on a timely basis. For the quarter ended December, INR2,571 crores has been collected compared to INR2,036 crores last year.

For the 9-month period, the subsidy collection stands at INR7,208 crores versus INR5,891 crores in the previous year. The subsidy outstanding as of December stands at INR3,785 crores compared to INR2,095 crores last year. Further, the subsidy collections continues to be robust, and we have collected another INR1,300 crores in the month of January, which covers sales up to last week of December.

We continue to see a volatile rupee in Q3 in the range of INR87.83 to INR91 to dollar. We continue to proactively hedge our exposures on a prudent and a conservative basis.

The Board in its meeting held on 29th January has approved an interim dividend of INR9 per equity share, representing 900% on face value of INR1 equity share.

Thank you. With that I turn it over to Ranjit.

S. Sankarasubramanian : We can take any questions you have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nirav from Anvil Wealth. Please go ahead.

Nirav: Sir, first question is related to the Crop Protection business. Like for 9 months, if we see, we have clocked close to around 21% increase in the sales as compared to last 9 months of FY '25. So, if you can just share how much was the volume growth out of this 21% sales growth what we have achieved?

S. Sankarasubramanian: See, I can give you segment-wise growth; on volume, we will come back. Export has grown by 32% and domestic B2B institution segment has moved by 36%. Domestic formulation B2C business has moved up by 5%. As I mentioned, domestic industry faced rough weather during this quarter and the growth was marginal. I would say volume and the value more or less it's aligned. We can take volume growth also at the same level.

Nirav: All right. So, sir, one, possibly the improvement of margins is because of the higher volumes and we would have achieved operating leverage out of our plants with the increased capacity utilization. The second part possibly could be the price increase or is it because of the launch of newer products out of what we have announced in the start of the year that we have launched close to around 10 new products in FY '26. So, if you can just share your views in terms of this improvement in margins what we have achieved?

S. Sankarasubramanian: The new products have helped in the domestic formulation business segment. If you see overall volume growth in domestic formulation, it is still single digit in the quarter. But on a 9-month basis, it is 15% growth over the corresponding period last year. You are right, partially it helped, but it can do much more. But for the unseasonal rains we had, we expected much better growth.

Our growth has come from export segment, where we have grown in terms of volume as well as in terms of price. And being exports, the currency has also helped us to achieve these numbers. So, it is a combination of volume, export revenue increase and new products in domestic market.

Nirav: Got it. Sir, just slightly a longer part or a longer view question. Like we do export to Europe as a continent for our Crop Protection business. Last year, we exported close to around INR1,000 crores in total of our exports from the Crop Protection business. So, a, with the FTA being signed with Europe and b, with this Chinese currency getting appreciated by close to around 9% over the last 1 month, how does it will help us in terms of improving our exports to the Europe? And as a business opportunity, how do you see Europe as a destination for our Crop Protection business?

S. Sankarasubramanian: See, we currently export predominantly bio products to Europe, not much of agrochemicals. Our export of agrochemicals is more to Latin America and to various other countries globally, not much to Europe. But I feel with India's export share being very marginal at 9%, the elimination of duties up to 12% will improve the export competitiveness.

So, we need to explore this further. We need to see how best we can leverage this. Especially it opens up a lot of opportunities for the Bio segment to increase the share of business and I think bio can provide a great opportunity for Coromandel with the recent FTA.

On the agrochemical side, on the other hand, we do expect some benefits to come in on the import of intermediates and key raw materials, which we currently buy from Europe, where, the tariffs are as high as 22%. With FTA, I think that should help us to access the raw material and intermediate at a competitive price point.

Nirav: Correct. What would be our share of exports to Europe out of, let's say, INR1,000 crores what we have achieved in FY '25? Any number which you can share?

S. Sankarasubramanian: I don't think it will be more than 15% to 20%.

Nirav: Got it. And sir, last bit from my side. We mentioned in the opening remarks that we have expanded the Mancozeb capacity and further evaluating to expand. So, if you can share in percentage terms also that how much we have expanded or debottleneck for Mancozeb and how much more we are planning to add?

S. Sankarasubramanian: We have expanded 20% and now we are planning to expand another 30%.

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

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

Somaiah: Sir, first question is on the fertilizer. So, taking the current raw material prices, be it sulphur, ammonia and phos acid, subsidy into consideration. So, do we need price hike? Does the industry need price hikes in our case, do we need price hikes to have our normalized margins of close to INR5,000 EBITDA per ton?

S. Sankarasubramanian: See, as I always mentioned, it is very difficult to estimate the margins on a quarterly basis. On an annualized basis, this EBITDA of INR5,500 is still achievable for the current year -- but there will be some drop in the margins in the current situation with the higher sulphur price and the currency depreciation and not so compensating subsidy.

On a quarterly basis, there may be a reduction, but on an annualized basis, INR5,500 remains. And also, it's a function of inventory what you carry. We have taken some price corrections on key grades, which we sell in fourth quarter. So, with combination of inventory and the product mix, still we are there to meet the annualized target of INR5,000 to INR5,500 EBITDA per ton.

Somaiah: Got it, sir. And the phos acid price has been decided for the quarter, sir? And what would that be?

- S. Sankarasubramanian:** Not yet. Currently, the \$1,290 remains - industry is not keen to increase this price any further. Industry will be pushing for cost reduction in phos acid price.
- Somaiah:** Got it. Sir, also the backward integration plant, which is expected to start this quarter, what is the kind of utilization that we will plan to have during the Kharif?
- S. Sankarasubramanian:** We generally operate the plant at 100% from day 1 and for this project as well.
- Somaiah:** Understood, sir. Sir, also on the crop protection, you did mention about the export B2B and retail rough mix. What would be the rough mix? I mean exports, we used to be at 50% of the overall portfolio. So, does that still remain in B2B and B2C, what would be the mix?
- S. Sankarasubramanian;** B2B is around 25% B2C will be 30% - and exports will be 45%.
- Somaiah:** Export. Understood. Sir, in B2C, what would be the volume and price impact, very roughly?
- S. Sankarasubramanian:** 14% growth.
- Somaiah:** 14% growth in B2C?
- S. Sankarasubramanian:** Yes, B2C alone. I'm talking about 9 months.
- Somaiah:** Referring to the last quarter?
- S. Sankarasubramanian:** The last quarter is only 5%.
- Somaiah:** Okay. And that will be more volume led and there would have been some price impact?
- S. Sankarasubramanian:** It is more coming from volume only. We didn't change the price much.
- Somaiah:** Okay. Understood, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Akansha from Axis Capital. Please go ahead.
- Ankur:** Yes. Hi, Ankur this side. Thanks for the opportunity. First question on the growth and your margin outlook for the Crop Protection business, both on a standalone basis as well as on a consol basis, given NACL acquisition, how do you look at the growth there?
- S. Sankarasubramanian:** See, at this point of time we operate as two separate entities. The synergy benefits are to play in. In the case of CPC business of Coromandel, our margins are doing good and it is in the range of 20% - we are confident of sustaining or improving it. For the quarter, we achieved 20% and cumulative 9 months is 18%. And this trend will continue in the coming quarters.
- In the case of NACL, they had a setback last year and after we acquired this year, a lot of actions have happened. The main plant of Srikakulam is operating almost at higher capacity and a lot of cost reduction measures are being taken up. They've already moved up EBITDA percentage to 9% - 10%, which they should be able to sustain and grow further. They are also looking to improve the product mix and bring in new products. Currently, they have a challenge of lower capacity utilization of their Dahej facility. So, their margins will be muted until such time they

find alternatives, which they are working on. Once that happens, then the margins should also move up for NACL.

Ankur: Sure, sir. And just a follow-up there. One, on the CDMO or the industrial chemical side, any thoughts or any progress there considering the market also opening up a bit? And secondly, just a clarification on the NACL margin acceleration This will be only led by Dahej. That's the only factor left or there could be more levers which can drive the operating performance here for NACL?

S. Sankarasubramanian: No, the mix change in the formulation business, which is B2C, should improve the margin significantly. We're seeing current drag is mainly coming from Dahej. Dahej should improve it. In manufacturing, the business is working on introducing new products and intermediate products and improve capacity utilization of Dahej. So, there will be multiple levers they will be looking at. We will look to synergize in terms of utilizing their capacity for manufacturing some of the molecules, which Coromandel intends to introduce.

Ankur: Sure, sir. And any thoughts on the industrial chemical side or the pure grade phos acid or the other products that you're working on?

S. Sankarasubramanian: We are pursuing our interest on the projects what we talked about earlier in terms of purified phosphoric acid. On CDMO play, various companies with whom we have been working for the last 2 years, we have moved into next stage and they have the interest; with Nagarjuna also in our fold, the global players are already reaching out to us for outsourcing some of their molecules and intermediates, including fluorination chemistry based. They are all in the nascent stage. We will update as and when we progress, but it is tracking very well, I would say. A lot of interest has been shown by the global players after we have acquired NACL.

Ankur: Sure, sir. And just lastly, on the standalone Crop Protection business, Mancozeb has done very well for us in this financial year. What's your thought on overall growth there ex of Mancozeb, given that we have launched a lot of new products historically. So just from that perspective.

S. Sankarasubramanian: CPC has to be seen in terms of individual segments. In Exports, Mancozeb continues to be the major play, and it will remain so, and we'll be expanding capacity. So, we can't be seeing without Mancozeb. It's an integral part of the business. We are trying to capture the value chain there by diversifying product portfolio by introducing combination molecules and backward integrating Mancozeb. So, I think Mancozeb is going to be the integral part of our growth in export segment., I don't think we can look at without Mancozeb on exports.

On the other hand, in the domestic B2C, there are a lot of in-licensed molecules -- we have a pipeline of 9 key registrations which are happening, and we have a slew of products coming in the next 2, 3 years. That will sustain the formulation growth. Actually, we planned for at least 25% growth in the current year. But for the unseasonal rains we could have achieved and still we have reached close to 15% even in such a bad season. We have also added 30 territories in the current year. Our game plan will be to expand our market territories and synergies our operations with NACL also. We'll be looking to increase our formulation business in domestic market by at least 20% to 25% going from year-on-year on.

So, it will be a combination of domestic B2C growth of 20% to 25%, Mancozeb led growth in exports. But having said that, we are also expanding our other technicals whether it is Malathion capacity expansion or looking at new Strobilurin chemistries for which we have announced capex last year, which we held it back after NACL acquisition. We are also expanding our AI portfolio as well in the global markets.

Ankur: Great, sir. Thanks for your input. All the best. Thank you.

S. Sankarasubramanian: Thank you.

Moderator: Thank you. The next question is from the line of Ahmed from Unifi Capital. Please go ahead.

Ahmed: Thanks for the opportunity. I hope I am audible. I have a few questions. Firstly, on the -- your comments on sulphur prices increasing. As of now with current raw material prices for sulphur as well as rock and your procurement from Senegal and sourcing strategy, can you give some comments on current unit economics of backward integration project considering sulphur prices have moved roughly 5x. I think it was \$100 a ton a year ago and now it is close to \$500, \$550 a ton. So, would you like to provide some comments how you are looking at the dynamics and your unit economics of the backward integration as of now?

S. Sankarasubramanian: Very difficult to put any number, but all I can say is there has been a reduction in the value addition compared to what it was 6 to 9 months before. Obviously, sulphur has skyrocketed from \$180 to \$200 to \$500 now. But fortunately, the rock prices have been moderating, rather it has not gone up and has softened a bit.

That has cushioned this impact to a great extent. Also, phosphoric acid price has been going up continuously. What it was \$1,050 last year, corresponding period, now it is \$1,290.

We do feel that the sulphur price increase is not sustainable. Sulphur always used to be a disposal issue. I think it is a phenomenon of short supply and excess demand, which should get moderated as we move into first quarter of next year. So, we do expect sulphur to retract back. We have seen this trend in the past as well. Sulphur never sustained at this price.

Ahmed: And in terms of crop protection business, in terms of integrating NACL in terms of supply chain, plants, efficiencies, those sort of qualitative aspects, are we done with all those things as of now or the integration is still sort of remaining in terms of the way you want to run the NACL business?

S. Sankarasubramanian: As of now, it's a separate entity being managed independently. A lot of cost reduction initiatives, process improvement initiative, product introduction, product expansion, brand building initiatives are being addressed by NACL. Our previous CPC business head has moved in as Managing Director of NACL - to that extent, there is a synergistic thinking and approach in what we do in CPC business. It is still a work in progress. We have addressed the liquidity part by raising money through rights issue and reduced the interest burden, brought in the working capital discipline and also brought down the interest rates and working capital. I think we are on the right track, but still, it is a work in progress. It will play out in the coming quarters.

Ahmed: Standalone business, Mancozeb has done phenomenal for us over years and also in recent past. Can you explain what explains such bullishness from your side in terms of Mancozeb for adding capacity further after the one round has already been done? Is it terms of sort of a demand supply mismatch we are seeing? What presents an opportunity to scale up further in Mancozeb?

S. Sankarasubramanian: Good question. In Mancozeb, there has been additional spray in key crops like soybean, corn in Brazil - that has increased the demand for Mancozeb in Latin American markets. Further, farmers preference for wide spectrum and low-price molecules like Mancozeb is leading to higher interest for this molecule. As a company, we are rightfully positioned to address this demand. We are also trying to enter into long-term arrangements for securing the volumes on a long-term basis. It is a wide spectrum fungicide and can be used in combination with various other molecules. We are also in the process of coming up with the combination products and initiating registration activities in Latin America.

Currently, we are marketing on a B2B basis, and we are trying to explore the opportunity of strengthening our presence in Latin America through B2C opportunities as well. We are trying to see how we convert this immediate surge in Mancozeb into long-term sustainable demand, especially in Latin American markets. As Coromandel, our presence is not only in Latin America, we are also exporting into various other countries. So, considering the increased demand for these molecules, we have started expanding capacities. We are also building a strong brand in domestic market on Mancozeb family. We are trying to work on parallelly many things to ensure that this volume growth is sustainable in the coming years.

Ahmed: Sure. Lastly, on the Senegal mine business, can you give some sort of qualitative and quantitative sort of judgment where we are in terms of the production in the current quarter? And in terms of profit contribution because of the backward integration, what sort of contribution we are getting at current prices?

If you can give some comments. And also, a request from my side will be to give some sense of Senegal business separately because of the depreciation and amortization of the mining business, it gets a little tough to understand the operating core business numbers. So, it will be great if you can sort of have disclosures around mining business in the presentation?

S. Sankarasubramanian: We have seen mining as a strategic investment, the valuation of which has gone up manifold compared to the value at which we acquired. It has brought in some moderation in the price at which we buy rocks. So, to that extent, I would say it's a strategic importance for Coromandel with 20% to 25% of our rock requirements being met through our captive source. It gives us a huge advantage and reduces our dependency on other sources. Firstly, it ensures availability of key raw material for the expanded capacity or the new capacity which is coming up in Kakinada. So, I would first take this as a supply security. Second, mining helps us to understand the cost structure better and our ability to negotiate rock pricing with the rest of the sources have become far better than what it used to be. Third, we have scaled up the volume and stabilized the production compared to what it was. We have achieved what we said at the time of acquisition, we will do 300,000. We are achieving 350,000 tons in the current year. And it is value accretive. I don't want to put the numbers for the sensitive reason, but we are quite happy with the way everything played out in this year.

And going forward, we will increase the volume to 5 lakh tons, thereby ensuring sustained availability of this source for our Kakinada capacity. We are taking a lot of improvement efforts to improve the recovery and it will be a very profitable business on a standalone basis.

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

Darshita Shah: I had a question regarding our fertilizer volume growth. The DBT sales data that the company gives out in the presentation, we see DAP and NPK put together sales growth was negative 1% for 9 months. During the same period, the growth for us was close to 10-odd percent. This is both manufactured and imported put together. Could you throw some light on where is this incremental growth coming from for us?

So negative 1% was for the industry, the DBT sales data that we gave in our presentation. That was minus 1%. So, I think 199 lakh tons of volumes consumed of both DAP and NPK put together in 9 months, which was 197 lac Mt last year. And the same for Coromandel is close to 36 lakh tons, which was close to 32.88 lakh tons in the last year. So that's almost a 10% growth for Coromandel versus a minus 1% growth for the DBT sales for the industry?

S. Sankarasubramanian: See you are comparing the consumption versus our primary sales. If you look at the corresponding primary sale of the industry, it has moved up from 71 lakh tons to 75 lakh tons, which is 6% growth. Against that, our primary sales for the quarter more or less remains the same 11.4 to 11.2. Industry has grown, while we have maintained the same volume on a quarterly basis.

Darshita Shah: Actually, yes, I was looking out from the 9 months perspective?

S. Sankarasubramanian: 9 months perspective, industry has moved up from 190 to 220 on a primary sales, which is 16% growth. And we have grown from 32 to 36, 31.7 to 36.3 which is 14% growth. So, we have grown in line with the industry growth. What you are comparing is the consumption, the industry 9 months has 208 lakh tons remained flat. We have grown by 1%, 33 moved to 33.4.

More or less, our primary sales, our consumptions are tracking in line with the industry for the 9 months. I can ask my colleague to send across the data. Industry growth of primary 16%, we have grown by 14%. Industry is flattish on consumption. We have grown by 1% on consumption.

Darshita Shah: Got it. Okay. All right. And in your opening remarks, you mentioned something about the market share coming down from 15% to 14% for the complex, basically the phosphatic fertilizer division. So sorry, I didn't quite catch the reason behind the fall in market share?

S. Sankarasubramanian: Yes, that is consumption, - primary consumption for the industry has moved up by 2% for the quarter, whereas in our case, it has degrown. That is why our market share of consumption came down from last year 15% to 14% -- this basically has happened because of the slowdown in consumption in states, Andhra, Telangana, where there has been a significant impact on crop acreages of chillies, where the fertilizer consumption came down significantly.

So, a drop in consumption in AP, Telangana, has been offset by Andhra, Maharashtra and other northern states, but still not good enough. And that is why the industry numbers are slightly higher, whereas we are at a lower level of consumption in the third quarter.

- Darshita Shah:** Got it. Okay. Thank you. That's all.
- Moderator:** Thank you. The next question is from the line of Naushad Chaudhary from Birla Mutual Fund. Please go ahead.
- Naushad Chaudhary:** Sir, what was the subsidy EBITDA share this quarter?
- S. Sankarasubramanian:** 62%.
- Naushad Chaudhary:** Second follow-up on question on the backward integration. See in sulfuric acid and phos , if I'm not wrong, roughly we are investing INR1,200 crores in this projects. And initial expectation was these two projects should help us roughly INR400 crores of EBITDA benefit annually. Given the current pricing scenario with 5-10% here and there, but do we maintain that kind of expectation from these two projects or should it be meaningfully deviate from the initial expectation?
- S. Sankarasubramanian:** It will be more or less same. I don't see any challenge because it is not only the cost of sulphur that is going up, but PA price also goes up. So as far as the value addition is concerned, I don't see any significant shift which is happening. Plus, the power generation of 24 megawatts, what we talked about, will also accrue. So, our value addition is coming from the value addition on manufacturing of acid and the power generation – with the combination of these two, I don't see any major deviation and we should be able to sustain.
- Naushad Chaudhary:** Perfect, sir. Thank you so much. All the best.
- Moderator:** Thank you. The next question is from the line of Vipul Kumar from Sumangal Investments. Please go ahead.
- Vipul Kumar:** So, sir, can you share the revenue and EBITDA for our retail business?
- S. Sankarasubramanian:** We don't put this out as a separate segment. I'll be constrained to put this number separately.
- Vipul Kumar:** And is it possible to share the financials of our drone subsidiary?
- S. Sankarasubramanian:** It is too insignificant at this point of time. And as and when we reach the size and scale and commence operations, we'll be able to put out that number.
- Vipul Kumar:** And lastly, when this phos acid plant comes on stream, what kind of EBITDA increase we can expect per ton?
- S. Sankarasubramanian:** As against the current annual average EBITDA of INR5,500, we should be able to increase it to INR6,500 on an annualized basis. We talked about this earlier as well and we are maintaining it.

- Vipul Kumar:** On the entire capacity or only on that particular plant?
- S. Sankarasubramanian:** On the entire capacity.
- Vipul Kumar:** 6,500, you said, right, sir?
- S. Sankarasubramanian:** Correct.
- Vipul Kumar:** Thank you very much, sir and all the best.
- S. Sankarasubramanian:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rohit Nagraj from 360 One Capital. Please go ahead.
- Rohit Nagraj:** Sir, on the crop protection export segment, you indicated that there has been a good amount of volume growth as well as some pricing element. In terms of the volumes, is there any element of restocking because of which during the last three quarters, there has been material improvement as far as the export volumes are concerned?
- S. Sankarasubramanian:** See, we are not such a big player to impact restocking. This volume growth has been triggered mainly on account of Mancozeb where the application has got expanded. So, our performance is driven by the demand for this molecule, which has improved the volume. We are not a sizable player in Latin American market.
- Rohit Nagraj:** Sure. And second question in terms of NACL consolidation, although we are still in mode of integrating certain elements of it, when do we see a sizable element coming -- benefit coming from the integration? Would it be from, say, Q1 FY '27 onwards or maybe second half of FY '27?
- S. Sankarasubramanian:** The integration would be in terms of the management practices, taking advantage of the best practices what Coromandel is following. You can see that numbers are improving in NACL from loss-making last year to profit making and EBITDA is getting expanded, capacity utilization is moving up. And we can see these improvements coming in from first quarter of next year.
- Rohit Nagraj:** Sure. That is helpful. Thanks a lot, and all the best.
- Moderator:** Thank you. The next question is from the line of Falguni Dutta from Mansarovar Financials. Please go ahead.
- Falguni Dutta:** I don't know if I missed listening to this thing of yours. So, what was the DAP consumption for 9 months and also for NPK? I mean not in absolute terms, how much was the -- like directionally, what percentage increase or decrease?
- S. Sankarasubramanian:** For Q3 or 9 months?
- Falguni Dutta:** 9 months. And also, for Q3, if you can mention for both these NPK and DAP for the industry?

- S. Sankarasubramanian:** Industry NPK is minus 2% compared to last year corresponding period, 52 lakh tons versus 50 lakh tons. DAP moved up by 13% from 26 lakh tons to 30 lakh tons.
- Falguni Dutta:** DAP was up from 26 to?
- S. Sankarasubramanian:** 30.
- Falguni Dutta:** And NPK was down?
- S. Sankarasubramanian:** 52 to 50.
- Falguni Dutta:** Okay. This is the fertilizer consumption for 9 months?
- S. Sankarasubramanian:** This is Q3 you asked for, right?
- Falguni Dutta:** This is Q3?
- S. Sankarasubramanian:** Correct. This is Q3.
- Falguni Dutta:** And what about 9 months?
- S. Sankarasubramanian:** 9 months is 208 lakh tons.
- Falguni Dutta:** Sorry?
- S. Sankarasubramanian:** 208 lakh tons, both DAP and NPK put together. It's 208 lakh tons.
- Falguni Dutta:** No, but how does it compare with same time last year?
- S. Sankarasubramanian:** It was same, Yes, flat. It's almost same.
- Falguni Dutta:** Both DAP and NPK were flat?
- S. Sankarasubramanian:** Yes.
- Falguni Dutta:** Okay. Thank you, sir. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Rishabh, an Individual Investor. Please go ahead.
- Rishabh:** The question is reference to the by product we are getting from the captive Capacity. So, can you give us guidance on what margins we are making on selling those phospho gypsum?
- S. Sankarasubramanian:** I'm not able to hear you repeat your question?
- Rishabh:** The phospho gypsum that we are producing as a by product -- so can you give us any guidance on what margins or what realizations they are making on that product?
- S. Sankarasubramanian:** We don't disclose it as a separate segment. We'll not be able to give the data at this point of time.

Rishabh: So, your earlier comments were that period of this new plant is around 2 to 3 years. So, do you consider this realization from this product also part of this realization?

S. Sankarasubramanian: We have not put this capex looking at gypsum realization. Gypsum doesn't play such a significant role in the overall economics of this project.

Rishabh: Okay, sir. Thank you.

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

S. Sankarasubramanian: Thank you all for your continued interest in Coromandel and thank you for joining the call today. We look forward to future interactions. Thank you very much. Thank you, Ranjit, for organizing this call.

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