CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Ref. No.: CFCL/SE/2025-26/39 August 7, 2025

BSE Limited
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street
Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai - 400 051

Dear Sir,

In continuation to our letter dated July 24, 2025, and pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of Analysts/Investors conference call held on August 1, 2025, on the financial results of the Company for the quarter ended June 30, 2025. The said transcript is also available on the Company's website at - https://investor.chambalfertilisers.com/EarningCallTranscripts.aspx

You are requested to notify your constituents accordingly.

Thanking you,

Yours faithfully,
For **Chambal Fertilisers and Chemicals Limited**

TRIDIB KUMAR BARAT Digitally signed by TRIDIB KUMAR BARAT Date: 2025.08.07 18:11:41 +05'30'

(Tridib Barat)
Vice President - Legal & Company Secretary

Encl.: a/a

Chambal Fertilisers and Chemicals Limited
Q1 & FY2026 Earnings Conference Call Transcript
August 01, 2025

Gavin Desa: Good day everyone and thank you for joining us on Chambal Fertilisers and Chemicals Limited Q1 FY26 Earnings Call.

We have with us today Mr. Abhay Baijal, Managing Director, Mr. Narinder Goyal, Business Head - Manufacturing Operations, Mr. Anuj Jain, CFO, Mr. Ashish Srivastava, Vice President - Sales and Marketing, Mr. Tridib Kumar Barat, Vice President - Legal and Company Secretary.

Before we get started, I would like to point out that some statements made or discussed in the conference call today may be forward-looking in nature and must be viewed in conjunction with the risks the Company faces. Chambal Fertilisers and Chemicals Limited does not undertake to update them. The statement in this regard is available for reference in the presentation.

We will begin the call with opening remarks from Mr. Baijal. I would now like to invite Mr. Baijal to share his views. Over to you, Sir.

Abhay Baijal: Thank you Gavin. Good day to everybody and a warm welcome to all of you participating in this call.

For the quarter under review, on a standalone basis, revenue amounted to Rs.5,698 crore. The EBITDA was Rs.929 crore. The profit after tax was Rs.638 crore as against Rs.552 crore on a year-on-year basis with a growth of 16%.

At the consolidated level also, the Company has performed well during the quarter registering a PAT of Rs.549 crore as against Rs.448 crore last year. This is about 23% growth.

For the quarter, urea production volumes were 8.54 lakh metric tons as compared to 9.03 lakh metric tons. Urea sales for the quarter were 8.41 lakh metric tons against 8.87 lakh metric tons. Urea production was lower primarily because of some breakdown in our second plant i.e. Gadepan-II. But now that is normal.

Subsidy receipts continue to be timely. The subsidy outstanding was Rs.1,326 crore as at the end of Q1FY26.

During the quarter, our sales volume of P&K fertilisers consisting of DAP, MOP, NPK and Triple Super Phosphate (TSP) was strong at 4.21 lakh metric tons, as against 2.41 lakh metric tons last year. This is a growth of almost 70%. This has been driven by a prudent and strategic sourcing strategy and an enabling subsidy framework.

Further, we have sourced adequate volumes of P&K fertilisers ensuring preparedness for the rabi season.

Volume and sales growth for our CPC-SN business continues to be strong at 32%. In Q1FY26, CPC-SN revenues stood at Rs.452 crore as against Rs.343 crore in the corresponding quarter showing continuing momentum. Contribution for the quarter stood at Rs.102 crore which was higher by Rs.21 crore as compared to last year.

During the quarter, we introduced 13 new CPC products, primarily comprising of weedicides and insecticides. Today, our CPC portfolio comprises of 73 products with distinct chemistry covering fungicides, weedicides, and insecticides and these products are well accepted by farmers across India in our territory.

Our strategy continues to focus on creating partnerships and alliances for introducing better chemistries and increasing the width of offerings in our channel.

During the quarter, we started the seed business and introduced maize and bajra seed which added Rs.6 crore to the top line with a contribution of Rs.2 crore.

On Biological side, we have achieved revenue growth of 80% as compared to last quarter. Total revenue stood at Rs. 29 crore as against Rs.16 crore in the previous quarter and as planned, biological fungicide and nematicide will be introduced in Kharif '25 and Rabi '25 respectively to address the farmers' pain point for nematodes and disease control. In short, CFCL is now increasingly focused on technologies which bring benefits in terms of improving farm yields, improve soil health and provide better product outcomes.

During the quarter, we have inaugurated Crop Protection Laboratory with our partner TERI (The Energy and Resources Institute), which will develop five new biological crop protection patented products over a period. TERI, as you may know, is a pioneer institution in the area and we will be doing this research under the Center of Excellence which we have established to develop these new products.

Our "Seed to Harvest" program, which is a pioneer program in meeting, is synergizing our connect with our farmers, playing a significant role towards strengthening and expanding our relationships with both the farmers and channel partners.

During the quarter, Chambal conducted over 700 farmer meetings, 420 demos and analyzed about 27,000 soil samples. We have also significantly expanded our use of social media to reach out to a large number of stakeholders and have launched "Uttam Krishi Pathshala," which covers a webinar dedicated solely for educating farmers on various agricultural practices on social media platforms.

Our Technical Ammonium Nitrate project is progressing in line with stated timelines. All requisite statutory approvals are in place, and we have spent around Rs.918 crore till June 2025.

Our joint venture, IMACID, is performing well. The increase in capacity of Phosphoric Acid from 5 lakh tons to 7 lakh tons is under implementation, which will optimize its operations and increase profitability further.

With that, we are now happy to take your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Vishal Dudhwala from Trinetra Asset Managers. Please go ahead.

Vishal Dudhwala: Good afternoon, Sir. Considering the broader macro environment, where global fertiliser price remains elevated, currency volatility persists, and the Department of Fertilizer policy shift, how do you expect this factor to influence your urea and P&K fertiliser margins and volume for the rest of the year?

Abhay Baijal: So, let me take this question in two parts. The urea is a kind of formula-related pricing, and the margins are not expected to vary much in the remaining part of the year. As far as the NPK is concerned, you have to strategize purchase position basis the subsidy and the MRP that you can get in the market. But you are right that the prices have shown a degree of rapid upward mobility rather in the last one quarter. Some signs of abatement are there, but we will have to see how it goes forward. However, our stocks are well covered for that.

Vishal Dudhwala: Okay. And on the second side, like your crop protection chemicals, specialty nutrient biologicals and seed segment delivered a standout 32% YoY revenue growth and like you have launched 13 new CPC products and entrered into hybrid seeds. So, could you unpack the respective contribution of CPC-SN versus biological versus seed segment?

Abhay Baijal: No, all of them are more or less in the same contribution range, give or take 2% or 3%.

Vishal Dudhwala: And what is your go-to market plan like across distribution, digital engagement with your Chambal Uttam Connect and the field demonstration to scale these new products?

Abhay Baijal: So, I will ask Mr. Ashish to speak about how we go about marketing this. Over to you, Ashish.

Ashish Srivastava: Thank you Vishal, your question precisely is on the digital interventions or on the seed-to-harvest program?

Vishal Dudhwala: Like across the distribution channels, how are your new products achieving?

Ashish Srivastava: New products, to start with, since the chemistry has come from some other research partners, so we do an elaborate product launch, and then we have digital connectivity through WhatsApp Chatbot which are digitally spread to various stakeholders in the ecosystem.

Vishal Dudhwala: And as you achieved the revised FY26 target of Rs. 1,500 crore revenue in CPC and SN, so are we good in the run rate?

Ashish Srivastava: Yes, we are.

Vishal Dudhwala: Okay. That is it from my end. Thank you for your answer.

Moderator: Thank you. Our next question comes from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: Thank you for the opportunity and congrats on decent set of results. Abhay sir, what is your expectation from NBS subsidy in H2? And in that backdrop, what kind of traded fertiliser volumes can we see this year?

Abhay Baijal: I would say that after the DAP and TSP have been largely moderated by the government's new approach to keep the companies insulated from price shocks, we are trending back to our original numbers, million ton plus.

Prashant Biyani: Sir, but is the price control for TSP there as well

Abhay Baijal: DAP, TSP are under price control. Other NPKs are not.

Prashant Biyani: And government is reimbursing Rs.1,000 over and above the cost on both?

Abhay Baijal: Yes, more, or less.

Prashant Biyani: And what is our trade inventory of fertiliser at the end of Q1FY-26?

Abhay Baijal: Trade inventory, I would ask Mr. Anuj Jain to speak about how much sales we have made. Are you talking about POS inventory or what we have in stock?

Prashant Biyani: No, POS inventory only, I mean, which is lying with the channel.

Abhay Baijai: Ashish, can you please enlighten us as at the end of June 30th?

Ashish Srivastava: Which product exactly are you referring to?

Abhay Baijal: All total.

Ashish Srivastava: So, we had a lakh and 60,000-odd tons of NPK, including potash inventory as of end of 30th June.

Prashant Biyani: And sir, TAN, by when are we planning the trial production for it?

Abhay Baijal: Trial production will commence early December or late November and we should be starting production by mid-January.

Prashant Biyani: And sir, some color on EBITDA per ton for TAN based on current realization, what kind of EBITDA per ton we can achieve?

Abhay Baijal: The current prices, if I am not wrong, are between Rs.35,000 to Rs.37,000 a ton net-back. And I would assume that they would be in the region of five-digit plus at the moment.

Ashish Srivastava: So, Prashant, just one clarification, the POS inventory of 160K is of NPKs, total is around 260K.

Prashant Biyani: Okay. Then, sir, on urea norms, government was about to revise it either in CY or FY25. When is that happening and what kind of changes would you be expecting?

Abhay Baijal: Which one are you talking about? There are two parts; one is energy norm and one is fixed cost. What is it that you are talking about?

Prashant Biyani: Energy norm.

Abhay Baijal: Energy norm, I think the government has informally told us and the effect of that, is already encapsulated in current results.

Prashant Biyani: And can you elaborate what is the change in norms?

Abhay Baijal: There is some reduction and to that effect, the negative impact has been factored.

Prashant Biyani: Okay. This would be a public document because this is related to industry?

Abhay Baijal: No. It will be a public document as and when they publish it.

Prashant Biyani: Okay. Sure, sir. I will come back in the queue. I have some more questions.

Abhay Baijal: Yes.

Moderator: Our next question comes from the line of Viraj from SIMPL. Please go ahead.

Viraj: Just a couple of questions. So, this is on the earlier question pertaining to what the earlier participant was asking. So, if you see for our unit one, if you see what the earlier norms were for us, say for Gadepan-I and Gadepan-II we were in FY25 somewhere around 5.2 Gcal per ton. And the group which we were under group 3, I think the unit norms were somewhere around 5.5, correct me. So, the change which you are talking about is even below 5.2.

Abhay Baijal: No, no. There are marginal variations from the current norm.

Viraj: Okay. So, given that we have been taking energy-efficiency projects, in the last two years, we have seen a good amount of gains flowing in and we were looking at other efficiency projects. So, the impact of this in terms of per ton EBITDA for us, will that largely negate the efficiency gains, or we should still see gains flowing for us even in FY26?

Abhay Baijal: Let us put this in a way that the government does review the norms from time-to-time. We need to continuously keep improving our norms, which we do, as you know, that we continue to do efficiency improvement through various efficiency projects. We have a pipeline of such projects stretching at least up to FY-27. And those will come into position and as they come into position, our consumption will actually come down again. So, the delta, which is there, that can keep varying a little bit here and there, but it will be constantly more or less maintained. That is what it is. We are well below the norms, being an efficient producer, and we will continue to maintain that gap between the norm and our operating parameters.

Viraj: And the percentage sharing of the gains between us and the government, there is no change to that, right? It is just the tightening of the energy efficiency?

Abhay Baijal: No, there is no change in percentage sharing. What happens is that as the norms shift downwards, if you have not made adjustments to your own consumption by efficiency projects, you will tend to lose out.

Viraj: Got it. So, just a few more questions on the manufacturing business. One is, the Gadepan-III benefits, is there now any communication in terms of what kind of a plan or a structure, we would be post-2026 December?

Abhay Baijal: As of now, no discussion on that has taken place.

Viraj: Assuming that you were to get the benefits similar to Gadepan-I&II for the Unit 3 as well, what kind of an impact one would see in terms of the EBITDA from this, rough ballpark, not exactly?

Abhay Baijal: See, the point is, as of now, they have not stated anything. All of it is speculative and we don't believe in discussing speculative numbers out in the open. We have had no discussion with the government as to what line of action it will follow as far as the new plant is concerned. There could well be a different policy than what it is today. So, let us wait till we get some clarity. As and when we get clarity, we will definitely communicate.

Viraj: Okay. And just one more question on the urea business. If you see the market per se, industry consumption is much higher than production and we are now back in deficit, and given the natural rate of growth in consumption, if you were to underline that, it would still be a much higher number than what we are today. But if you look from an investment point of view, in terms of any new Greenfield at current prices and the structure, it does not seem to be remunerative. So, from your interactions with the government, do you see any new policy being laid out for any new Greenfield investment or what is that communication you are getting from them?

Abhay Baijal: I can only tell you that the government is seized of the problem and they can see the trajectory of growth in terms of consumption. We have seen sharp fall this year itself in terms of the inventories because of the accelerated demand due to slightly early and widespread rains, change in cropping patterns, growth of maize cultivation and all that. All of that is being factored into their thought process. Should they feel the need, they will definitely invite new participants because, you see, setting up the urea plants is a very capital-intensive, time-consuming business and it is best carried out by those proponents of projects who have got prior experience in doing so. So, in that sense, I think the government are quite seized of the matter as far as my understanding goes. How and what will happen in a short period or in a medium period, I cannot say. But my understanding is that they are quite seized of the matter.

Viraj: But the discussions on new investment if at all with the government, so that the driver of that would be a new policy similar to NIP-12 or it will be more driven by deregulating the price?

Abhay Baijal: I cannot speculate. See, the point is the government has, for your information, and I think everybody knows that, in the budget extended the policy for Namrup Fertiliser. I mean, one can speculate, one could always think that the same policy would be extended again because they have done it just about three months back, four months back.

Viraj: Okay. Thank you.

Moderator: Our next question comes from the line of Sandeep Mukherjee from SKP Securities Limited. Please go ahead.

Sandeep Mukherjee: Thanks for taking my question. Sir, can you please share the plant-wise production volumes and total ammonia sales figure for this quarter?

Abhay Baijal: I will ask Mr. Anuj Jain to explain the plant-wise production and ammonia sales. If I am not wrong, you can take down ammonia sale as about 23,000 tons. Plant-wise, he will explain.

Anuj Jain: We had production of Gadepan-I about 2.9 lakh tons, Gadepan-II around 2.15 lakh tons, and Gadepan-III about 3.5 lakh tons.

Sandeep Mukherjee: Okay, and what would be the volume in IMACID for this quarter?

Anuj Jain: In IMACID volume, we had about 1.26 lakh tons that we have produced.

Sandeep Mukherjee: And what was it last quarter, previous year?

Anuj Jain: This year, same quarter was 1.3 lakh tons. For last quarter, I do not have the information right now. YoY it was 1.3 lakh tons.

Sandeep Mukherjee: Okay. My last question is, please throw some light on the recently ventured seed business. Like, what is the market size and sourcing or collaboration, if any, and the growth ambitions over there?

Abhay Baijal: You see, seeds is a very important part of the agri-input segment. It is a very big market. In terms of the total size, you will have to go through various sections of this. There are hybrids, there is open pollinated varieties and so on. But our focus at the moment is on hybrids and research seeds. So, the products that we are talking about are maize, mustard, millets, research variety of wheat. These are basically our focus areas because north-west companies like we are, these are some of the things that will have traction in the market. We have started with something like mustard, bajra and maize. And we have done about, Rs.6 crore in sales, we just made a small beginning. Of course, our rabi ambitions are much higher. They will be in an order of magnitude higher than what we have done. As far as the total market size is concerned, which includes open pollinated variety and research and hybrid, marketing informs me of the order of about Rs.50,000 crore.

Sandeep Mukherjee: And for this, we are sourcing, or we have a collaboration with someone?

Abhay Baijal: We have got alliances, and I would ask Mr. Ashish to speak about it.

Ashish Srivastava: Sandeep, presently we have embarked on the seed journey through the white label business. That means we are buying a very popular product from the top manufacturers. We have tie-ups with the top manufacturers in all crop segments. It will not be okay for me to reveal the names, but we are in tie-ups with the best in business.

Abhay Baijal: Best-in-class.

Sandeep Mukherjee: Okay. Thank you very much.

Moderator: Thank you. Our next question comes from the line of Amit Agicha from HG Hawa. Please go ahead.

Amit Agicha: Thank you for the opportunity. My question was connected to the TAN project. Like you said, like by January, I think so we will start the commercial production, and you said like Rs.918 crore already spent. I think so total Capex that we are planning is Rs.1,645 crore, correct?

Abhay Baijal: Yes.

Amit Agicha: And so, balance whatever we will be from the internal sources or you will be raising funds?

Abhay Baijal: No, please understand that the total project cost includes contingency, it includes interest during construction and all that, correct? So, you take it out from there, then the balance quantity that we have still to spend is of the order of Rs.300-400 crore. And there are some other items in terms of housing and so on, or what you call as owner's scope, that will get completed over time, but that has no connection with the production as such.

Amit Agicha: And what will be the possibility of revenue from this plant once it is commercialized?

Abhay Baijal: See, normally you do not expect 100% production rate from day one. We have basically one operating quarter that is middle of Jan to March. So, assuming that we do about even 60%-70% rate for production, then we are talking about 55,000-56,000 tons product, sells today around Rs.35,000-40,000 a ton. You can do the math.

Amit Agicha: Understood, sir. Thank you, sir. All the best for the future.

Moderator: Thank you. Our next question comes from the line of Prashant Kumar Hazariwala, an investor. Please go ahead.

Prashant Hazariwala: Congratulations for a good set of numbers. My question is like, how long this Gadepan-II plant was laid down?

Abhay Baijal: If my memory is not wrong, it is about in two instances, total of about 24 or 25 days.

Prashant Hazariwala: Exactly what time it was down for the first time, like in May or like when it was down?

Abhay Baijal: It was down in the month of May.

Prashant Hazariwala: In the month of May? Right. So, my request to you guys like I think because of this Gadepan-II plant we have lost almost 20% of our revenue in urea, right?

Abhay Baijal: You are right. 20 days on 92 days will be close to 20%. Overall materiality is decided in terms of reporting to the stock exchanges.

Prashant Hazariwala: Yes, so it was not reported into the stock exchanges, right?

Abhay Baijal: We are talking about materiality here, Mr. Hazariwala. It is not material enough.

Prashant Hazariwala: 20% is material. I think it is a concern to the investor.

Abhay Baijal: If you see the total EBITDA for the quarter, from that angle, we are talking about.

Prashant Hazariwala: No, I am talking about turnover point of view. Because once turnover was down by 20% because of this problem and investor does not know about it and maybe some informal guys from somewhere, I do not know. But since May 6th or 7th, that was the peak our stock has made and then it has came down to this level. So, that is where my concern is. Maybe some guys know about it or what I do not understand.

Abhay Baijal: Mr. Hazariwala, let me explain to you. Most of the segment revenue reduction in this particular quarter as compared to last quarter is due to reduction in the prices of gas, which is of the order of 10%. And beyond that, the reduction which is there on account of this, is of the order of, if I am not wrong, just 3% to 4% of that.

Prashant Hazariwala: 20% volume does not make sense in the turnover, right? That is what you are trying to tell me, right?

Abhay Baijal: No, no. When we are looking at contribution, definitely not to that extent. But even in terms of the turnover of the total Company, if you see on Rs. 5,000 crore or whatever we have reported, it is about of the order of 2% to 3%.

Prashant Hazariwala: No, for urea last year we have done something like Rs.3,600 crore kind of thing. This year we have done Rs.3,100 crore.

Abhay Baijal: Please understand that the turnover depends on gas prices.

Prashant Hazariwala: Okay, so 10% is you can consider from the gas price, right? So, another 10% will be from Gadepan-II plant, right?

Abhay Baijal: No, no. I am saying it is of the order of 2% to 3%.

Prashant Hazariwala: Okay, all right. My concern is like 20-24 days, at least we can have one intimation about it. That will be good for investors.

Abhay Baijal: We will discuss this internally and get back.

Prashant Hazariwala: Yes, please. Okay. Thank you. Have a good day.

Moderator: Thank you. Our next question comes from the line of Falguni Dutta from Mansarovar Financials. Please go ahead.

Falguni Dutta: Yes, I have just two questions. One is on that energy change norm in urea. So, how frequently does it change, is there a duration that it changes after so many years each time they change it?

Abhay Baijal: The government can be inconsistent on this and sometimes consistent on this. So, this norm has been changed after almost seven years.

Falguni Dutta: After seven years? Okay. But normally is it supposed to change after five years or there is no such thing?

Abhay Baijal: They always will give a sunset clause that this policy will run from this time-to-this-time.

Falguni Dutta: Okay. So, after this change, is it known now only as to when will the next change happen?

Abhay Baijal: No, we have no communication. That is it.

Falguni Dutta: Okay.

Abhay Baijal: This is not a published policy. This is on the basis of a discussion that was held between us and the department and the numbers that were given to us have been factored into current year's first quarter calculation.

Falguni Dutta: Okay. And sir the second question is on the JV expansion, the forecasted 5 to 7 lakh tons. When is that going to come up?

Abhay Baijal: My information is it is late '26, maybe early '27, that kind of time.

Falguni Dutta: Okay. Thank you, sir. That is all from me.

Abhay Baijal: Thank you.

Moderator: Thank you. Our next follow-up question comes from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: Yes, thank you for the opportunity again. How much is the net cash on balance sheet right now?

Anuj Jain: Around Rs. 1,600 crore as on 30th June.

Prashant Biyani: Urea volumes from G-III plant, sales volume, not the production?

Anuj Jain: 3.4 lakh tons.

Prashant Biyani: Okay. And the gas prices for the quarter?

Anuj Jain: It is about $15.15 on NCV basis per MMBtu.

Prashant Biyani: Okay. On the TAN plant, have we been able to calculate how much benefit are we getting from the state incentives either annually or cumulatively over a certain period of time?

Abhay Baijal: Well, the package that has been proposed is not yet in a sense signed off. It is in the advanced stages of being signed off. There is a RIPS policy in this and RIPS means Rajasthan Investment Promotion Scheme. It is a certain percentage of the total hard project cost, that means excluding interest during construction and certain other things, of which I think a certain percentage, between 20% to 25% which comes back as some sort of per year payment over a period of 10-years. That means roughly 2% to 2.5% of the hard cost of the project per year.

Prashant Biyani: That is it. And then what is the hard project cost for us?

Abhay Baijal: If I am not wrong, it is about Rs.1,100 crore.

Prashant Biyani: Okay. And no incentive on GST or interest subvention?

Abhay Baijal: No, I do not think there are any such schemes in RIPS.

Prashant Biyani: Okay. And what is the quantum of impact of energy norm reduction, which we have taken provisionally?

Abhay Baijal: It is low double-digits per quarter.

Prashant Biyani: Rs.20 crore, Rs.50 crore?

Abhay Baijal: No, very low double digits.

Prashant Biyani: Okay. And any informal talks with the government on fixed cost reimbursement, that revision is also pending for many years?

Abhay Baijal: I have absolutely no idea what they are doing.

Prashant Biyani: Okay. And how much is the IMACID investing for Phos-Acid expansion?

Abhay Baijal: See, there are two parts to it. I think the first part of Phosphoric Acid plant is about $40-$45 million. And there is a Sulfuric acid plant which has to come after that. That is of the order of $120-$130 million.

Prashant Biyani: And as Sulfuric acid capacity will be how much, the expansion?

Abhay Baijal: If I am not wrong, it is something of the order of 3,200 tons per day, but I will have to check that.

Prashant Biyani: Alright.

Abhay Baijal: It is a kind of a balancing capacity. There is a boosting up of the capacity, which is there already. I will have to check that. But if my memory is not wrong, it is about a million ton plus.

Prashant Biyani: How do you see the channel inventory in fertiliser for the industry?

Abhay Baijal: For the industry, that I will ask Ashish to give a comment.

Ashish Srivastava: Prashant, we don't have access to the channel inventory data. But if you look at the industry stocks, it is down, each commodity stocks are down.

Prashant Biyani: But I mean, is it like the shortage would be such that whatever the industry sells in Q2 will just go off the shelf and hence the volume growth can be healthy for Q2 as well as Q3? Is it that kind of situation?

Ashish Srivastava: See, whatever inventories are available at port and plant will be sold in Q2. There is not much inventories in the pipeline. That is all I can say.

Abhay Baijal: No, but I think, Prashant, what we are trying to get at, there is some amount of truth in that, that the demand is fairly strong. And supplies, both from self-production as well as imports, are running a little short. So therefore, there would be a kind of quick liquidation of it.

Prashant Biyani: Thank you so much for answering the questions.

Abhay Baijal: Thank you.

Moderator: Thank you. Our next question comes from the line of Viraj from SIMPL. Please go ahead.

Viraj: Yes, just 2 questions. One is, I think in the past we talked about us evaluating different capital projects, be it in the Nitric acid value chain or other segments in agri input value chain. So, any color you can give, any update?

Abhay Baijal: No, at the moment, our complete focus is on getting the Technical Ammonium Nitrate plant off the ground, commissioning it. There are additional variations in the product, let us say, like LDAN, for which certain type of engineering is being progressed. But that is technically ammonium nitrate only, only a different version of it. We have got three versions of it. Two versions of it are already there, HDAN, which is high density. And then there is MELT, Ammonium Nitrate MELT. There is a third category, which is called low density. For that, the engineering part is on. That is a significant addition to the portfolio of the Technical Ammonium Nitrate project.

Viraj: And on the crop protection, any color you can give, any network coverage now? And of the sales which we have now, say I think in FY '25, how much of the sales are outside our core network of urea and how much is through the urea channel?

Abhay Baijal: We are quite a bit focused on our urea channel. Quite a bit of our people have in the channel width itself, still some way to go in our fertiliser channel itself. However, we are beginning to pick up stray one or two kinds of people who are purely from the CPC channel, not very big participants in the fertiliser channel. And they are beginning to get familiarised with our product portfolio. But it is a process which will take some time. The fertiliser channel itself is offering quite big opportunities in terms of growth as of now.

Viraj: I think we were in the past talking about talks with various MNC players for introduction of specialty molecules or 9(3) products?

Ashish Srivastava: Yes, it is an ongoing process, Viraj. We keep adding molecules every year. This year, we have added, I think, 13. So it is a continuous process. We keep adding it in the portfolio.

Viraj: But of these are in the pipeline, are there any specialty molecules or 9(3) products?

Ashish Srivastava: Majority of them are in 9(3).

Viraj: So, any color you can give over the partners here, the products which you launched?

Abhay Baijal: Difficult to name them.

Ashish Srivastava: But looking at the existing portfolio, we always deal with some very good players, best in class.

Viraj: Thank you very much. Good luck.

Moderator: Thank you. Our next question comes from the line of Pawan Nahar, an Investor. Please go ahead.

Pawan Nahar: Thank you. Sir, my question is on Gadepan-III Urea unit. As I understand, we have an 8-year policy period in which we are entitled to incentives and thereafter, there will be changes. So, if you can explain what are these incentives and what will be the changes that come across in 2027? And later if you can quantify what would be the impact after that?

Abhay Baijal: Mr. Nahar, the change that will come about, let me speak to you. We have not initiated any discussion, rather, the government has not initiated any discussion with us, what shape, form, it will take. That is something still, at the moment, not even on the first paper on the file. That is what I can say. The second part is as to what is currently the scheme. Currently, the scheme is a normative scheme. It says that for a certain dollar value of your gas, a certain amount shall be paid at the base level. And as the price increases from that, linearly an addition shall be made to the product price at the rate of something like $20 per ton of urea for every $1 increase in gas price. That is currently the policy. At a base of something like $285, that is how it goes. Now, as far as the new policy is concerned, whether it will be still norm-based, whether it will be on unit cost basis, we do not know. As I have said to you, the first paper on the file has not yet been put.

Pawan Nahar: Yes. So basically, I get it that government has not initiated any policy discussion. Still, we would be having some assumption, let us say, we are right now in a zone where there is perhaps only us or maybe another Company which is getting those, getting the pricing. I will not use the word benefit. I will use the word pricing or a formula. Now, if after the 8-year period, we go back to the formula which is being applied to the other Urea units, what would be the change for us? So, let us say, today our contribution is X dollars, how much would that become? Because see, I read that in the policy document, perhaps, if I got it right, the band for ROE is between 16%-20%. And I see that without leverage, the Company has been able to make good ROE, but there is no point in me getting in there because there are multiple things into that ROE or multiple businesses. So, if you can just simply tell me that if the policy were to transition to the existing units, formula, the existing units?

Abhay Baijal: The existing unit formula is a 12% return on networth policy. Correct?

Pawan Nahar: Right.

Abhay Baijal: So that is for the unit-based specific networth. So it is a matter of, plus there are costs, etc., which have to be reimbursed. What kind of cost? How much cost will they reimburse? That is what I am saying. As of now, the current policy for 1 and 2 is a 12% return on networth policy. But when they actually effectuate it, what exactly will be the number is something difficult to hazard a guess. Of course, there will be a reduction. I know what you are driving at. Question is, what is the extent of the reduction? And that is what we are not hazarding a guess at. The Company has its own estimations, which I am not going to share with you at the moment.

Pawan Nahar: Fine. Thank you.

Moderator: Thank you. Our next follow-up question comes from the line of Falguni Dutta from Mansarovar Financials. Please go ahead.

Falguni Dutta: Yes. Sir, I just missed on what you said on that Rajasthan government incentive for the TAN plant. So, on that hard project cost of Rs. 1,100 crore, what benefit are we supposed to get in that part?

Abhay Baijal: It is about for 10 years, let us say, about 2% of the cost per year or something like that.

Falguni Dutta: So, 2% of the project cost, which is Rs. 1,100 crore?

Abhay Baijal: Yes.

Falguni Dutta: Over a period of 10 years?

Abhay Baijal: Yes. That means every year, you will get 2%. It adds up to 20%.

Falguni Dutta: Thank you so much.

Moderator: Thank you. Our next question comes from the line of Ranjeet from IIFL Capital Services. Please go ahead.

Ranjeet: Yes. Sir, thanks for the opportunity. My first question, in the past we have shared our aspiration to grow global as well, probably tapping some assets for complex fertilisers so that we can use the IMACID. So, any update on that front?

Abhay Baijal: I can only say that we are working on it. There are active discussions. We are in contact with the parties.

Ranjeet: Sir, any outer timelines I would like to share for concluding this?

Abhay Baijal: These are long drawn out and very complicated discussions. It has stop and start options in between. Sometimes you walk away from the table, sometimes you walk towards the table. You know how negotiations are. We don't put timelines. We only hope for the best results for us. It is like the India-US trade deal. People are walking off the table, they are coming back to the table, so that things happen all the time, right?

Ranjeet: But are you certain that the deal is going to happen?

Abhay Baijal: I can't say. How can I say what the other party thinks, as long as there is a willingness to negotiate, something will happen.

Ranjeet: Sure. Thank you. Second question is on the TAN business. So, what are your thoughts on the demand supply dynamics, at least in India, and how soon you would like to see it getting ramped up? And lastly, the government has also opened up export quotas. So how do you see that as well? Thank you.

Abhay Baijal: You see, TAN, the market is expected to have supply surplus for a short while. But if you see the overall environment, in fact, I was with the Coal India Ex-Chairman some time back. They are going from 800 million tons of mined coal to 1.5 billion tons by 2032, in the various quarries that they have. They are themselves putting up a coal-based ammonium nitrate plant, which they say will be fully absorbed, and they will still be short again on that quantity. So, in the longer run, with the infrastructure push that we have, and you know that the government has asked for 100 gigawatt of coal-based power capacity addition, out of which about 70-80 gigawatt has achieved FID. So, we can see that there will be growth. There may be intermittent phases in which the market could be a little long, and where there will be some pressures in terms of prices. But on a long-term basis, you see that so far we have grown at 5%-6% CAGR. It will grow at that kind of rate. I am quite optimistic that the demand supply situation is in the favor of the suppliers.

Ranjeet: On the export front, we would also like to tap those opportunity?

Abhay Baijal: Export front is mostly, see, export mostly is LDAN. LDAN is a product that is mostly exported. And we are, as I told you, doing the engineering work for that. And as and when we have completed that, of course, that will be post the implementation of this particular phase of the project. That will be Phase-2 of the project. So, it will take us some time to get to that phase. There is a first basic Phase-1 that you do, and then you go to the next stage. We will definitely look into that. Look into that means we are already committed into doing that kind of project. And so far after that, then we will see how the market plays out.

Ranjeet: Sure, sir. Thank you.

Moderator: Thank you. Our next question comes from the line of Sandeep Mukherjee from SKP Securities Limited. Please go ahead.

Sandeep Mukherjee: Thanks for the follow-up question. Sir, can you throw some color on the CAPEX plans for this year apart from TAN?

Abhay Baijal: We have some ongoing projects. I will ask Mr. Anuj Jain to tell us what is the extent of the normal replacement capital expenditure, etc., committed for this year?

Anuj Jain: Normal CAPEX plans are there. It is about Rs. 250 crore worth of projects we have.

Abhay Baijal: They are ongoing projects, phase-wise expenditures.

Sandeep Mukherjee: Thank you.

Moderator: Thank you. Our next follow-up question comes from the line of Amit Ahuja from H. G. Hawa. Please go ahead.

Amit Ahuja: Yes, thank you for the follow-up. My question was connected to the G2 Urea plant, like, has it resumed full operations? And what was the exact impact on volume and profitability? And connected to that, what will be the planned maintenance shutdown scheduled in FY '26?

Abhay Baijal: See, Gadepan-II is scheduled to go in March 26 for its annual turnaround since the second year of operation would have completed. As far as this loss of 55,000 odd tons is concerned, the total loss of production would have cost the Company in terms of contribution about Rs. 16 - Rs. 17 crore.

Amit Ahuja: Thank you, sir. That was my question. Thank you.

Moderator: Thank you. Our next question comes from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: We are around the corner to commence our TAN plant and our cash generation will increase further. So, any plans of future capacity expansion except from the long pending discussion on complex fertilisers?

Abhay Baijal: Mr. Biyani, do you know how much time it takes to, let us say, just for argument's sake, take to plant a Rs. 9,000 crore CAPEX, let us say, hypothetically speaking, on a plant like Gadepan-III?

Prashant Biyani: No, sir, I am not aware of the technicality.

Abhay Baijal: Even a million ton or something of that sort, a NPK plant, there is so much to be done in terms of tie-ups and either in policy or in discussions with parties and so on. So, definitely the Company is not going to sit on its cash, going to do something about it. I cannot put a finger on the date and time for these things. That is all I can say.

Prashant Biyani: Except on the complex plant, whatever has been the discussion, outside of that, any other thing we want to pursue, and we are?

Abhay Baijal: There will be, in the sense that we have two other three lines of business, seeds is there, speciality nutrients are there. All of them present either organic or inorganic opportunities. And not only that, there could be alliances or collaborations there as well. These are businesses that we need to grow and you can see the way that we are growing them. Sometimes the growth will come through alliances or supply arrangements. Sometimes, it will come through collaborations and joint manufacturing. Sometimes, it will come through sole manufacturing. What pathway will actually happen is in the future, depends on the market, depends on the grades that we are doing, the kind of products that we are doing.

Prashant Biyani: In case of alliances, I would believe cash outlay will not be that high. Any decision?

Abhay Baijal: We can go into the same, with the same partner, joint manufacturing.

Prashant Biyani: Sir, you have been giving signals for quite a while. Anything more than that if you can share, that would be great.

Abhay Baijal: See, if I had something to say and it was approved by the board, definitely I would say.

Prashant Biyani: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Abhay Baijal: Thank you all gentlemen for this very engaging one hour of conversation. I hope to have been able to answer your questions and if there are any follow-up questions individually, that can be, then Mr. Anuj Jain is there to take them. Thank you so much.

Ashish Srivastava: Thank you.

Moderator: Thank you. On behalf of Chambal Fertilisers and Chemicals Limited, that concludes this conference. Thank you all for joining us.

Please note: *We have edited the language, and made minor corrections, without changing the content, wherever appropriate, to bring better clarity*