CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Ref. No.: CFCL/SE/2026-27/39 August 6, 2026

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 23, 2026 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 July 31, 2026, on the financial results of the Company for the quarter ended June 30, 2026, The said transcript is also available on the Company's website at – https://investor.chambalfertilisers.com/EarningCallTranscripts.html

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: 2026.08.06 16:31:51 +05'30'

(Tridib Barat)
Vice President - Legal & Company Secretary

Encl.: As above.

Chambal Fertilisers and Chemicals Limited
Q1 FY '27 Earnings Conference Call
July 31, 2026

Moderator: Ladies and gentlemen, good day and welcome to Chambal Fertilisers and Chemicals Limited Q1 FY '27 Earnings Conference Call hosted by Valorem Advisors.

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 the operator by pressing star, then zero on your touchtone phone. Please note this conference is being recorded.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, ma'am.

Purvangi Jain: Thank you. Good morning everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Chambal Fertilisers and Chemicals Limited. On behalf of the company, I would like to thank you all for participating in the Company's earnings call for the 1st Quarter of the Financial Year 2026-27.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the Company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks. We have with us Mr. Abhay Baijal, Managing Director, Mr. Narinder Goyal, Business Head - Manufacturing Operations, Mr. Anuj Jain, Chief Financial Officer, Mr. Ashish Srivastava, Vice President - Sales and Marketing, Mr. Tridib Barat, Vice President - Legal and Company Secretary and Mr. Vivek Misra, Business Head of TAN.

Without any delay, I request Mr. Abhay Baijal to start with his opening remarks. Thank you and over to you, sir.

Abhay Baijal: Thank you. Good morning, everyone, and thank you for joining us on the conference call to discuss Chambal Fertilisers' performance for the 1st Quarter of the Financial Year 2026-27. The Indian fertilizer industry continued to operate in a challenging environment during the first quarter, navigating geopolitical uncertainties, elevated raw material prices, and a delayed onset of the southwest monsoon.

The geopolitical developments in West Asia continued to disrupt global fertilizer and energy supply chains during the early part of the quarter, resulting in sharp increases in the prices of key raw materials such as ammonia, Sulphur, and phosphatic intermediates, along with higher freight costs and procurement challenges. While conditions began to improve towards the end of the quarter as geopolitical tensions eased, raw material prices remained well above historical levels.

The Indian agricultural season began on a relatively subdued note, with emerging El Nino conditions contributing to an uneven onset of the southwest monsoon and below-normal rainfall across several regions during June.

Consequently, Kharif sowing and fertilizer offtake remained subdued during the early part of the season. As of the end of June, summer crop sowing stood at around 183 lakh hectares, approximately 23% lower year-on-year. Encouragingly, monsoon activity strengthened significantly during July, and sowing has since accelerated across major crop-growing states.

According to the Ministry of Agriculture, acreage has broadly caught up with last year's levels, while the IMD continues to maintain its forecast of a normal monsoon. We believe these developments provide a favorable backdrop for agricultural activity and fertilizer demand during the balance of the year.

The Government of India remained closely engaged with the fertilizer sector during the quarter, ensuring domestic gas availability for urea manufacturers and adequate DAP and NPK supplies ahead of the Kharif season.

While the nutrient-based subsidy rates for Kharif were revised upwards by around 10%, these were announced prior to the sharp increase in global prices following the geopolitical developments in West Asia and therefore do not fully reflect the subsequent cost escalations. The industry continues to engage with the Department of Fertilizer on this matter, while timely subsidy disbursements have supported industry liquidity and ensured uninterrupted fertilizer availability.

A very key development during the quarter was the Government's approval of the National Investment Policy for Urea 2026. We believe that the policy provides a very strong framework for future investments in domestic urea capacity, while reinforcing India's long-term commitment to self-sufficiency and food security. Accordingly, we have continued to progress preparatory activities for a potential fourth urea plant, and any investment decision, however, will remain subject to the approval by our Board.

Turning to the operational and financial for the quarter under review:

Our urea business continued to operate despite the plant shutdown at Gadepan-1 and extended shutdown of Gadepan-2 during the quarter, which got bunched due to the geopolitical situation.

The bulk fertilizer business also delivered healthy performance, supported by timely procurement of phosphatic and potassium fertilizers ahead of the Kharif season. During the quarter, we also expanded our portfolio with introduction of ammonium sulfate grade and continued to evaluate newer NPK grades to strengthen our balanced nutrition offering.

Our crop protection chemicals and speciality business continued to strengthen its product portfolio with the launch of seven new products across herbicides, fungicides, and insecticides during the quarter. While demand was impacted by delayed sowing, the business delivered a meaningful improvement in profitability through better product mix, whereas seeds business expanded its portfolio with two new maize and bajra varieties.

Our biologicals business continued to witness growth in volumes and revenues, driven by increasing farmer acceptance of sustainable crop solutions. The business also recorded profitability supported by a better product mix and scale benefits.

We partnered with TERI to establish the CFCL-TERI of Excellence for Advanced and Sustainable Agriculture Solutions, which focuses on research and development of next-generation agriculture technologies. A dedicated lab is now operational, and products are expected to be launched from FY '28-'29 onwards. Based on our product efficacy, we will also explore the export market for these products. During the quarter, we expanded the portfolio with the launch of a bio stimulant, Uttam Aris Gold. Our collaboration with TERI continued to strengthen our pipeline of patented crop protection and crop nutrition products.

Our Seed-to-Harvest program continued to contribute towards improving farmer awareness and showcase product efficacy. We concluded over 1,400 farmer meetings, 500 demos, and have analyzed more than 38,000 soil samples. We also significantly expanded our use of social media to reach out to a large number of stakeholders with both Facebook, YouTube, and Instagram platforms, crossing 1.63 crore viewers.

Our Technical Ammonium Nitrate project progressed well during the quarter with production commencing of Weak Nitric Acid and Ammonium Nitrate solutions, while the high-density Ammonium Nitrate moves closer to commissioning.

Our joint venture, IMACID, was impacted during the quarter due to Sulphur shortages and elevated Sulphur prices, which resulted in temporary production shutdown to avoid operating at negative margins. With market conditions improving and customers becoming receptive to higher prices, production resumed in July and we expect performance to improve hereafter as market conditions continue to normalize.

Finally, let me walk you through the details of the financial performance for the period under review.

On a stand-alone basis, revenue from operations stood at INR 5,000 crores as compared to INR 5,700 crores, lower by about 12%. EBITDA, however, rose 12% to INR 851 crores, with margins expanding to 17%, roughly from 13%, an improvement of about 350 basis points. Profit after tax grew 10% to INR 703 crores, with PAT margins at around 14%, as compared to 11% last quarter.

On subsidy flows, we received a subsidy of around INR 2,480 crores during the quarter, as against INR 2,512 crores last year. As of 30th June, total receivables stood at INR 3,300 crores, comprising of market debtors of INR 841 crores and subsidy receivables of INR 2,460 crores.

Coming to segmental performance, our Urea segment delivered a resilient result. Despite the bunched shutdown and an extended period of Gadepan-1 shutdown, we did deliver INR 2,860 crores, against INR 3,109 crores, lower by 8% due to lower production and sales. Despite lower volumes, the business maintained healthy profitability.

On the complex fertilizer segment, revenues stood at INR 1,737 crores, against INR 2,131 crores, lower by 18%, reflecting a measured approach to placement in a season where sowing was delayed. Segment EBIT rose 67% to around INR 239 crores.

The crop protection chemicals, speciality nutrients and seed segment recorded revenues of about INR 430 crores, as against INR 458 crores, lower by 6%, reflecting deferred farmer purchases. Segment EBIT, however, grew 13% to INR 108 crores, with margins improving to about 25%.

However, despite a challenging operating environment, the quarter demonstrated the resilience of our diversified business model, supported by stable operations, prudent procurement and improved profitability across key businesses.

Looking ahead, while geopolitical development and raw material prices will continue to warrant close monitoring, the long-term outlook remains constructive. The recently announced National Investment Policy for Urea provides a supportive framework for future capacity expansion, while the ramp-up of our Technical Ammonium Nitrate project and continued growth in our value-added businesses strengthen our long-term growth prospects.

Backed by a strong balance sheet and disciplined capital allocation, we remain well-positioned to create sustainable long-term value for our stakeholders.

With this, I would like to hand it back to the moderator and open up for the question-and-answer session. Thank you.

Moderator: Thank you, sir. We will now begin the question-and-answer session. Our first question comes from the line of Prashant with Elara Capital. Please go ahead.

Prashant: Sir, do we need to again seek approval for the new urea plant, or earlier application remains eligible and now the ball is in government's court to take the decision?

Abhay Baijal: I think it is a slight mixture of both. We will have to formally approach, as you know, that there is a process of getting bank guarantees and so on. So that, it only happens once the Government approves the project. That is part of the process. But I believe we are a very strong contender for this. That is number one. And number two, in any case, all decisions of this type are subject to approval by the Board.

Prashant: Certainly. And sir, any timelines of when will the application window be opened or closed?

Abhay Baijal: No, sir, it is already open as far as I know. It is already open. You would understand that projects of this type, almost INR 10,000 crores, they go through several phases in terms of preparation. First, we will need our Board to approve the expansion, for which you will have to get some financial figures. As of now, we are waiting for financial bids which we had floated. We have the technical bids with us. The financial bids after equalization of the technical requirements should be available to us by may be middle October or so. And thereafter, once the analysis is done, the Board approval is there, we definitely will go forth.

Prashant: Sir, how much of WNA and ANS revenue and volume we have booked in Q1, if we have done it?

Abhay Baijal: Prashant, we have not shown it in the segment, which shows that we have not really booked, although we have made sales. Commercially, the product is accepted. We have made margins on it. The process is like this, that you have to commission the project in all its respects. And only then, you can start booking it in your books. So, as of now, whatever sales we have made are not a part of the profit and loss account. Rather, it goes towards adjustment or decapitalization in this case, because we are making some profits from the sales that we are making. So, it is actually decapitalizing the project. However, we are very soon going to put it into the P&L account.

Prashant: And, sir, can I get the split of sales between G1, G2, and G3?

Abhay Baijal: I think I will ask Mr. Anuj Jain to give an answer.

Anuj Jain: So, you are asking sale?

Prashant: Yes.

Anuj Jain: G1 is about 96,000 tons. G2 is 1.85 lakh tons. And G3 is 3.29 lakh tons.

Prashant: Sir, would it be our endeavor to utilize full 1.27 million tons of G3 by November itself? And is that possible?

Abhay Baijal: No. I think the run rate of the plant, the maximum we can do is about 9.5 to 10, depending on how the circumstances pan out. It is not possible to complete that quantity within the time before the policy period ends.

Prashant: I have a few more questions. I will jump back in the queue.

Moderator: The next question comes from the line of Shivam Gupta with Trinetra Asset Managers. Please go ahead.

Shivam Gupta: Firstly, on the complex fertilizer business, margins were much better like this quarter was mainly because of the inventory purchase earlier, lower purchase, or were there any other factors?

Abhay Baijal: No. In fact, last call when we had discussed, we said that we have adequate stock of inventories for the Kharif season. So, there were some advance purchases, which has helped us in this placement. The last statement I made was or discussion was on the placement or the purchase of NPK fertilizers. So, my answer was that yes, we did have an advance purchase. This was revealed in the last call, previous quarter, and that helped us to place, create the revenues necessary and also the margins.

Shivam Gupta: And what margin are we expecting for the future?

Abhay Baijal: It will decline because as the averaging of the prices happen, as we can continue to do that, we will do that. But we will still maintain a certain number.

Shivam Gupta: And second, out of the NPK volumes you are targeting this year, how much is already tied up with the customers?

Abhay Baijal: No, we are with vendors, yes. We don't really tie it up with the customers. The vendors, yes. I think till date we have tied up, Ashish, about 8.5 lakh tons.

Ashish Srivastava: Yes.

Abhay Baijal: 8.5 lakh tons is already tied up.

Shivam Gupta: That's it from my side.

Moderator: The next question comes from the line of Viraj Kacharia with SiMPL. Please go ahead.

Viraj Kacharia: Just a couple of questions. First is, for the existing urea policy which expires by December, any update you can give in terms of will that be extended or what grouping it will now fall under?

Abhay Baijal: No, this is under the NIP-2012 policy. My understanding is that this is a group other than the NUP-2015. The treatment could likely be different, and we are already in discussions with the government. They have asked for certain data. That data has been provided, and the department is at the moment doing its internal workings.

Viraj Kacharia: Hypothetically, if we were to, say, the 2015 last updated policy where you have various groupings, what we have, say, for our G1 and G2, if we assume that, if we take that as a grouping, then what would be the impact we would see in terms of with this? Just hypothetically.

Abhay Baijal: I didn't get your question. You are saying that they will put it into the new group, old group?

Viraj Kacharia: Yes, if at all they were to classify it under one of the older groups, then what kind of a financial impact we would probably see?

Abhay Baijal: I mean, this is a hypothetical question for which no answer can be given. I have just told you that this group of the new plants under NIP 2012 covers a plant which has not fully been depreciated, just about eight years into the production. And even as per the government's old policies, the timeline for a plant to be fully depreciate is 15 years. So, there is no way that you can mix the two policies.

Viraj Kacharia: Second question is on the new NUP-2026, since we are now going ahead with it. See, if we compare to the earlier policy, which is NUP-2012, the ROE profile seems dilutive relatively, right?

So, why is it still exciting for us to play, and what kind of a spread one should be looking at on an EBITDA per ton basis once it is fully commercialized?

Abhay Baijal: Yes, I think you have made a very pertinent point that it is, yes, it is dilutive from the last policy. Definitely it is. But the advantages of scale at a single place have to be also factored in, when you were to analyze the entire edifice of this policy.

In Brownfield, especially with Chambal having four plants at the same site, you will understand that it will be almost like not only the largest in India, it will be the possibly largest, second largest in Asia after Qatar's QAFCO and so on. Now, the benefits of scale are tremendous. You must understand in terms of the fixed costs, the manpower costs, and so on.

And secondly, the optimization of various facilities with the plants being at one place, not only in terms of capital expenditure, but also in terms of how the operating costs, etc., can be brought down. So, we have to take that all into the totality of the things. Plus also you must understand that there are very many other synergistic benefits that flow out of scale in terms of when we are having a large presence in urea and a growing market.

As you know, we today have a consumption of close to 404, 405 lakh metric tons, while production is only 305, 306 lakh metric tons. So that gap and the spread of our entire dealer network and the cross-sell opportunities that arise out of that, those are also benefits that cannot be ignored.

So, we would like to believe that we have a good investment case. Of course, it is subject to approval of the Board. And the most important thing for us is to see how we can optimize on the capital cost expenditure.

Viraj Kacharia: In terms of timeline, by when do we expect the plant indicatively to be commissioned, and what kind of spreads one would see on a steady basis once it is at a full capacity?

Abhay Baijal: The spreads, in what term are you talking about? Spread on what?

Viraj Kacharia: EBITDA per ton basis.

Abhay Baijal: EBITDA per ton, I think, is close to, if I am not wrong, basis the policy, the one thing that is open in this is the dollar variable at which it will be converted into the revenue stream. That is something like, if I were to take today's number, it is almost INR 13,500 or something like that. And if you were to take the cost below that and the other things, I would say we will be still around INR 12,000 a ton.

Viraj Kacharia: In terms of timeline, sir, by when do we expect it to be?

Abhay Baijal: See, this depends on the effective date of the contract and when the entire process that I said preparatory to start and kick off the project construction. In my opinion, even with today's situation in terms of stressed timelines for critical equipments, we should be able to deliver it within 2030.

Viraj Kacharia: Just one last question and I will come back in queue. See, it is a sizable capital investment we will be going ahead. Obviously, we have a good amount of net cash balance sheet and there is a steady flow of cash flow from existing business. But other than this, any other projects, because we, in the last few calls, we talked about exploring a lot of other projects, be it on the chemical value chain in the Nitric acid? So, any color you can give in terms of, is there any other projects.

Abhay Baijal: Yes, that is definitely the encouraging signs that we are seeing in our TAN business are definitely making us optimistic about going forward in that direction, what we just mentioned.

Moreover, as I said, the effects of having these four plants in one place also means that we have got additional raw material sourcing capabilities in terms of ammonia. And that also feeds into this entire model. That is number two.

Number three, I had mentioned last time, I think that we are having discussions on JV abroad for phosphatics. On that line, I would say that some progress has been made and we are proceeding ahead with certain actions. So, as and when we come to that situation, we will definitely inform you on that also.

Viraj Kacharia: I will come back in queue.

Moderator: The next question comes from the line of Prashant with Elara Capital. Please go ahead.

Prashant: Thank you once again. Sir, how much could be the GCal per metric ton for the new plant whenever we set it up?

Abhay Baijal: Similar to what we got in Gadepan-3.

Prashant: There has been no tech improvement after that?

Abhay Baijal: There could be. I mean, I am not fully aware if there are. There could be in terms of catalyst or there could be in terms of reduction in some pressures here or there. That we will see once the technology suppliers come back to us with the specifications.

Prashant: Anuj sir, how much was the gas price for Q1 and how much is net cash on books?

Anuj Jain: Gas price for Q1 was, because the Government has only declared the provisional price. So, it is on NCV basis, it is USD 17.25 for the quarter.

Prashant: And net cash?

Anuj Jain: We had net borrowing of about INR 200 crores.

Abhay Baijal: Minus 200.

Prashant: That's it.

Moderator: The next question comes from the line of Sanjay K, an individual investor. Please go ahead.

Sanjay K: Sir, congratulations for the good operational performance. It is a good improvement in margins. And there was a delay in this monsoon starting and I think it started late in July. So, are you seeing that the impact which happened to the product sale in Q1 now and monsoon is getting better and better as we are progressing? Are you seeing that Q2, the demand is going to be better than what we expected maybe last quarter?

Abhay Baijal: Yes, definitely. I mentioned that in my opening remarks. And that is visible from the way, for instance, fertilizers are being picked up. As we speak today, I see from what was happening by middle June and to now in July, for instance. This month itself, we have had almost 3,80,000 tons of farmer sales of urea and almost 92,000-93,000 tons of NPK sales in this month alone. So, that means the pickup is close to 19,000-20,000 tons a day, which is quite good in terms of how things are improving.

And along with that, once you see that the sowing has proceeded to a certain level and the shortfall is being made up, the subsequent sales of various other specialty nutrients and crop protection chemicals shall follow.

Sanjay K: So, overall you are saying that the Q2 will progress well than what we anticipated earlier?

Abhay Baijal: There are two parts. Yes, we feel that Q2 will also progress well and the liquidation from the channel is also happening, which will create the second round of demand.

Sanjay K: Thank you for the update and we wish you all the best.

Moderator: The next question comes from the line of Dhruv Muchhal with HDFC AMC. Please go ahead.

Dhruv Muchhal: Sir, a few questions. Firstly, on the urea business, we see improvement in profitability despite the lower volumes. So, is it because of probably the surplus ammonia sales and probably also the currency? And if you can probably share what is the surplus ammonia benefit?

Abhay Baijal: No. Let me first lead you through. I think when Anuj mentioned the relative quantities of Gadepan-1 and 2, 3, Gadepan-3 was a predominant factor in this quarter. So, that was the first instance.

The second instance was the fact that we had a currency uptick, which directly impacts margins as far as Gadepan-3 is concerned.

Thirdly, yes, some amount of ammonia sales also with better margins.

So, these three factors have contributed to better margins.

Dhruv Muchhal: And we have seen that in the NPK, the subsidy rates are yet to be revised and the costs are high. And we also see the local production is running at a very low level. So, I am just wondering what is probably delaying the subsidy announcement and if not, can it cause some challenges? Probably even from import angle.

Abhay Baijal: Yes, I will put it this way. Yes, subsidy announcements were delayed. Normally, it would happen once or twice in a year. One for Kharif and one for Rabi. The Kharif number is what it is. The industry, as I mentioned in my opening remarks, has been continuously engaged with the government to try and improve the terms. Otherwise, there will be demand destruction via much higher prices with the farmers. That is one issue which is there.

The second issue is that there has been a low ebb in production, because especially in Sulphur, availability has been an issue for most of the phosphoric acid manufacturing. And that has fed into a lower production for the phosphatic fertilizer industry in India.

Thirdly has been the logistical disruption from Saudi Arabia and so on, in terms of the import of materials, especially finished fertilizers like DAP and so on.

So, these three factors have combined. Nevertheless, there were opening stocks and due to which we are in some position of comfort. I think, the stocks will need replenishment going forward quickly enough. So, the feeling is that, I don't know, the government might be feeling that yes, they will definitely do something by October. There was an interim relief that was sought, but that has not yet come through.

As far as Chambal is concerned, we took calculated positions in our purchases, starting from January onwards. And although it was not thought of that way, but it somehow has panned out. And we have, as you know, taken about 8.5 to 9 lakh tons of material. And that will flow into the system. And we are maintaining a good pace of sales, especially, as I said, even in terms of new grades such as Ammonium Sulphate and so on, which we feel is a grade which has a lot of promise going forward. So, all in all, I think Chambal has planned out its inventory and its sales, I would say, more adroitly than possibly others. So, this advantage will flow.

Dhruv Muchhal: So, basically, if I understand, the Kharif season is done, at least from the Government side. The next action probably will have to be in the Rabi, and that will drive the further action, at least from you and in the industry.

Abhay Baijal: Yes.

Dhruv Muchhal: And, Sir, in the earlier comment you mentioned an EBITDA for the new plant, as it goes, a new plant of about 12,000 odd tons. I mean, is it the base earning or there can be upside from the GCal savings or the ammonia savings? And also, I am a bit confused about the variable, the clause of 12% to 16% variable cap on ROE. I am not sure if it was there in the earlier policy also. So, what I am trying to understand, say, for example, because of any of the savings or efficiencies that you drive, if your reported ROE gets higher than 16, does it get capped at 16 or there is a potential because of the efficiencies that you can get?

Abhay Baijal: No, I don't think there is a cap, per se, on your 16% because the Government is not controlling your investment. So, supposing you are to do it theoretically at INR 9,000 crores, a brownfield project, you can also work the math that, yes, it could go up, depending on efficiency, the gas prices, the energy gain, etc., that is there in the system. That is one part.

The other part is that, yes, what I said is the most important variable in this product today is to get the capital cost at a level at which the numbers work for us and which have to be seen from a plethora of actions that we have to do, managing the exchange, the taxes, and so on and so forth, so that we get the absolutely right combination on this. So, that is the effort that is currently on, in order to see that we get the best possible combination on this part. So, I hope I have answered your question on that side.

As far as 12% to 16% is concerned, that is only an indicative range of what the Government thinks that there is a floor and ceiling system in this, which, if you know, in the old policy, it was also there, that you could earn a little bit more in case the IPP was beyond a certain number and some part of it flows into your profits, but that is subject to the fact that your gas price should not be more than USD 14. So, as long as the gas price floats between USD 14 and USD 6.5, whatever the case is, you can get that benefit. That is a theoretical benefit. But the other benefit that is really, say, supposing you were able to get the project cost to a certain number and you were operating the plant more efficiently, those then are not capped.

Dhruv Muchhal: And sir, last question is about how does the plant get allocated? I am just trying to understand the process. You said you are in a good position, but what if there are multiple applicants for that? Because the quantum is restricted, if I am not wrong, 8 to 10 million tons. What if there are other applicants who want to also go ahead? So, how does that process happen? I mean, what gives you the confidence that you, yes.

Abhay Baijal: No, I would say that, let's put it this way. They have to put up the plant in five years' time, number one. There are a large number of greenfield applicants. There are a large number of brownfield applicants. The question is who gets off the block first.

You must understand that in this business, there are not too many vendors, so to speak, who are qualified to provide plants of this type. If they get booked early or if the shops get booked early, then whoever has got the first mover advantage has a big advantage over the others.

Dhruv Muchhal: So, it is the time limitation in which the plant has to be done which gives you the comfort.

Abhay Baijal: Not only that, I mean, people who have to then put in INR 300-400 crores of bank guarantee have to think through whether they can actually deliver within that time frame, because it is a financial aspect on that also, that this is kind of an entry barrier. In case you are not confident, you might not go in.

Moderator: The next question comes from the line of Mayuresh with invest4Edu. Please go ahead.

Mayuresh: My question is regarding to the TAN business. So, basically, Indian TAN market is currently import dependent, but with upcoming capacities from Indian companies, domestic capacity could broadly match the demand by FY '28. Do you see any risk of temporary oversupply if demand growth or import substitution is lower than expected? And in such scenario, how do you see capacity utilization, pricing, and industry margin for the medium-term, sir? And also, there have been reports of Reliance Industries evaluating and entering into a TAN business. How do you view the potential impact of large player entering in this market, sir?

Abhay Baijal: You have raised extremely pertinent points. To answer your first question first, yes, we know that there is capacity expansion, so Indian supplies are going to go up, although Indian demand is also going up. That is the good part.

There is a continuous stress on infrastructure, roads, ports, bridges, so on, so forth, which will all require, and including, I would say, a very large demand projected~~,~~ I mean, something like 3 lakh gigawatt or whatever that is being talked about in terms of expansion of thermal capacity and all that. So, coal, mining, also infrastructure in terms of blasting requirements for infrastructure and all that, that is all going up, which is quite encouraging.

I would say, my own assessment is that we will be short or slightly long in the market, maybe for not more than a year or so, and which we will have to manage in the situation. But going forth, the market is again going to get short in terms of the demand exceeding supply. And in that sense, we don't have a problem in capacity utilization.

Number two, it also depends on the pricing structure that you have in your plant in terms of both fixed and variable costs. I believe we do have a good mix there.

Third part is, you rightly mentioned that Reliance is coming in, which means that they are going to bring a very large capacity, should they plan to enter. Definitely we will see what happens then. Can't speculate right now what is the kind of capacity coming in, what is the timeline for their execution, and so on and so forth. So, that is a little bit out into the future, hypothetical question. But as of now, I see no roadblocks.

Mayuresh: Additionally, with current TAN realization being elevated due to geopolitical factors, how should we consider?

Abhay Baijal: Should we consider?

Mayuresh: How should we see a sustainable realization and margin over a medium term, sir?

Abhay Baijal: No, it is good at the moment, I think, is what Mr. Misra tells me, is that we are better than budgeted margins as of now.

Mayuresh: That's all from my end.

Moderator: The next question comes from the line of Himani Negi with District B. Please go ahead.

Himani Negi: So, we discussed sometime back that the ROI in the new investment policy is a bit return dilutive as compared to the old policy. But we will still be able to make good savings in terms of benefits of single-place advantage. I just wanted to understand, when you consider the benefits of single-place advantage, will that take the benefits similar to the new investment policy?

Abhay Baijal: Himani, could you repeat? It got a little muffled in the middle. I didn't get it. You said something about the old policy and the new policy. Could you repeat?

Himani Negi: Correct. Sir, I was asking that if we compare the new policy and the old policy, we discussed a few minutes back that ROI is a bit return dilutive. However, we have the advantages of setting up the Capex in a single place that is going to give us a lot of operational advantages. So, I wanted to understand, will the benefit of operational advantage bridge the gap between the ROI?

Abhay Baijal: No, not really. There is a difference. There is still a difference. But as I said, to be a scale player in any commodity business is a strategic advantage in itself. So, that is a very important advantage in terms of how the market is played through, in terms of distribution, and so on and so forth, and the synergistic benefits that will come from it.

Moderator: The next follow-up question is from the line of Prashant with Elara Capital. Please go ahead.

Prashant: Abhay sir, on the phosphatic side globally, due to the Middle East war, how are you seeing the supplies from the North African market? Are they getting impacted due to ammonia or Sulphur? Just wanted your views on the global phosphatic supply.

Abhay Baijal: See, I will put it this way from whatever little I have an understanding of, in terms of the phosphatic markets. The North African market, which I think you are talking mostly about Morocco. As I have reported in my opening remarks, and what you would see in the results as well, we had a prolonged period of shutdown because of two reasons.

One was non-availability of Sulphur and the exceedingly high price of it. So, they are rich in phosphates, but short in Sulphur and ammonia. But ammonia is something somewhat manageable. They have got supplies coming in from Trinidad and Tobago and so on. So, that is an alternate route for getting the ammonia. In any case, the ammonia is 22% or less in terms of certain grades. But in case you are going for, for instance, they also export a lot of TSP, for instance, which is devoid of any ammonia. So, that takes care of the problem of ammonia. But sulphur is an essential element. Sulphur is what is needed for manufacture of phosphoric acid. So, there, my understanding is that of late, they have been able to source supplies from North America. And that has now started the production running. There were, I think, a few cargos which were available to them from the Gulf and Middle East during that period of lull. But at the end of the day, I would say that they are still a very strong contender for supplies to the Indian market as well as to the world market. And as long as they have a lot of phosphatic reserves, as long as they keep on increasing their capacity and exploit the position, I am sure they will be able to be capturing the markets in that sense because you know that China is more or less out of the phosphatic market for the last 1.5, 2 years Saudi Arabia is stepping in with expansion. However, they are now bottled up due to logistical issues. For the short period, I would say that it is more or less North Africa is a big supplier in the market today.

Prashant: And sir, Chambal is sourcing broadly from North Africa only its traded material?

Abhay Baijal: No. As I said that the grades that we have got, we have lot of Russian exposure. Most of the brought material comes from Russia. Some amount comes from North Africa in terms of DAP or TSP. So, in this mix, of this year particularly, we had a large amount of Russia for us because we did mostly the NPKs.

Moderator: Our next follow-up is from the line of Viraj Kacharia with SiMPL. Please go ahead.

Viraj Kacharia: There are two questions. So, my question is on the NUP-2026. You said that if we get the product cost right, and if we are able to derive better efficiency, then the gains are not capped in the 16% ROE. So, in the earlier policy 2012, there was a certain sharing of that efficiency. So, does that continue in 2026 policy?

Abhay Baijal: No, in the earlier policy, up to the eight years, as far as I know, there was no gain sharing in the efficiency gains. And it is the same, I think, in this policy.

Viraj Kacharia: And when you say we can get the project cost right, is it because it is largely brownfield in nature, or what will drive a better low project cost for us vis-à-vis other players?

Abhay Baijal: I will not compare it with other players because that is their business in the first instance and their strategy in that. It depends on the type of contract structure, whether we are doing it ourselves through our own project team, have we awarded in a LSTK mode wherein we transfer some of the risk to the contractor who is doing it? So, these are one or two important structural decisions. Apart from that, the timing of placement, the type of tax structure you choose in terms of how you go about executing the project, the timeline to execute, the financing structure which will define the interest during construction, and so on. There are many, many factors which add up to the project cost. All of them have to be hit right and in time. And most important is time to execution. If we are able to, and we have a track record there, as you know. So, that is what gives us the confidence that, yes, we can definitely execute and get the required return on this.

Viraj Kacharia: This second question was on the phosphatic. See, we have a JV with IMACID for Phos Acid. So, just trying to understand, because we seem to have a good amount of projects or opportunities in hand, whether be it urea or the Nitric acid value chain, what is the thought process behind exploring another JV in Phosphate? Why not go a solo model maybe in India vis-a-vis overseas? Any thought, any color you can give?

Abhay Baijal: I can tell you this, that we have evaluated even a full-scale granulation plant based on rock, starting from rock. And the issue that always stares us in the fact is, number one, that the time for execution in India. And the second part is the cost of putting up a project, is not very dissimilar from what we would do if we were to go abroad and do it, number two. Number three, IMACID has a certain structure in terms of and priorities. They are already expanding their Phos acid capacity from 500,000 tons to 700,000 tons, which will be operational I think by the middle of next year, April to June 27 or so. That gives us further capacities and scale. It is one of the largest Phos acid capacities in Morocco, as we speak, one of the largest. That opens us with certain other opportunities in terms of exploiting the acid, not only for supply to India, but also for getting it into maybe some value-added segments and so on. So, those are other issues which are also possible for IMACID. So, this has a different kind of a structure with the thought process and the objectives of that particular JV.

The other JV that we are talking about is linked solely to supply of material to India in the granulated or finished form and where we will be both sides in terms of selling as well as purchasing or rather producing as a partner somewhere. So that is the logic of doing that particular JV.

Viraj Kacharia: My question was on the TAN and WNA project. I think when last few quarters, the expectation was that if we look at the year as a whole, we should be able to ramp up the utilization pretty high very quickly. So, FY '27 as a whole, we could see more than 70%-80% utilization. Does that still hold even though the dynamics of the market have?

Abhay Baijal: I would put it this way, that whatever little I have seen in the last 1.5 months, we started Ammonium Nitrate Melt trial production around 15th of June and we have almost completed a month in terms of volumes. So, I would say that the market has responded well to our product in terms of the quality, in terms of delivery schedules, in terms of pricing. So that gives me the confidence that despite this being a lean season, it definitely can go forth and look forward to a better season coming from the third quarter beginning sometime in first week of October and so on as the market picks up.

And as you know, that I spoke about the HDAN capacity nearing completion, almost going to start very soon. So that itself gives us three products in the pipeline in terms of Weak Nitric Acid, Nitrate Melt, as well as HDAN.

So, we will run the combination in the most profitable manner and we have, as you know, also started putting up warehouses and so on. Two are nearing completion. One is already complete and that gives us the capacity to place our material advantageously with the users. So, all that marketing mix I think is coming together and which should be completed by somewhere end of December, all the marketing mix elements as well as product elements. So that gives me the confidence that we would be able to generate the necessary numbers and the volumes.

Moderator: The next question comes from the line of Karan Gupta with CAVI Capital. Please go ahead.

Karan Gupta: I appreciate the opportunity. Just one quick question now with this big potential Capex coming up. What are your views on capital allocation with regards to dividends or buybacks going forward?

Abhay Baijal: I think dividend, whatever numbers I have done, we will definitely maintain the numbers that we have got. I don't see any difference. We have a policy in any case. There is a profit number. We have declared that there will be a 25% or so that we will pay for that. So, I don't think that is an issue. As far as buyback is concerned, I think we have always said that buyback is subject to the fact that if we are not able to, we don't have a visibility in terms of projects and so on, in that case, we will definitely step in. But otherwise, I don't think a buyback is on the horizon.

Moderator: The next question comes from the line of Darshita with DSP Asset Managers. Please go ahead.

Darshita: My first question is regarding the higher cost for setting up a granulation plant in India versus internationally. If you could just throw some light on what part of the entire process is higher cost in nature, and what would the cost differential be roughly?

Abhay Baijal: No, we did a theoretical exercise somewhere in the West Coast of India and at all the elements in terms of land and development and so on, port facilities and all that. What happens in this plant, Darshita, is that the main plant which is the Sulphuric acid plant, the phosphoric acid plant and the granulation plant. Beyond that, there are many other costs in terms of storages, in terms of gypsum disposal, in terms of raw material storage and so on. So, the outside battery limit, OSBL, that cost sort of overweighs even the cost of the ISBL, which is the inside battery limit cost. We have done these numbers a couple of times in terms of you have to put up infrastructure to transport the rock, to store the rock. If you are doing potash grades, you have to have a potash kind of a storage. You have to have a lot of stuff to store the ammonia because you don't have ammonia backups. You have to get ammonia tanks. They are very expensive items. So all of these taken together, it is the outside battery limit that causes a lot of cost increases. Plus, of course, we did that number and we had engaged some consultants for that.

A number which was not once taken into account and when you do the numbers, you take the higher limit, plus 20%, not the minus 20% what they quote. So, it was coming out to be more costly doing that than a JV outside.

Darshita: And secondly, I think someone already asked as to what is causing the delay on announcing the subsidy by the Government? We have been going round and round about it for a while now. But your best guess on why so much of a delay when we have already seen NPK production coming down significantly around the last quarter, and we are anyway facing issues with respect to procuring that?

Abhay Baijal: My assessment is that the Government was watching or still watching two things. What is the stock? What is the progress of El Nino? What is the situation of depletion of stock? And do they have enough pipeline for the next or first month of the Rabi season and all that? I would guess if I were sitting in some position in the Department of Fertilizers, this would be a thought process. So, it is a balancing act. The Government also has to look at its fiscal situation. They have already a policy, if you see, for urea where there is a cost plus, all costs are absorbed. They have a policy for DAP where all costs are absorbed. So, the question is only this, that what is their focus? Is this only their two grades and the other are sort of supplementary grades or maybe other grades with which they may not have that sensitivity? I don't know. My assessment is that possibly they are playing a balancing act on the NPK subsidy. DAP is open in terms of advantage, disadvantage and so on. It is more or less like urea now.

Darshita: And sir, just one last question on the e-token that has been announced I think in a few states so far where there is a restriction on how much urea and DAP can be bought by the farmers. How are you seeing this? What is the Government's thought process here according to you firstly? And secondly, do you see the consumption for DAP urea coming down in any case if this is implemented pan-India?

Abhay Baijal: Darshita, as far as I know there was an agitation 2-3 days back in Madhya Pradesh and the Government has suspended the e-token system.

Darshita: That's all from my side.

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

Abhay Baijal: Dear friends, I would like to thank you all for joining the call today and I hope we were able to address all your queries. If you have any other questions, you can reach out to our IR partners at Valorem Advisors. Thank you once again for participating in the call.

Moderator: Thank you. On behalf of Chambal Fertilisers and Chemicals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.