CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Ref. No.: CFCL/SE/2026-27/64 November 12, 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 letters bearing Ref. No. CFCL/SE/2026-27/56 & CFCL/SE/2026-27/58 dated October 28, 2026 and November 2, 2026, respectively 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 November 4, 2026, on the financial results of the Company for the quarter and six months ended September 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: 2026.11.12 14:19:15 +05'30'

(Tridib Barat)
Vice President - Legal & Company Secretary

Encl.: As above.

Chambal Fertilisers and Chemicals Limited
Q2 FY '27 Earnings Conference Call
November 04, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Chambal Fertilisers and Chemicals Limited Q2 and H1 FY 2027 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 touch-tone phone. Please note that 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 very 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 today's Earnings Call for the 2nd Quarter and first half of the Financial Year 2027. Before we begin, let me mention a quick 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. Audience is cautioned not to place any undue reliance on these forward-looking statements in making any investment decision.

The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial period under review.

Now let me 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 of Manufacturing Operations, Mr. Anuj Jain - Chief Financial Officer, Mr. Ashish Srivastava - Vice President of Sales and Marketing, 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: Good morning, everyone, and thank you for joining us on the conference call to discuss Chambal Fertilisers' performance for the 2nd Quarter and First Half of the Financial Year 2027.

The Indian fertilizer industry continued to navigate a challenging operating environment during the 2nd Quarter of the Financial Year 2027, with geopolitical uncertainties, elevated input costs, and uneven weather conditions across key agricultural markets. Geopolitical tensions, especially in West Asia, continued to put pressure on global supply chains, keeping energy-linked inputs, key raw material, and freight costs elevated.

Weather conditions also remained a key factor influencing agriculture activity during the quarter. The impact of El Niño and prolonged dry spells across several regions affected crop planting and application windows in various agricultural markets.

In India, uneven rainfall throughout the Kharif season created challenges for agricultural input demand, with the country recording a 12% rainfall deficit during the June and September period.

Global conditions for raw materials and finished fertilizers remain volatile and choppy. The impact that it has had on domestic fertilizer demand will depend on crop realizations, regional agricultural conditions, and affordability of farm inputs.

The Government of India has played and continues to play an important role in ensuring the availability of fertilizers and supporting the sector. We also remain focused on maintaining adequate product availability and ensuring efficient distribution to meet the requirements of farmers across our markets. We shall continue to monitor movement in global raw material prices, subsidy-related developments, and timely disbursement of subsidies, given their implications for procurement costs and working capitals.

A key policy development during the previous quarter was the government approval of the National Investment Policy for Urea-2026. The policy provides a framework for future investments in domestic urea capacity and supports India's objective of strengthening self-sufficiency in fertilizer production. We continue to undertake preparatory activities for a potential fourth urea plant, with investment decisions subject to government approvals, project economics, and approval by our board.

Turning to our operational performance during the quarter:

Our urea business recorded production of 9.13 lakh metric ton and sales volume of 8.0 lakh metric tons. Our complex fertilizer business recorded sales volume of 3.04 lakh metric ton during the quarter, supported by our procurement and distribution capabilities. We continue to focus on product availability and strengthening our portfolio to address the evolving nutritional requirements of farmers, with plans to introduce new NPK grades in the future.

Our Crop Protection Chemicals, Speciality Nutrients, and seeds business recorded a revenue of INR 325 crores during the quarter. We continue to focus on expanding our product portfolio and strengthening our presence across key categories, having launched 13 products in the first half of FY 2027, out of 14 products planned for FY 2027.

We also introduced new-age products across the herbicide, fungicide, and insecticide categories in Q2, while maintaining performance despite adverse agro-climatic conditions in certain territories. The biological business continues to strengthen and witness growth in both volume and revenue. Additionally, we strengthened our bio-stimulant portfolio with the launch of Uttam Aris Gold in Q1 and Uttam Fertilis in Q2 in partnership with Nutrien. Our biologicals business continued to witness continuous growth in volumes and revenues driven by increasing farmer acceptance and sustainable crop solutions.

We partnered with TERI to establish the CFCL-TERI Centre of Excellence for Advanced and Sustainable Agriculture Solutions, which will focus on research and development of new next-generation agricultural technologies.

I would like to point out the exciting development in terms of the plans to introduce 10 new products where IP rights shall be jointly owned between CFCL and TERI, and Chambal will have exclusive commercial rights globally on these products. Out of these 10 products, 5 products will be launched in FY 2028-2029, and data generation for registration have been initiated through ICAR and universities. The said products will leverage our market capabilities in horticulture, spices, cereals, sugarcane, and cotton crops. The rest of the five products are planned to be launched in FY 2030 and 2031.

Our seed-to-harvest programs continue to contribute towards improving farmer awareness and showcase product efficacy. During the quarter, Chambal conducted over 2,800 farmer meetings and crop seminars. We also laid 3,600 demonstrations of CPCs and products to show farm results with concept of seeing is believing. We 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 4.27 crore views. We have also partnered with progressive farmers as influencers to motivate other farmers to adopt modern practices.

Our Technical Ammonium Nitrate project started commercial production during the quarter with High Density Ammonium Nitrate (HDAN) plant, and has progressed well. Weak Nitric Acid (WNA) and Ammonium Nitrate Solutions (ANS) are operating at optimum levels, while HDAN is being ramped up. Product quality has also been well accepted by explosives' manufacturers.

Our joint venture, IMACID, resumed production during the quarter at lower capacity. Performance was influenced by the availability and pricing of sulfur and other operating conditions. We continue to monitor the global sulfur market and its impact on joint venture's profitability and all.

Finally, let me take you through the financial performance of the period under review:

On a standalone basis, revenue from operations grew 9% year-on-year to INR 7,000 crores in Q2 FY 2027, up from INR 6,413 crores in the corresponding quarter of last year. EBITDA stood at INR 901 crores with a margin of 12.87%, while profit after tax increased 6% year-on-year to INR 635 crores.

During the first half of the financial year, revenue from operations stood at INR 12,027 crores. EBITDA grew 9% to INR 1,752 crores, with the EBITDA margin expanding by 133 basis points. Profit after tax increased 8% to INR 1,338 crores, while PAT margin expanded by 89 basis points.

On a consolidated basis, revenue from operations grew 9% year-on-year to INR 7,000 crores, up from INR 6,413 crores in corresponding quarter last year. EBITDA at INR 900 crores with margin of 12.87%. Profit after tax was INR 632 crores with a PAT margin of 9.03%. During the first half of the financial year, consolidated revenue from operations stood at INR 12,027 crores. EBITDA grew 9% to INR 1,752 crores, EBITDA margin expanding by 133 basis points. Profit after tax stood at INR 1,156 crores.

On subsidy flows, we received subsidy of approximately INR 3,300 crores during the quarter. As of 30th September 2026, the total receivables stood at INR 4,818 crores, comprising market debtors of INR 661 crores and subsidy receivables of INR 4,157 crores.

Coming to segmental performance:

Our urea segment reported revenue of INR 4,629 crores during the quarter, compared to INR 3,317 crores corresponding period last year. Segment EBIT stood at INR 668 crores with margins at 14.44%.

In the complex fertilizer segment, revenue stood at INR 1,978 crores compared to INR 2,721 crores in the corresponding quarters. Segment EBIT was INR 78 crores with margins at 3.97%.

The Crop Protection Chemicals, Speciality Nutrients, and seed segment recorded revenue of INR 325 crores during the quarter compared to INR 374 crores in the corresponding period. Segment EBIT stood at INR 87 crores with margins of 26.76%.

The Technical Ammonium Nitrate segment recorded revenue of INR 67 crores during the quarter. Segment EBIT stood at INR 12 crores with margin of 17.97%.

Overall, the first half of FY 2027 reflects our continued focus on operational efficiency, prudent procurement, and disciplined management of our businesses amid challenging environments. Looking ahead, the operating performance and environment will remain influenced by geopolitical developments, global raw material prices, and weather conditions. The commencement and ramp-up of our Technical Ammonium Nitrate project, the continued development of value-added businesses, and potential for future urea capacity expansion under the National Investment Policy provide opportunities to strengthen our business profile.

We remain focused on operational efficiency, capital allocation, and sustainable value creation for our stakeholders.

With this, I would like to hand it back to the moderator and open the floor for question and answers. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. We will take the first question from the line of Sarthak Jain, an individual investor. Please go ahead.

Sarthak Jain: Yes, good morning, sir. Thank you for the opportunity. I just have a couple of questions. Firstly, our EBITDA margin held at 12.1% despite higher input costs and industry headwinds. So, which segment absorbed the pressure, and which offset it?

Abhay Baijal: No, I would say that if you were to go through, I just mentioned the Urea, NBS, (that is the traded fertilizers) as well as TAN. I would say that the one that really absorbed the pressure in prices was the traded fertilizer segment. As you know, in urea, we are operating and we have operated up to capacity with more efficiency, so that part was taken care of in terms of efficiency parameters. We could maintain better margins. But as far as the other sectors like nutrient-based subsidy fertilizers, NPK fertilizers, which we normally import, the price pressures were felt there.

Sarthak Jain: Okay, sir. What is the range we are looking in for this EBITDA margin in Financial Year 2027-2028?

Abhay Baijal: I am not in the business of giving guidance, but I would say that we will more or less maintain this for the 3rd Quarter. Going forward in the 4th Quarter, we will see; because of the issues and the geopolitical situation. Once we are clear, then we will be able to put a finger on that. But as of now, I see clear visibility that maintaining our margins in 3rd Quarter is possible. 4th Quarter, we shall see.

Sarthak Jain: Okay, sir. Yes. Thank you, sir, for your time.

Moderator: Thank you. We will take the next question from the line of Rohit Singh, an individual investor. Please go ahead.

Rohit Singh: Yes, hi.

Moderator: I am sorry, Mr. Singh, you are not audible. I would request you to kindly use your handset, please.

Rohit Singh: Yes, hi. Can you hear me now?

Moderator: Yes.

Rohit Singh: Yes. I was just saying, thank you very much for the opportunity, firstly. I have a question. How did the below-normal monsoon affect Kharif offtake? Apart from that, I also wanted to know what El Niño means for Rabi sowing and fertilizer demand, sir?

Abhay Baijal: I will start with El Niño. What we have seen in El Niño this year is scattered, scanty kind of rainfall, and in terms of the timelines we would normally expect in a monsoon, which is mostly active from June and somewhere up to September, there have been delays in terms of at least 15, 20 days or up to a month. That's what El Niño has meant. It has also meant, as I said, 12.7%

overall less in terms of rains all over the country. But there have been certain states which have been much more hit, and that always happens in terms of spatial distribution. Some parts of Karnataka, some parts of Maharashtra, they have been very badly hit. Some parts of Rajasthan have been very badly hit. Others have been moderately affected.

Those states which are normally well-irrigated, like Punjab, Haryana, as well as UP, there have been steady operations there, more or less. But somewhere, it has also meant that the sowing has been late. That is what we have seen in terms of El Niño. So, what it does is that in terms of your distribution patterns, in terms of how you place the material, you can get situations in which working capital cycles will lengthen, your removal from the channel inventory will slow. These are the impacts that have been visible during this El Niño, although we have not suffered so much materially in terms of volumes.

Rohit Singh: Okay, sir. Okay, makes sense. Also, another question I had. What are your expectations for Rabi NBS rates, and how did the delay in announcement affect the Q2 numbers, provisions, and apart from that, also import decisions?

Abhay Baijal: That's a very relevant question. We are still awaiting the announcement of the subsidy for the Rabi period. It's long overdue. I believe the Government is working very hard, and maybe in a matter of days, if not immediately, some information on that would come. Obviously, when we have been working in this business, we have some expectations of how the subsidy will behave going forward. We have taken certain prudent decisions in terms of imports. We have stocks to sell in Rabi. We are well positioned for that. That's not a very big issue. As far as other parts of the business, like crop protection and specialty nutrients are concerned, they are not influenced by NBS decisions. They are more influenced by how the cropping pattern would be going forward. We have focused on certain herbicide segments, especially for wheat and so on, where we know that there is plenty of demand coming up in the Northern states. We are positioned basis both the expectation on NBS subsidy as well as the cropping patterns post the monsoons that we have seen.

Rohit Singh: Okay, sir. That actually clears it out. Thank you very much for the opportunity, sir. All the best for your future.

Moderator: Thank you. We will take the next question from the line of Himani Badetia from ICICI Prudential AMC Limited. Please go ahead.

Himani Badetia: Hi, sir. Thank you for the opportunity. I just had two questions. One is on the e-token facility. What are your thoughts on the same? Can e-token impact the urea sales volume in the country, and especially in our regions?

Abhay Baijal: Yes, e-token, I think this was a question last quarter as well. E-token is an evolving situation. What it does is that the farmer is led to a geo-fenced retail point within his location. The question here is, how do we ensure that our shelf space is occupied because the farmer is, to some extent now, agnostic on which retail counter he goes. Our point is here, and our marketing team's effort is to create enough saturation in the retail segment in order to be available in terms of the product, whichever we want to sell, whichever fertilizer we want to sell. And having

that stocked up properly, I think, the key to making it available to the farmer at the point where he goes to buy the fertilizers. That is one thing.

Of course, we have seen that sometimes it happens that he goes to a different retailer than where you have supplied, and sometimes there could be situations where the sales could suffer in the process. But we are now getting on top of it, and our marketing people know how to tackle this issue, and we are developing our own sort of processes to see that this is taken care of.

Himani Badetia: Thank you for answering that. Just one thing on that. There are chatters that e-token facilities could also restrict the usage that the farmer uses per hectare. Is that true? Does that have an impact on the sales volume?

Abhay Baijal: I really don't know whether that would be a prudent decision, because the fact is that the farmer is the best expert on his own soil and its capabilities. He knows what response, what fertilizers give less or more. The government can definitely, I would say, ration to some extent, the extent of urea or the extent of certain DAP and all that. But I don't know whether that will have the right kind of impact. I would also ask Mr. Ashish Srivastava to put his thoughts on this.

Ashish Srivastava: Okay, Himani, even if it's going to happen, this restricting the per-hectare usage, you will move towards the integrated nutrient management, which was a longstanding demand of the country. I think it's a good sign that farmers started using an integrated nutrient instead of a lower-priced fertilizer. I think we are moving in the right direction.

Himani Badetia: Okay. Understood, sir. Thank you for answering that. Just one last thing. So, on our TAN manufacturing, within 40 days of production, we have generated 18% margins, commendable. I just wanted to understand how should one look at the sustainable margins for the TAN business?

Abhay Baijal: I would only say that we entered the market at the worst possible time. When we entered the market, demand was low, and there was plenty of pressures in terms of competitive pricing levels. I look forward to much better performance going forward with a lot of confidence. And I am sure Mr. Vivek Misra, who's sitting next to me, can add his thoughts on this issue.

Vivek Misra: Yes, Himani. Thanks for the question. As Mr. Baijal mentioned, our entry was at the time when it was a low season, and there were competitive pressures. Now as we have established ourselves, the supply chains, etc, established, we are also looking into efficiencies of transportation, etc. We expect the margins to be improved in the coming quarters.

Himani Badetia: Understood. Thank you so much for taking the time to answer the questions. Thank you.

Moderator: Thank you. We will take the next question from the line of Aakash Maji from IIFL Capital. Please go ahead.

Aakash Maji: Hello, sir. Thank you for taking my question. First of all, congratulations on a good set of numbers in these challenging times. I have a couple of questions. The first being regarding urea.

Can you please share the production and sales volume for urea split between Gadepan-I, II, and III?

Abhay Baijal: Mr. Jain to give the information.

Anuj Jain: Gadepan-I, we have done 2.81 lakh tons, Gadepan-II, 2.60 lakh tons, and Gadepan-III, 3.49 lakh tons.

Aakash Maji: Okay. And the production numbers?

Anuj Jain: Yes, production in Gadepan-I is 2.89 lakh tons, Gadepan-II 2.56 lakh tons, and Gadepan-III is 3.68 lakh tons.

Aakash Maji: What would be the sales volume?

Anuj Jain: Sales I told you before.

Aakash Maji: Okay, got it. Second question on the TAN project. What would be the sales and production volume for these 40 days?

Abhay Baijal: I will again ask Mr. Jain to give you.

Anuj Jain: These 40 days, we have produced about 16,000 tons of WNA, weak nitric acid. ANS and HDAN put together, we have produced about 9,500 tons.

Aakash Maji: Okay. On this TAN project, can you give any color on how you see the ramp-up of this project in Q4 and FY 2028?

Abhay Baijal: As we speak, ANS and HDAN are running almost 80%-85% to capacity. We will ramp up the balance 15% as demand grows and our logistics are set right in terms of getting more markets in various areas in India. And subject to how the plant behaves and we are able to run, I think we have an exciting time ahead in terms of the TAN business.

Aakash Maji: Okay, sir. Thank you. That's it from my side.

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

Sandeep Mukherjee: Sir, my only question is that, what is the gas cost for the quarter and what is it currently?

Anuj Jain: For Quarter 2, the gas cost was around $20.2 on NCV basis, and currently it is about $24 plus on NCV basis.

Sandeep Mukherjee: $24?

Anuj Jain: Yes, $24.5 around.

Sandeep Mukherjee: Okay, sir. Thank you. Thank you very much.

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

Falguni Dutta: Yes. Good morning, sir. If you can just give some view on the current Technical Ammonium Nitrate demand-supply situation, and how have the prices been in the beginning of the quarter and let's say now?

Abhay Baijal: I will ask Mr. Misra to give an answer.

Vivek Misra: Yes, thanks, Falguni, for your question. In terms of demand and supply, as we know that currently, so far, India has been importing roughly around 4 lakh tons of ammonium nitrate into the country. Moving forward, as the capacities have added up and there is more competitiveness within the industry, this import volume is likely to go down. At the same time, there is demand generation of roughly around 2.5-3 lakhs tonnes every two to three years. We expect that demand will continue to grow roughly around at the rate of 6%. The import of coal is reducing this year, so that again will further add to the demand. We expect that the volumes which are available with the producers, there will be enough market for everyone to be able to place the volumes.

Falguni Dutta: Okay. Thank you. On the pricing?

Vivek Misra: On the pricing, as we know that there are imports which come to the country. Normally, some guidance is available from the imports as well as the domestic players like RCF and GNFC. The prices are completely market-driven, and we move around those prices. We expect that now with the demand increasing in the 3rd and 4th Quarter, the pricing power to become stronger, and the margin should improve in these two quarters.

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

Vivek Misra: Thanks.

Moderator: Thank you. Thank you, sir. The next question is from the line of Arindam Mukherjee, an individual investor. Please go ahead.

Arindam Mukherjee: Good morning. Am I audible?

Abhay Baijal: Yes, you are.

Moderator: Yes, you are audible, sir.

Arindam Mukherjee: Thank you for the opportunity, sir. My first question is regarding the receivables. Subsidy debtors are INR 4,157 crores, which is 2.1x since March, and H1 subsidy receipts fell 9%. How much of the subsidy receivable relates to urea gas escalation versus P&K?

Anuj Jain: Thank you, Arindam. The urea escalation is about INR 1,150 crores. There are also stocks which remain under pending POS clearance. That is another about INR 1,000 crores. There are then pending POS on the P&K side as well, which is another INR 500 crores. In addition to that, on

DAP, you have the advantages and disadvantages formula, which is normally calculated after the season is over. That is another INR 350 crores, INR 360 crores on this account. I mean, the payment they have made of urea, they made the payment for some plants upto second week and for some plants upto first week of September. P&K, they have paid till August. I only want to add further that in the month of October, we have received about INR 1,300 crores against these receivables.

Arindam Mukherjee: Okay, got it. Thank you for the clarification, sir. I have just one more question. For the complex fertilizers, the volumes fell 30%, and segment assets are up 36% YoY. What is the inventory cost versus replacement cost, and what margin per ton do you expect in Rabi?

Abhay Baijal: I will put it this way. You are right that as I mentioned in my opening remarks, there have been continuously escalating prices of materials that we have purchased. So, whatever inventory we charged to revenue, when it got replaced, it got replaced with higher cost. However, we have been able to maintain more or less the same margins. The only difference in volume has been that we have soft-pedaled or dialed-down DAP sales by almost 1.5 lakh tons, which as you know, currently is a fixed-margin business, and we did not find it attractive enough to trade so much in DAP. As far as other fertilizers are concerned, we have strategically positioned ourselves for the Rabi season, and I am sure that we will be able to get more or less similar margins. I am not saying the same level of margins, but still similar margins going forward.

Arindam Mukherjee: Thank you, sir. Thanks a lot. That will be all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Saania Jain from Care PMS. Please go ahead.

Saania Jain: Hi, thank you for the opportunity. First question is on the Gadepan-III benefit, because it's nearing expiry. Could you update us on any discussions with the Government regarding its continuation or discontinuation? What would be the potential impact on the company's EBITDA if the benefit discontinues?

Abhay Baijal: Are you talking about the third plant? Which benefit are you talking about?

Saania Jain: Yes, Gadepan-III plant.

Abhay Baijal: Yes. You are right. We are continuing discussions with the Government. The Government is actively engaged with us, and there are various departments where this white paper is doing the rounds, and we are following that with great interest. As of now, we do not have very much visibility where they are going to end up with, and I am sure that the moment we get an information, we will definitely share it with the stakeholders. That is number one. Definitely, there will be an impact on EBITDA going forward. What is the quantum of it? That we will know, I think, very soon, because the policy expires by end of November, and 1st of December starts with the new policy. So, I think it's only a matter of days.

Saania Jain: Okay. On the other expenses, it has increased substantially. Is this largely attributable to the higher freight and logistics cost and farm cost?

Anuj Jain: No, you see, other expenses also include power and fuel, which is part of the gas cost. As the gas prices have gone up, the major impact is on account of that. Rest is corresponding to the volumes.

Saania Jain: Okay, got it. Last question from my end, has there been any inventory write-down, especially in the NPK segment in this quarter?

Abhay Baijal: Could you repeat that, please? We are not very clear.

Saania Jain: Am I clear now?

Abhay Baijal: Yes.

Saania Jain: Has there been any inventory write-downs in this quarter, especially in the NPK segment?

Abhay Baijal: Absolutely not.

Saania Jain: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Prashant Biyani from Elara Securities. Please go ahead.

Prashant Biyani: Yes, thank you for the opportunity. Sir, what would be the status of the new urea plants for which Government has invited applications? At which stage of evaluation, it is with the Government?

Abhay Baijal: According to my understanding and knowledge, it is in the final stages. There have been many rounds of deliberation with the Government, have gone through this entire process in a very scientific manner in terms of why they want, what they want in terms of total capacity, in which type of plants they want the capacity, whether Greenfield and whether it is Brownfield, and who are the proponents who are capable of doing the project in the shortest possible time. Taking all that into account, I think they have had several rounds of discussions. My understanding is that it should be out very soon.

Prashant Biyani: Are they going to accept all the applications? I think, if I am not wrong, around seven to eight of them have been there with the Government. What is their preference? If you can highlight some of the points without divulging too much.

Abhay Baijal: I cannot really read the Government's mind because there are many considerations. But I think when we are talking about capacity, the first thing that they would look to see or see is which plants would be capable of coming in the shortest possible time. Of course, those Brownfield projects who have got existing infrastructure, those are the proponents who would get the highest priority. Of course, they also want to spread out the production capacity throughout the country, so Greenfield will come next. Alternate technologies are also possible, which they are thinking of, such as coal gasification and so on. But that is in between. We do not know what exactly the Government are thinking in those lines. But my view is that the waterfall is Brownfield followed by Greenfield.

Prashant Biyani: Right. Sir, by end of November, how much can we produce from Gadepan-III plant?

Abhay Baijal: See, as the current trend rate goes, I think (+9) lakh tons.

Prashant Biyani: Right. Okay, sir. Thank you, so much and Happy Diwali, to you.

Abhay Baijal: Thank you so much.

Anuj Jain: Happy Diwali.

Moderator: Thank you. The next question is from the line of Nithin Renjith from Frontline Access Capital. Please go ahead.

Nithin Renjith: Thanks for the opportunity and advance Diwali wishes. I was hoping, you know, you had touched upon the fact that we have commissioned the TAN plant about two months back. The depreciation expenses haven't inched up much, and I think it has gone up from INR 89 crores to maybe INR 100 crores, quarter-on-quarter or year-on-year. I believe that the total project cost was something like INR 1,500 crores or INR 1,600 crores. What sort of increase in depreciation should we build into our estimates? That's my first question. Thank you.

Abhay Baijal: Mr. Renjith, I am happy to tell you that if you are talking about the project capitalization and the total cost, we have managed it pretty well within the numbers that we talked about. Although the capitalization exercise is not yet complete, some of the books are open on that. But I would say that we have closed it at INR 1,500 crores.

Nithin Renjith: Okay. What about the estimated. Once this fully gets operational, what sort of depreciation expenses are we looking at? Is it something like maybe INR 100 crores on a yearly basis, excluding the land component, just to build some sort of estimates for the next year?

Abhay Baijal: It is about INR 70 crores.

Nithin Renjith: It is about roughly maybe INR 15 crores a quarter that, sir. Got it.

Abhay Baijal: Per quarter, yes, if you are talking about. Yes, in that range.

Nithin Renjith: When do you think, the plant is going to reach break-even status? I know the pricing is kind of busy right now, but is it maybe a year down the line? When do you think the capacity utilization is something going to be maybe 60%, maybe 70%?

Abhay Baijal: I think you missed out my earlier answer to a question. I already told one questioner that it has already crossed 83%, 84% in terms of total capacity utilization. That we are already there. In terms of breakeven, I would say that our fixed costs on this are very low and the depreciation is the only major cost here. Interest isn't there because we have not borrowed anything. More or less, the EBITDA mostly translates into PAT after depreciation & taxation.

Nithin Renjith: Basically, if things stabilize, this could be EBITDA margin-centric in a sense.

Abhay Baijal: There, we focus more on EBITDA because that's the real growth which the business operates on, is EBITDA. That's the basic driver of the business. That's what we are looking at improving, as Mr. Misra just pointed out some time back, where we are entering a season where the prices will remain better, our margins will improve, and with capacity utilization being there and market acceptance of our products. I think, as I said, we are looking to an exciting two quarters ahead.

Nithin Renjith: Got it. Finally, with respect to the new urea policy, I think you have touched upon this a few times already in the call. Do you think the policy is not in doubt, but even if there is an impact, I believe that the impact would be in the low single digits, right? From a margin point of view.

Abhay Baijal: I can't get you exactly. What are you really talking about?

Nithin Renjith: I am talking about the new urea policy.

Ashish Srivastava: Urea policy.

Abhay Baijal: New urea policy, is that what you are talking about? The new plants that you are talking about? New investment policy?

Ashish Srivastava: He is dropped off.

Anuj Jain: I think he dropped already. There is no current question.

Moderator: Yes, sir. That is correct. The line for the participant has been disconnected. We will move on to the next question.

Abhay Baijal: Yes.

Moderator: We will take the question from the line of Rakesh Khanna, an individual investor. Please go ahead.

Rakesh Khanna: Good morning, sir. My question is basically relating to the other expenses. The run rate used to be around INR 1,100 crores-INR 1,150 crores. Now it has moved to INR 1,650 crores. So, partly I understand from the call that it is because of power and fuel, but were there any other major expenses which led to this increase? Can we see normalization going forward in the coming quarters? Thank you, sir.

Abhay Baijal: See, I would say that we could explain 85%-90% of this increase basically because of the power and fuel and unless that normalizes, that run rate will not come down. I will ask Mr. Jain to shed more light on this.

Anuj Jain: You see, there is an increase of about INR 500 crores-plus in the power and fuel cost, which is the difference here. It is majorly on account of power and fuel.

Rakesh Khanna: Got it, sir. Thank you.

Moderator: Thank you. The next question is from the line of Prashant Kumar, an individual investor. Please go ahead.

Prashant Kumar: Hi, good morning.

Abhay Baijal: Good morning.

Prashant Kumar: Yes, congratulations for good set of number in this kind of global conditions. I would like to know about the subsidy. So, how do we see our subsidy by the end of the year?

Abhay Baijal: Mr. Prashant, I would just put it this way that as long as the prices remain elevated, this subsidy problem would be also in a similar situation of going up, because the government normally does a provisional pricing for urea especially, and that is revised on an annual basis. Although we have asked for provisional prices given the very steep rise, it also depends on the government's finances. But my own view is that given what Mr. Jain just said some time back, that he received INR 1,300 crores in October, the government is quite sensitive and accept that they have to now work on the escalation factor for the prices. If they are able to turn that file around quickly enough, my view is that we will be under control. But in case there is a chance that we run flat out and the prices remain elevated at the $24 level that was talked about, definitely there will be a further increase.

Prashant Kumar: All right. So, one more question is Board considering any kind of buyback, the Company's valuation is so cheap that we should go for any escalation of investor-related benefits.

Abhay Baijal: Yes. I take your suggestion, but it is more for the major shareholders to take a call on this. We normally do not give these kind of suggestions to our major stakeholders.

Prashant Kumar: All right. Thank you very much.

Abhay Baijal: Thank you.

Moderator: Thank you. The next question is from the line of Pavan Mahad, an individual investor. Please go ahead.

Pavan Mahad: Yes, thank you. From your presentation, I see that there is viability under the new investment, urea investment policy, viable return on equity band, of 12%-16%. Can you please explain more in the backdrop that in the previous call, you mentioned that government would not get into analyzing what is the CAPEX for the plant, and they would just give you a fixed charge and a variable charge. Can you please explain? I think there is a difference, because if there is a floor and ceiling to the ROE, that means the government would then see what is the CAPEX for the project.

Abhay Baijal: I think, Mr. Mahad, you have asked a very relevant question in this, and I would like to further elaborate on what I said last time. This is a normative policy in which the government itself believes that the projects would earn between 12%-16%. It is up to the companies or who are putting up the project to create conditions by which they could improve their margins even

more. Now, how that is done is a matter of strategy in terms of financing, in terms of how certain tax benefits are availed, in terms of how we work out the project in terms of efficiencies and capacities to produce, and so on. The government is not going to cap ex post facto on 12% and 16% looking to individual projects' costing. It is just given a normative range in which it believes that this would be the possible 12%-16% range. That's about it.

Pavan Mahad: In that case, they would be assuming that a Brownfield project will cost so much, and the debt equity, they would make some assumption on it, right?

Abhay Baijal: Yes, that is exactly. When they have written up the policy, Mr. Pavan, they have thought about these things, and that is how they have calculated it. Now, for instance, if we were to do a better efficiency than what they thought, if we were to do a better production than what they thought, then naturally our returns will go up. They are not going to cap it ex post facto.

Pavan Mahad: Got it. There was a mention somewhere in the press release that, for the first four years, the conversion charges or variable charges would be linked to dollar, and then after that moves to rupee. I assume to rupee.

Abhay Baijal: No. This is for the first four years of the implementation of the project. See, these projects take between three to four years or five years to conclude. These are very long gestation projects because to build it up itself is a task. What they are saying is, because there is a big dollar component in the project, they want to insulate the project proponents from fluctuating dollar prices. What they are going to do, that they will take the first four years and then take an average dollar price, and on that basis, they will fix your fixed charges, which is at $133 or $151, as the case may be, multiply that number by that dollar number to give you a certain fixed cost. That is about it.

Pavan Mahad: Okay. The existing, the Gadepan-III plant, can you please just give us some broad range? Like, for example, let's say the CAPEX for that unit would have been, my guess is, INR 5,000 crores-INR 5,500 crores. Then there is some working capital that is involved, and I assume that the Government would work on some ROCE broadly, right? If you can explain what could be the outcome for us.

Abhay Baijal: Mr. Mahad, I wish I could share that number with you.

Pavan Mahad: You can give us a range.

Abhay Baijal: Yes, the range can be as wide as, let's say INR 6,000 to anything up to INR 9,000, INR 8,000, whatever. That can be anything. That depends ultimately on the government's own thinking on this matter, and I would not like to second-guess what they are thinking right now.

Pavan Mahad: So, INR 6,000-INR 8,000 per ton is the impact band, or INR 9,000, let's say. It could be even more or less, that's fine. We understand that. What would be the capacity for that Gadepan-III plant, so that we can understand in absolute crores what is the range?

Abhay Baijal: The capacity that is there is 12.7 lakh metric tons, right? That is what the stated capacity of the plant is.

Pavan Mahad: It could be an impact of more like INR 700 crores-INR 1,000 crores in terms of EBITDA. That is pretty high.

Abhay Baijal: I do not know. At this point of time, I cannot really second-guess what they are going to do. We have our representations with them. This range can be anything, and the government would like to obviously reduce it as much as possible. But we have also a very logical case in terms of how it has to be worked out.

Pavan Mahad: Okay. What would be the EBITDA right now from, let's say, Gadepan-III plant?

Abhay Baijal: Well, currently we are operating at $155 per ton.

Pavan Mahad: $155. Okay. So, that's more like INR 14,000-INR 15,000.

Abhay Baijal: Yes, but there are expenses below that.

Pavan Mahad: Okay. You tried to help. I wish you could help a little more. So, we get some sense.

Abhay Baijal: You are welcome to talk to us offline on this issue.

Pavan Mahad: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for closing comments. Thank you, and over to you, sir.

Abhay Baijal: Thank you, Purvangi. Thank you all for taking the time and participating in our Earnings Call today. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, please reach out to our investor relations managers. Happy Diwali to you all. Thank you very much.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Chambal Fertilisers and Chemicals Limited and Valorem Advisors, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.