

CHAMBAL FERTILISERS AND CHEMICALS LIMITED
Record of proceedings of Institutional Investor Meeting

1.	Date of Meeting	February 11, 2022
2.	Venue of Meeting	Virtual
3.	One on One meeting with Capital Research Global Investors	
4.	Company Representative	Mr. Abhay Bajjal, Chief Financial Officer
5.	<p>Gist of Discussions</p> <p>The main points of discussion were as under:</p> <p>I. The background of the Company and history of setting up the plants was explained. The Company is having three plants to manufacture Urea and it is managed professionally. Gadepan-I plant was set-up in the year 1994, Gadepan-II plant was set-up in the year 1999 and Gadepan-III plant was set up in the year 2019.</p> <p>II. It was explained that Gadepan-I and Gadepan II plants are covered under the policy of the Government of India in which the profitability is based on return on net worth formula. At the time of inception, the cost plus regime of Government of India included in the subsidy policy considered return on networth of 12%. The profitability of these plants depends on efficient operations which is achieved mainly by energy efficiency, cost controls and scaling up operations by continuous investments. In case of failure to do so, it will fall behind its profitability which has happened in many other companies in this sector.</p> <p>III. The Gadepan-III plant of the Company is covered under the New Investment Policy 2012 ("NIP 2012"). Under NIP-2012, the Government of India has done away with the concept of individual unit cost exercise and given a fixed amount of USD 155 per MT in addition to the gas cost which is a pass through on actual basis. Further, NIP-2012 also introduced the Impart Parity Price linked regime to incentivize the urea units.</p> <p>IV. The Government of India is paying subsidy in time since the last 2 years.</p> <p>V. The Government of India has opened up the phosphatic and potassic (P&K) fertiliser business by implementation of nutrient based subsidy ("NBS") policy in the year 2010. Under NBS, a fixed amount of subsidy, decided on an annual basis, is provided on each grade of subsidized P&K fertilizers depending on its nutrient content and the MRP of such P&K fertilisers is fixed by companies. The non-urea bulk fertilizers is a growing business of the Company. The Company has now portfolio of around 1.7 million MT per annum of non-Urea fertilisers and it is focusing in new geographies to expand its presence and has made a good start. The Company mainly focusses on trading in Di-Ammonium Phosphate which is most</p>	

Abhay Bajjal



important for the North India market. However, other non-urea bulk fertilizers are also growing and the Company is also focusing on other fertilizers.

VI. The Company shall continue to exploit opportunities in other adjacencies in terms of geographical, product portfolio, returns and marketing channel expansion, customer overlaps, etc.

VII. The Company shall utilize the excess Ammonia available in its operations for manufacture of Technical Ammonium Nitrate ("Ammonium Nitrate"). The size of the Ammonium Nitrate market in India is around 10 lakh per annum with compounded annual growth rate of around 6% to 7% fuelled by infrastructure spending creating demand for coal, steel, power, etc. The Company will have advantage of better logistics and lower capital related costs due to better weighted average capital cost.

Anand Singh

