

**Chambal Fertilisers and Chemicals Limited**

**Record of Analyst / Institutional Investor Meetings**

1	Date of Meetings	November 11, 2019
2	Venue of Meetings	Mumbai
3	One-on-one meetings with UTI Mutual Fund, DSP Mutual Fund, ICICI Prudential Mutual Fund, Kotak Mutual Fund and Old Bridge Capital Management Pvt. Ltd.	
4	Company Representatives	Mr. Anil Kapoor, Managing Director and Mr. Abhay Bajjal, Chief Financial Officer
5	<p><b>Gist of Discussions</b></p> <p>The presentation as submitted to the stock exchanges on November 8, 2019 and uploaded on the website of the Company was discussed.</p> <p>The other related main points of discussion were as under:</p> <ul style="list-style-type: none"> <li>i) The careful selection of technology and contractor, fast decision making process in the Company and continuous monitoring of construction by its project management team has enabled the Company to commission the new Urea Plant in time.</li> <li>ii) The new Urea plant of the Company is operating at full capacity and Urea produced from the new plant is well accepted in the market.</li> <li>iii) As a part of succession planning, the Company has appointed Mr. Gaurav Mathur as Whole Time Director designated as Joint Managing Director.</li> <li>iv) It was informed that the Government of India has not yet issued any policy regarding subsidy payment for production of Urea beyond 100% capacity in the new Urea Plant.</li> <li>v) The details of outstanding subsidy and debt of the Company as given in the presentation were explained apart from cash generation from operations of the Company as per the results for six months ended September 30, 2019. The capital investment for maintenance of the plants is around Rs. 50 Crore per annum. The repayment of loans taken for new Urea plant has started in September 2019.</li> <li>vi) Considering the loans taken by the Company for new Urea project, the debt-equity ratio of the Company is on the higher side. With repayment of loans and improved financial performance, the debt-equity ratio of the Company will improve gradually. In the short term, the Company will focus on deleveraging through reduction of debt.</li> <li>vii) The Company is managing its working capital requirement through working capital limits with the banks and commercial papers. The high level of outstanding subsidy is resulting higher finance cost which in turn impacts the bottom-line of the Company.</li> <li>viii) The level of inventories of P&amp;K fertilisers in the channel was on the higher side. However, considering its brand image and quality of the products of the Company, it does not foresee any problem in liquidation of its inventories of P&amp;K fertilisers.</li> <li>ix) The new Urea plants under construction in the country are likely to be commissioned within next 2.5 years. These plants are located in the eastern part of the country where per hectare fertiliser use is low. Hence, these are not likely to materially affect the core marketing territory of the Company. Punjab and Haryana being saturated, the Company is concentrating on Madhya Pradesh and Rajasthan for increasing the sale of its products.</li> <li>x) There is a stress in the fertiliser sector due to delays in disbursement of subsidy by the Government of India as it impacts the bottom-line of the fertiliser companies. There is possibility of consolidation in the fertiliser industry due to continuous financial stress.</li> </ul>	

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- xi) Presently, under the Direct Benefit Transfer (DBT) scheme, the subsidy is being paid to the manufacturers on the basis of sale of fertilisers to the farmers. The Government of India may like to implement DBT fully in the long run where the payment of subsidy is made directly to the farmers but its impact on the farmers will be significant as the subsidy portion is substantial. In the Company's view, Government of India may implement DBT for payment of subsidy directly to farmers on trial basis in few districts before it considers implementation at a national level.
- xii) The allocation of fertilizer subsidy in the Union budget is likely to cover the subsidy payment for the material sold till August 2019 for Urea and October / November 2019 for P&K fertilisers. There is a possibility of Government of India coming out with special banking arrangement for payment of subsidy in the last quarter of Financial Year 2019-20 but there is no decision so far in this regard.

