



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

January 06, 2016

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

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

Sub: Record of Analyst / Institutional Investor meetings

Dear Sir,

In continuation to our letter dated January 05, 2016, we are enclosing herewith record of Analyst / Institutional Investor meetings held on Tuesday, January 05, 2016.

You are requested to take the same on records and notify your constituents accordingly.

Thanking you,

Yours sincerely,
for **Chambal Fertilisers and Chemicals Limited**

Rajveer Singh
Assistant Vice President – Legal & Secretary

Encl. : a/a

Chambal Fertilisers and Chemicals Limited

Record of Analyst/ Institutional Investor Meetings

1	Date of Meetings	January 5, 2016
2	Venue of Meetings	Mumbai
3	Type of Meetings	1) One-on-One meeting with UTI Mutual Fund 2) Group Meeting with Goldman Sachs Asset Management, SBI Mutual Fund, ICICI Prudential Life insurance Company Limited, Reliance Capital Asset Management Limited, Tata AIA Life Insurance Company Limited, LIC Nomura Mutual Fund. Bank of Baroda Pioneer Fund did not attend the meeting. The meetings were organised by ICICI Securities Limited
4	Company Representatives	Mr. Anil Kapoor, Managing Director and Mr. Abhay Bajjal, Chief Financial Officer
5	Did discussions involve Unpublished Price Sensitive Information	No
6	Gist of Discussions	<p>The discussions revolved around the Fertiliser Industry and the Company information already available in public domain. The main points of discussion were as under:</p> <p>a) Proposed Ammonia – Urea Project of the Company at Gadepan:</p> <p>i) The Company management team explained that the annual demand - supply gap of Urea in India is estimated at 7.2 Million MT by FY 2018-19 having regard to the CAGR growth of 2-3% in Urea demand. In the Company's marketing area, there is a likely annual shortfall of around 4.1 Million MT of Urea which can very well absorb the extra production from the proposed plant of the Company. Moreover, the New Investment Policy 2012 ("NIP") of the Government of India provides for reasonable returns and it is in the interest of the Company to invest in Urea sector from a long term strategic perspective.</p> <p>ii) Questions were raised on the viability of the project on the basis that there could be cheaper imports, or it would have been better to set up the plant in the geographic region where gas is available at lower cost. It was explained that NIP is a well thought out decision of the Government of India as Urea is closely linked to the food security of the country. Inputs for all other fertilizers other than Urea lie outside India, and self-sufficiency is difficult therein. The self-sufficiency is necessary in the Fertilizer sector and the Urea is one sector where it is feasible to achieve expeditiously. The countries, where gas is available in abundance or gas pricing is attractive have difficult terrain to handle or facing law and order issues. The only attractive territory is North America where capital costs are very high. However, after taking into account capital charges and the higher conversion costs due to the wage differentials, there is no substantial difference in the delivered cost of product at the farm gate.</p>

Amulya

Abhay Bajjal

iii) The nuances of NIP were explained by the management team. The analysts expressed apprehension that gas cost pass through mechanism enshrined in NIP was limited to USD 14/MMBTU. The management team clarified that this was not so, rather the floor and ceiling as given in NIP would merge after USD 14/MMBTU.

iv) The query was raised about the scenario post the 8 years 'safe' period under NIP after which Urea Policy dispensation for the new investment is unknown. The Management explained that the Company should be well placed for exigencies in the market place as the new plant is expected to be most energy efficient unit in the Country and most of the project loans would have been repaid by that time.

v) The questions were raised on the Financial Closure for the Project. The management team replied that there was good progress on this front.

b) Outstanding Subsidy from Government of India

Queries were made regarding subsidy payment situation and the likely trajectory of the subsidy outstanding from a medium term perspective. It was explained that there has been bunching up of subsidy in the past few years. There has been a year-on-year carryover due to inadequate budget provisioning by the Government of India. The outstanding Urea subsidy situation can ease if the Government of India makes a supplementary budgetary provision of around Rs. 10,000 crore in this fiscal. Going forward, lower gas cost should result in lower Urea subsidy.

The Company supports the concept of Direct Benefit Transfer of subsidies by the Government but there are many issues in implementation of this Scheme.

c) Agri-business Strategy of the Company

On agri-business strategy, it was explained that branded Agri-business was an important pillar of the Company strategy since it strengthened its product portfolio and options amongst marketing stakeholders.

d) Sale / disposal of ships / Shipping Business

The management clarified that enabling approval of shareholders is being taken to dispose off the ships / shipping business so that the Company can focus on core competencies. This will enable the Company to negotiate and conclude the monetization of some or all the shipping assets.