CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Chambal Fertilisers and Chemicals Limited
Q4 & FY2025 Earnings Conference Call Transcript
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Rishab Barar: Good day everyone. Thank you for joining us on the Chambal Fertilisers and Chemicals Limited Q4 & FY '25 Earnings Call.

We have with us today, Mr. Abhay Baijal, Managing Director, Mr. Anuj Jain, CFO, Mr. Tridib Barat, Vice President - Legal and Company Secretary, Mr. Ashish Srivastava, Vice President - Sales & Marketing.

Before we get started, I would like to point out that some statements made or discussed in the conference call today may be forward-looking in nature and must be viewed in conjunction with the risks the Company faces. Chambal Fertilisers and Chemicals Limited does not undertake to update them. The statement in this regard is available for reference in the presentation.

We will begin this call with opening remarks from Mr. Baijal. I would now like to invite Mr. Baijal to share his views. Over to you, sir.

Abhay Baijal: Thank you very much. Good day to everybody, and a warm welcome to all of you participating in this call.

To quickly recap our numbers for the quarter under review:

On a standalone basis, revenues amounted to Rs. 2,449 crore. The Company achieved profit after tax of Rs. 100 crore as against Rs. 86 crore, which is a growth of about 16%.

For the full year, the Company achieved EBITDA of Rs. 2,838 crore, against Rs. 2,428 crore, which is a growth of about 17%. And PAT of Rs. 1,657 crore, as against Rs. 1,331 crore, translating into growth of 24%.

Two of our plants underwent shutdown, Gadepan - III for about 36 days, and there was a mini shutdown of 14 days in Gadepan - I due to a problem in one of the boilers. Despite this, the Company has performed well. We have achieved higher production as compared to the corresponding quarter.

For the full year also, urea production volume continued to be strong at 34.61 lakh metric tons compared to 33.83 lakh metric tons last year. Urea sales for the year amounted to 34.71 lakh metric tons against 32.56 lakh metric tons in the previous year. We have run both Gadepan - I & II plants efficiently. The advantages accruing out of the energy savings schemes continue to flow in. We continuously monitor the efficiency and plan to implement further energy efficiency projects to reduce it further.

Subsidy receipts continued to be timely. As of March 31, 2025, subsidy outstanding was Rs. 265 crore. And we are glad to inform you that a large portion of this amount has been received on time.

We continue to see volume and sales growth in our CPC-SN business. In Q4 FY '25, CPC-SN revenues stood at Rs. 39 crore as against Rs. 15 crore last year, contribution at Rs. 15 crore was higher by about Rs. 7 crore. This took our total contribution for the business to Rs. 247 crore against Rs. 175 crore, and our revenue to Rs. 926 crore against Rs. 760 crore. We have achieved a compounded CAGR of 25% in CPC-SN business and we hope to carry this momentum forward as well.

During the year, we introduced 12 new CPC products primarily comprising of weedicides. Today, our CPC product portfolio comprises of 64 products of distinct chemistries covering fungicides, weedicides and insecticides, which have been well accepted by farmers across India in our territory. We are also working on 18 new products which shall be introduced in kharif and rabi. Our strategy continues to focus on creating partnerships and alliances for introducing better chemistries and increasing the width of offerings in our channel.

During FY '25, we also achieved 8% revenue from biologicals of the total CPC-SN revenue. We continue to strengthen our biological portfolio, our biological fungicide and nematicide will be introduced in kharif '25 and rabi '25, respectively, to address farmers' pain point for nematodes and disease control, for which internal field tests have been successful. CFCL is now focusing increasingly on technologies which bring benefits in terms of improving farm yields, improve soil health and provide better product outcomes.

As you know, friends, during the year, Chambal Fertilisers and TERI, the Energy and Resources Institute, entered into an agreement for research for advanced and sustainable agricultural solutions. This is significant in the backdrop of food security challenges due to an increasing population.

We are delighted by the successful launch of UTTAM PRANAAM, Bio-nano Phosphorus liquid fertilisers, an advanced solution designed to enhance phosphorus availability in crops. TERI, as you know, is a pioneer institution in the area and we will be doing research under the center of excellence to develop new products, whereas IP rights are jointly owned between CFCL and TERI, and Chambal will have exclusive commercial rights globally on the products which are developed over a period of next five years. We will be introducing hybrid and research variety seeds in kharif '25 which will substantially complete the agri-input products profile.

In the non-urea space, our product portfolio approach continues. We have sourced adequate volumes of NPK fertilisers, ensuring preparedness for kharif season. We are in active discussions with global suppliers to ensure the smooth supply of the P&K fertilisers across the year.

Our farmer connect Seed-to-Harvest program is now growing. The Seed-to-Harvest program is playing a significant role towards strengthening and expanding our relationships with both the farmer and our channel partners. During the year, Chambal conducted over 9,000 meetings, 11,825 demos, and collected 105 lakh soil samples. The program is being scaled up with digital intervention in newer locations of kharif '25.

Our technical ammonium nitrate plant is progressing in line with the timelines. Statutory approvals are in place. And till date we have spent about Rs. 650 crore. Our joint venture IMACID is also performing well with higher production and better margins. IMACID is increasing its phosphoric acid capacity from about 5 lakh metric ton to 7 lakh metric tons, and this should be available in time frame of 2027.

With that we are now happy to take your questions. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Jignesh Kamani from Nippon Life India Asset Management Ltd. Please go ahead.

Jignesh Kamani: Just want to understand on the DAP import. Last year, because of the lower subsidy, import was not viable. Based on the current subsidy, how is the scenario in DAP import? And in past we used to do close around 8 to 10 kind of DAP trading, what kind of possibility for us to go back to that level in one to two years because of the better subsidy rate?

Abhay Baijal: Yes. If I get you right, Jignesh, I think what you are asking is what our stance on DAP imports is likely to be for Kharif and Rabi.

Jignesh Kamani: Yes.

Abhay Baijal: So I would say that, the Government has made suitable adjustments and have gone to a kind of cost plus model. We are also participating. Almost 1,30,000 tons has been contracted till date, which includes volumes of TSP as well. And for going forward, I think should this policy continue, we have no hesitation in increasing volumes in this area. Subject of course to various geopolitical uncertainties, the fact is we are in a little uncertain situation today. But nevertheless, we feel that we will be able to surpass our volumes of last year.

Jignesh Kamani: Understood. And it will impact the NPK volume because the industry has witnessed very healthy growth in the NPK, partly because of the lower availability of DAP? Now if DAP availability improves, will it impact the NPK?

Abhay Baijal: Not really. There are grades which are very specific to certain crops, where they don’t make much difference, especially high potash grades. There are other grades which are direct substitutes from DAP, yes, to that point there will be a difference. There are grades which are Sulphur based which are a category of their own, they are priced competitively as compared to DAP, and they will themselves sell. You know what I am meaning, 20-20-013 grade that I am trying to mention here. So, there are various grades in this whole game, and one has to play between the gaps i.e. supply gaps and availability gaps, in order to make money here.

Jignesh Kamani: Understood. And last one on urea, how is the channel inventory, considering that because of the plants shutdown you can say volume has been down by close to around 5% on the lower level, so have we reduced the channel inventory and how is the scenario?

Abhay Baijal: No, I think we carry more or less the same inventory as last year. What it really means is that we could have done better at Gadepan plant I if shutdown of ~15 days, which was inadvertent, could not have happened. But that is part and parcel of the game of running these high-tech plants, sometimes things do happen. However, we are back on stream on full blast from April 1st, so that's what I would like to respond on the urea question.

Jignesh Kamani: Sure. Thanks a lot. And all the best.

Moderator: Thank you. The next question is from the line of Vedant Sarda from Nirmal Bang Institutional Equities. Please go ahead.

Vedant Sarda: My question is, like we are operating at 99% of urea capacity, so what would be our growth drivers for next two to three years? Any capacity expansion plans in urea segment and when would the technical ammonium nitrate project be in operations?

Abhay Baijal: See, there is always a chance to improve capacities through various projects which we continuously keep examining. There is a pipeline of such energy efficient projects which also have knock-on benefits in terms of volume increases, because sometimes these projects technically also give margins on machines. And as you know, from previous year to this year, we have actually increased almost 0.80 lakh tons per annum which is 34.6 lakh tons kind of average. It can increase further, that is one part.

As far as technical ammonium nitrate is concerned, as you know, our commercial operation or production date is somewhere in January '26. So that should kick in, in terms of revenues by the 3rd or 4th Quarter of this year. As far as other products and projects are concerned, I think I made a mention last time that we are looking at various other options which I am not at liberty to disclose. And those are making steady progress as we speak.

Moderator: The next question is from the line of Harmish Desai with Phillip Capital (India) Pvt. Ltd. Please go ahead.

Harmish Desai: Good morning. And thanks for taking my question. In FY '25, what is the total CAPEX apart from TAN?

Abhay Baijal: I think it is of the order of about Rs. 300-odd crore.

Harmish Desai: Okay. And what is the total CAPEX that we can expect in FY '26?

Abhay Baijal: That is what I was telling you. See, the total CAPEX in '25-'26 will be of the order of Rs. 1,200 crore.

Harmish Desai: Got it. And sir, so we are commissioning our TAN plant in January 2026, so in FY '27 how fast and to what capacity are we able to ramp up this new TAN plant?

Abhay Baijal: We all hope for the best. We would expect it to go to at least 80%, 90%. But as far as our financial planning is concerned, we are more conservative.

Harmish Desai: Got it. Can you help me with the urea volume numbers in Gadepan - I, II and III for Q4?

Anuj Jain: Yes, for Gadepan - I, we have 2.4 lakh tonne, for Gadepan - II, we have 2.57 lakh tonne, and for Gadepan - III, 2.11 lakh tonne.

Harmish Desai: Got it. That is helpful, sir. And what was the gas price for 4th Quarter?

Anuj Jain: Gas price for 4th Quarter is around $15.55 dollars/mmbtu on NCV basis.

Harmish Desai: Got that. And lastly, how much ammonia have we sold in 4th Quarter or in FY '25 as a whole?

Abhay Baijal: I think we sold over 1.03 lakh tonne.

Harmish Desai: This is FY '25, right?

Abhay Baijal: FY '25, that's right.

Harmish Desai: Yes, got it. Got it. That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of S. Ramesh from Nirmal Bang Institutional Equities. Please go ahead.

S. Ramesh: Good morning. If you look at your performance in crop protection, what is the driver for the improved margins? And you have given the gross margin, so what will be the EBITDA margin in percentage terms? And what will drive this 23% in revenue between FY '25 and FY '27, will it be predominantly the new products, how do you see that?

Abhay Baijal: I think we have over the years established an efficient sales mechanism which continues to give us, so far, the margin. Our alliances also help with that. Our direct discussions with various companies who are providing us either the technical or the know-how, then we are getting it made from various formulators and all that. So that is one part, as far as the margin is concerned.

The second part on margin is the freshness of the products, how many new products that we introduce, whether it is in weedicides, herbicides, fungicides and so on. So there is a strategy working out there in terms of how we place and procure these materials. So far, in the last three years there are any indication, these have been steady and we are proposing to also repeat this performance in FY '26. So, this continues to work for us. And I think the last time when we had this discussion, we had made the point that being the bridge between the farmers' pain point and a solution which we actively pursue and do lot of research on, I think is the secret sauce that you are looking for.

S. Ramesh: Correct. So if you look at the 4th Quarter in terms of this crop protection revenue growth, how much of that will be volume growth versus other companies are talking about some pricing pressure. So, in your case, how much is driven by volume growth?

Abhay Baijal: It is mostly driven by volume growth. And there are some fast catch-ups also in this. Mr. Ashish can answer this question more fully.

Ashish Srivastava: Yes. Usually, the question is right, whatever crops consume crop protection chemicals in Q4, basically sugarcane, so this is basically volume growth, and not much of price issues in that.

S. Ramesh: Sir, if you look at your fertiliser trading portfolio, you have seen healthy growth in NPK and DAP. So, do you expect to continue this trend? What are the kind of growth you would expect in the trading portfolio in DAP and NPK next year?

Abhay Baijal: See, we did about 5.5 lakh tons, plus or minus, in the whole year FY '25, primarily split between MOP, DAP, TSP and NPKs. My guesswork is that this year we will have much larger portfolio of NPK, possibly doubling it or growing 250% on that. MOP could be the same or slightly subdued. And DAP will grow as I mentioned to the first participant, that given the Government's policy, we have no hesitation in stepping in and doing our part. Plus the fact that our channel would expect that kind of support from that. So, I would hazard a guess, but I think we are well covered in terms of kharif. And almost this amount that we did last year, we would do in kharif itself.

S. Ramesh: Just going back to crop protection, what is the on ground preplacement demand for kharif, given the summer crop acreage has shown healthy growth, how do you see that?

Ashish Srivastava: So, whatever forecast you are looking at, whether it's IMD or SkyMet, we are expecting a normal monsoon again. And whatever inventory pressures were there in the competition of past years, those have also gone out. So, we expect a robust growth in CPC segment overall.

S. Ramesh: Thank you very much and I shall join the queue. Thank you.

Moderator: Thank you. The next question is from the line of Tarang Agrawal from Old Bridge Capital Management Pvt. Ltd. Please go ahead.

Tarang Agrawal: Good morning and congratulations on an extremely strong performance, especially in the crop protection business. I have a couple of questions pertaining to crop protection. One, sir you spoke about 64 products being active in the portfolio today. These are 64 Stock Keeping Units (SKUs) or these are 64 unique products?

And second, I mean, just to get a better handle, I mean, if you could give us a sense on competitive intensity in your portfolio? I mean, are there alternates available for a large part of your portfolio, not available? Just wanted to get a sense on how unique the portfolio is. That's one.

Second, further to the earlier participant, how confident are you to be able to maintain the financial metrics of the trading business apart from growth, I mean, everything else going forward in FY '26?

Abhay Baijal: I will take the second question first. As far as the financial metrics for trading are concerned, we are pretty confident that having procured strategically and tactically in the first quarter, we are sitting at competitive price levels, I would say, which creates the necessary margin for us, that is number one. And going forward, of course, the market is shifting, it has tightened in terms of prices. But as we said that we are more or less stocked for kharif. Going forward we would like to see how this plays out in the international market. There are geopolitical issues, but there could be entrants such as China into the market once again, that could soften up the general levels because there is the displacement of stock from one place in the globe to the other place of the globe, also has knock on effect.

Now, as far as the first part of your question is concerned, the 64 SKUs are actually products. There are 64 products split between weedicides, fungicides and herbicides, etc. These exactly are the result of our cultivating various alliances and relationships whereby, we are getting superior products than what the market normally gets in this kind of a business. We have those alliances whereby people are giving us Generation-1 or Generation-1.5x so we get a competitive advantage. And the sourcing strategy is very important part in this business. So, we do work over a period of at least eight, nine months prior to the business plan to understand what we will need, how do we source it, what alliances do we need. And we create those kind of contacts with people and get that material in time. So, this has been going on now for the last 3, 4 years. I am pretty confident this is a workable proposition in this business.

Tarang Agrawal: How unique is the portfolio like for instance, some of these products like NO GRASS and MANCONIL seem to be fairly generic and not so unique right, but if I look at something like a HIROI or THEO or a WheMo, so just wanted to get your sense on how unique are these? I mean are there alternatives available because then we probably get a better handle on what is actually driving the metrics of this business?

Ashish Srivastava: See, 70% of Indian Crop Protection Chemical business is through generics, so only 30% are patented or niche products. When you talked about the product uniqueness,as Mr. Baijal mentioned that because of our relationship, now we are getting some of the products in the year of launch. So we don't have to wait for 2 or 3 years for the product to be launched and then you are getting it. So that's the uniqueness. So we get some products in the year of launch. Secondly, depending on the crop stage and farmer spending behavior, you always have to keep a portfolio. Just to put one small example, say for stem borer and leaf folder segment, I sell Cartap Hydrochloride and I sell Fipronil. So, they are in different price bands for different crop stage. So that is there with almost all companies. We also do similar working.

Tarang Agrawal: Got it. Mr. Baijal, just last question. I mean, from a capital allocation, you have laid out about Rs. 1,300 crore of outlay and there are capital projects under consideration. But purely from a size standpoint, what could be the ticket size of the projects that are under evaluation currently?

Abhay Baijal: I would not hazard a guess, but they are not small projects. That's all I can say.

Tarang Agrawal: Sure, sir. Thank you and all the best and congratulations on a very strong FY'25.

Moderator: Thank you. The next question is from the line of CA Ashok Jain, who is an individual investor. Please go ahead.

CA Ashok Jain: Yes, good morning, Mr. Baijal and the team. So, my questions are basically from if you refer page #18, that is consolidated segment wise revenue. So if I see there, I find that the complex fertiliser on the quarter 4, the revenue is Rs. 166 crore and profit is only Rs. 9 crore. And last quarter also the profit was very low in this segment. And there is one item which is segment asset, which is complex fertiliser. It has gone from 31st December 2024 from Rs. 825 crore to Rs. 1,601 crore. So my question is that in this segment, we are not making profit and instead we are adding the asset. So we must be incurring obviously opportunity financial costs. So this is what my question is, how to tackle this? One is this. And second, I want to know that if I see quarter 4, our revenue from our own manufactured fertiliser is Rs. 2,243 crore and profit is only Rs. 79 crore, which is 3.4% as against the last quarter where it is 17%. So can you just clarify these two issues how to handle it? Especially complex fertiliser is becoming complex for me.

Abhay Baijal: Okay, Mr. Jain, let me just make it clear. We had actually built up the stock. We have purchased tactically I think I've made this mention. So when you purchase tactically and you will report the segment asset, naturally the value of stock will get in. This is not a manufactured item, there is no plant and machinery in this. So from last year to this year, there has been an increase in stock. So that is, and that will flow in terms of benefits when we make the sales in the Kharif season. So that is one part. As far as Rs. 9 crore profit that you mentioned for complex fertiliser, that is dependent on the sales that must have been done. In this last quarter, we would have hardly sold less than half a lakh tonnes or something like that. So that kind of number is possible in small sales that are there. Now let's come to the sales of own manufactured fertilisers and the reduction in margin. This follows from the policy principle beyond reassessed capacity. When you actually produce beyond reassessed capacity in the policy, the profit metrics are quite different. And they also depend upon the debit of various types of expenses such as repair, maintenance which are more heavy in this particular quarter because as I told you, Gadepan - III plant had a shutdown as there was an annual turnaround. So there is a debit of large amount of repair maintenance that is one thing. And secondly, there was also a 14-day shutdown of Gadepan - I and this startup expense and shutdown expense also gets debited, so these are the reasons.

CA Ashok Jain: Can we make it more rational something like that? Is it possible in future going forward because it is quite low from 17% to 3.4% seems very low.

Abhay Baijal: This is the nature of accounting in the last quarter. That is, if you recognize the cost and revenue as it is for the period, that is the way it's done in the past.

CA Ashok Jain: Okay. So one last question. The CAPEX plan, you are saying that 25-26, it will be around Rs. 1200 crore. So my question is this, how are we going to source it from the internal accruals?

Abhay Baijal: Yes, we will do it from internal accruals.

CA Ashok Jain: Thank you sir. Thank you.

Moderator: Thank you. The next question is from the line of Deekshant from DB Wealth. Please go ahead.

Deekshant: Hello sir, congratulations on a strong set for this financial year. So you have alluded how China can become a risk factor for us in the short to medium term. Could you give us a little bit of more color and explain us how this risk can be seen?

Abhay Baijal: I am just saying that China, from being a very steady supplier of P&K fertilisers and even urea to some extent has now become an off and on kind of party for the last 3 years. For whatever reasons, they are internal, they may be diverting some part of their phosphoric acid capacity into battery manufacturers for electric vehicles. They could be doing it for geopolitical reasons, whatever it is. But the fact is the global supply from China is now fluctuating to some extent as against being a steady player in the last 3 to 4 years. So that means that for certain types of P&K products, we have to shift in terms of sourcing to other geographies, which is let us say Morocco, Saudi Arabia, Jordan, or Russia, or even US for instance. So the dynamics keep changing, but I am confident that overall the supply situation in the world is steady, although because of the geographical intensity of where the rock or the raw material is found, there are kind of monopolies that get created. So that creates problems in terms of how the trade plays out as compared to for instance, urea or ammonia which is much, much more kind of open and many suppliers being there so it evens out the competitive situation and you get better negotiation capabilities. So that is what it is. That is what I meant in terms of how this will play out. Nevertheless, I think the Government and the trade and industry in India have been working assiduously to create backward linkages or to create long-term MoUs with various other countries. So overall the supply in the world is more or less the same. From somewhere or the other you will get the material.

Deekshant: It is pretty reassurance to know that we have more sources to get this, but does this come at an operating margin cost to us or even part level cost to us because I am assuming that China would be more competitive than others and since we are on a trajectory of improving margins right now, what kind of margin guidance can you give us or just any ballpark number of improving margins that we see?

Abhay Baijal: I won't hazard a guess on margins. Margins are dependent on how you have strategically bought it. It is a kind of position taking sometimes in this business. And if you have taken a correct position for a particular margin, it will be looking very healthy. Next year, you could have made the mistake of having bought early in a falling market or having bought late in a rising market. So those things are your judgmental call 60% to 70%, and how good your judgment is makes the difference. Obviously, Chambal has a very strong balance sheet. Its carrying cost is low. It can take positions if it wants. But that is also dependent on a less turbulent policy regime. If you know that in the P&K sector, in the past there has been a lot of turbulence in the policy and discontinuities which have prevented people or companies like us, instance in Chambal, not to take long bets in the market. So that's the reason why you have seen volumes having shrunk to some extent. But as the policy now starts to open and get rationalized, the volumes will spring back.

Deekshant: That is pretty much clear sir. So out of the Rs. 1600 crore of CAPEX that we are doing, what kind of revenues can we see this adding up on our topline in FY'26? Even let's say full calendar year because we are starting from January. So how could the 4 quarters be if Rs. 1,600 crore of CAPEX has been done?

Abhay Baijal: So first of all, our Financial Year starts from April, not January. What I talked about was from April to March 26, which is about Rs. 1,250 odd crore. Most of it is getting into the TAN project, almost Rs. 900 crore if I am not wrong. And Rs. 300 odd crore is routine capital expenditure, which is for replacement and for renewal and reliability. So those types of projects also have some knock-on benefits here and there in terms of either small margin expansions or an increase in capacity. Because reliability increases, you are able to run the number of days increases. So those kinds of things also happen. But from the point of view of certain changes, these plants are highly complex and require equipment changes over a period of 15-20 years. So that is factored into this type of capital expenditure that we are doing. The benefits that will flow, as I said, are first of all in the TAN project. Obviously once the project gets commissioned, we will try and achieve capacity utilization and EBITDA, etc. will flow from that, that is first of all. Secondly, in terms of those replacement capital expenditures or where small margin improvements or I think liability will improve the capacity or something to that effect. Those are the things that you can expect in '25, '26 and '26, '27.

Deekshant: Just trying to get a number on what kind of revenues and EBITDAs can we see once this TAN project is getting commissioned and is being utilized to be appropriate utilization?

Abhay Baijal: You see, TAN project is given as 2,40,000 tons of capacity. And you can do the math that currently I think the product sells at between Rs. 35,000 to Rs. 40,000 a ton given various types of scenarios that you can paste. So you can do the multiple of that, that is on full capacity, what is the number and what is at 70%, 80%, you can take a guess being the first year of operations.

Deekshant: What could be our operating margins on this? Any ballpark number?

Abhay Baijal: That you can benchmark with the industry.

Deekshant: Sure. Thank you so much, sir. This is very reassuring to know.

Moderator: Thank you. The next question is from the line of Sophiya Masta from Elara Capital (India) Pvt. Ltd. Please go ahead.

Sophiya Masta: Thank you so much for the opportunity. I just wanted to know where does our net debt stand as of 31st March net debt of cash?

Abhay Baijal: If I am not wrong, net debt is negative.

Sophiya Masta: Okay. Thank you so much.

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

Sandeep Mukherjee: Hi. Thanks for taking my question. What is the ammonia sales number in the total sales?

Abhay Baijal: I think I have mentioned 1.03 lakh metric tons and average, I would say we would have sold between Rs. 40,000 to Rs. 45,000 a ton.

Sandeep Mukherjee: Okay sir, thank you.

Moderator: Thank you. The next question is from the line of Chandra Gupta who is an individual investor. Please go ahead.

Chandra Gupta: Thanks for this opportunity. So I just have one question. Recently there was a news report about India, the Government giving rights for potash mining in Rajasthan. So would we be interested in these kind of projects, your thoughts on this?

Abhay Baijal: Mr. Chandra Gupta, first of all, well, if the mine is adequately priced, the seam is rich, I would say, what my understanding is, there are small pockets of potash and it may require beneficiation to get it to the right quantity because when you sell potash in the market as straight potash, it has to be almost 60% KCl (potassium chloride). And my understanding is that this is not of that grade. How low it is or how high it is, we will have to check. My initial inquiries showed me that it is a lower grade material which will require quite a bit of beneficiation. And one has to also examine the economics, whether we import or other suppliers. Traditionally, you have got potash in the region of $220 to $350 per ton. One has to do the math to understand from a mining point of view what will be the cost of making this potash available from these sort of low-grade seams or quality or whatever the quality of the mine is.

Chandra Gupta: Okay, so we haven't shown any interest in this. I understand. Thanks a lot. That is it from my side.

Moderator: Thank you. The next question is from the line of Manish Mahawar from Antique Stock Broking. Please go ahead.

Manish Mahawar: Yes, sir. In terms of, I believe Government is thinking to, I think, increase the fixed cost reimbursement to the urea players, right? I just wanted to know your thoughts and how are the discussions?

Abhay Baijal: This is a work in progress, I can't say what's going to happen.

Manish Mahawar: Okay, but historically, when this fixed cost has been increased for the urea industry?

Abhay Baijal: The last time this exercise was done, whether increase or decrease, I don't know, was done in 2002 and 2003. And there was, in 2014, roughly Rs. 350 per ton kind of ad hoc increase given to all units in the industry. So I don’t know where they are on this matter, but there are discussions happening and there are lot of differing points of view on this issue. That's the work in progress. As and when we come to know, we will keep you informed.

Manish Mahawar: Yes, sure, and secondly, sir, in terms of your crop protection business, what we did was Rs. 900 crore for topline. Is it possible to share the number geography-wise, maybe North, South, East, West, to understand how our penetration or distribution is strong?

Abhay Baijal: We are selling in all parts of the country.

Manish Mahawar: Okay. But any bifurcation in terms of which part is stronger or is still?

Abhay Baijal: You see, wherever we have our presence by way of a fertiliser sale or wherever our locations are and you know that we have got almost 28, 29 locations. We are in UP, we are in Rajasthan, we are in Punjab, we are in Gujarat, we are in Maharashtra, we are in Bihar, we are in West Bengal, we are in Telangana, Andhra Pradesh, Chhattisgarh, everywhere little or more, this is a product which is a priority for us and it's doing well as you see. And then various areas, various crops, various types of molecules, they also have to be product market fit. So it's a little involved subject to just tell you on this.

Manish Mahawar: And secondly, on the crop protection business, any intent to go ahead with the export as a market? As I know, right, export needs plant or manufacturing to go ahead with. So any intent in the future?

Abhay Baijal: See, I will tell you what. This is a perennial question which people keep asking me, whether export production or formulation by ourselves. We have looked at various opportunities in the past. I would not say that we have not. But most of the time, when you do the math in terms of acquisition cost versus the return that you will expect, the returns come out to be lower than what we would be doing in this mode itself. So there is a big dichotomy or dissonance in a mind as to how to do this. That does not mean that we do not look at opportunities. Sometimes you might find a very reasonable asset and an offer could be made and accepted. So I am never ruling out that possibility.

Manish Mahawar: Okay, understood. And last one, in terms of your JV partner, basically the profitability has significantly improved this year. Is it possible to share the production number of your JV or maybe this profitability improved on account of spread, better spread?

Abhay Baijal: I think they did about 4,90,000 tons close to that. And I would suggest Mr. Jain to give you a brief ballpark number on that.

Anuj Jain: They did about 5.25 lakhs tons of production and about 4.35 lakh ton of sale.

Manish Mahawar: Okay, is it possible to share the last year number please?

Anuj Jain: Last year, it was about 4.35 lakh tons of production and about 3.8 lakh tons of sales.

Manish Mahawar: Okay, understood. That's from my side and all the best.

Abhay Baijal: Thank you so much.

Moderator: Thank you. Ladies and gentlemen. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Abhay Baijal: So, thank you very much, ladies and gentlemen, for your participation in this call. We hope that we have been able to satisfy your queries. In case there is any further requirement of any further information, you can reach out to us. Thank you so much.

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

Please note: *We have edited the language, and/or made minor corrections, without changing the content, wherever appropriate, to bring clarity.*