

**Company Name:** Chambal Fertilisers & Chemicals Ltd.

**Quarter under review:** Q4-FY26

**Chambal Fertilisers & Chemicals Ltd – Q4-FY26/FY26 Concall Highlights:**

Chambal Fertilisers and Chemicals Ltd (Consolidated)								
INR In Mn	Q4-FY26	Q4-FY25	Y-o-Y	Q3-FY26	Q-o-Q	FY26	FY25	Y-o-Y
Operational Income	27,850	24,487	13.7%	58,983	-52.8%	2,07,937	1,66,462	24.9%
EBITDA	2,551	1,634	56.1%	8,207	-68.9%	26,785	24,835	7.9%
EBITDA M (%)	9.16%	6.67%	249 bps	13.91%	-475 bps	12.88%	14.92%	-204 bps
PAT	1,692	1,303	29.9%	5,864	-71.1%	19,533	16,494	18.4%
PAT M (%)	6.08%	5.32%	76 bps	9.94%	-386 bps	9.39%	9.91%	-52 bps
Diluted EPS	4.23	3.25	30.2%	14.64	-71.1%	48.76	41.17	18.4%

**Operational Highlights:**

- Fertiliser inventory stood at around 200 lakh metric tonnes, equivalent to 51% of seasonal requirements, supported by efficient logistics and advance stocking.
- Phosphatic fertiliser sourcing was diversified across Southeast Asia, Africa, Canada, Russia and China to mitigate supply chain risks.
- Strategic procurement ensured adequate complex fertiliser availability through July and August despite global disruptions.
- Chambal launched 17 new crop protection products during FY26 and plans to introduce 15 additional products in FY27. The biologicals business reported 30% volume growth during FY26.
- Uttam uperhizza and Uttam Pranam together covered nearly 3 million acres since launch.
- The company launched a water-soluble variant of Uttam Superhizza targeted at precision farming and high-value crops.
- Entered into long-term partnerships with global players such as Nutrien to introduce specialised nutrient-efficiency products in India, as the specialised agri-inputs market in India could reach USD 1 billion over the next five years.
- The TAN project entered the commissioning phase, with dry runs of the Weak Nitric Acid plant already underway. The TAN plant is expected to achieve 75–80% utilisation during the first year of operations.
- Urea volumes were marginally impacted during FY26 due to an unscheduled shutdown at one plant during Q1. Gadepan-I is currently undergoing a planned turnaround shutdown, expected to continue until mid-June.
- All three urea plants continue to operate significantly below government energy consumption norms, resulting in energy-efficiency gains.
- IMACID is expanding phosphoric acid capacity from 5 lakh tonnes to 7 lakh tonnes, expected by December 2026. Sulphuric acid capacity expansion at IMACID is expected to be commissioned during FY27.
- They are well advanced in groundwork for a potential fourth urea plant, having already secured land, environmental clearances, water requirements, and initiated technology provider discussions. The estimated project cost stands at INR 9,500–INR 10,000 crores for a 1.3 million tonne capacity plant, pending a formal government policy announcement.

## Key Questions & Answers discussed during the Concall:

- **Why have receivables and short-term borrowings increased?** The short-term borrowings are just small cash flow mismatches that will even out during the year. Regarding receivables, we have a process of escalation and de-escalation with the government. When gas prices rise, we accumulate more subsidy receivables. We are hopeful the government will provide interim relief in terms of cash flow, and they have been very sympathetic to this issue.
- **Is there a likelihood of the government's stretched fiscal position leading to subsidy receivables increasing sharply again, similar to FY23?** No, we don't anticipate a similar situation. The government continues to view fertilisers as a strategically important sector for supporting farmers and food security. We believe the government remains committed to ensuring adequate subsidy support for the industry, even amid elevated costs.
- **What are current gas costs for Q1FY27?** The current gas costs are around USD 18–18.5 and are expected to remain around similar levels during the quarter.
- **What led to the sharp increase in EBITDA per ton for the Urea segment during the quarter?** The improvement was primarily driven by a better product mix, including higher-margin ammonia sales. Additionally, only one plant underwent shutdown during the year versus two shutdowns in the comparable period, which reduced repair and maintenance costs and supported profitability.
- **What is the outlook for the TAN business in terms of utilization, margins and demand?** The TAN plant is expected to reach around 75–80% utilization during FY27. We see a strong demand for TAN, driven by continued growth in mining and infrastructure activities. The supply conditions remain favorable due to constraints in the import market following Russia's export curbs to India. Given the strong market environment, we expect TAN margins to exceed initial budgeted assumptions.
- **Can you give some guidance on the revenue potential from the new TAN expansion?** Assuming around nine months of operations in FY27, the TAN plant is expected to produce approximately 1.6–1.7 lakh tonnes. While TAN pricing remains volatile, our base assumption is a realization of around INR 37,000–38,000 per tonne.
- **Do you expect volume growth in complex fertilisers (DAP/NPK) this year despite elevated global prices?** Availability in the phosphatic fertiliser segment is likely to remain constrained due to logistics disruptions, including shipments stuck near the Strait of Hormuz. However, we have made strategic purchases early in the year and remain adequately covered for July and August requirements.
- **What is the company's strategy for the Crop Protection Chemicals (CPC) and Biologicals segment?** The Indian agriculture sector is gradually moving towards precision farming and improved nutrient-use efficiency, creating significant opportunities for specialised crop protection and biological products. We have entered into long-term partnerships with global players such as Nutrien to introduce differentiated products in the Indian market. We believe the addressable market for such products in India could reach nearly USD 1 billion over the next five years.

- **Has the company evaluated manufacturing automotive-grade Urea?** Our existing plants are technically capable of producing automotive-grade urea, and very preliminary discussions with the government regarding the required policy changes are underway.
- **Is there any guidance on new CAPEX, such as a new Urea plant or TAN expansion?** The government is serious about introducing policies to encourage fresh investments in the fertiliser sector. We are already prepared with land, environmental clearances and water arrangements for a potential fourth urea plant. Discussions with technology providers are also underway, and execution could begin within 5–6 months once the policy framework is announced.
- **How much would a new Urea plant cost and how would it be funded?** A brownfield urea project with capacity of around 1.3 million tonnes would require an investment of approximately INR 9,500–10,000 crores. Given Chambal’s strong balance sheet, we do not see funding as a significant challenge.
- **What is the CAPEX guidance for FY27?** We expect FY27 CAPEX at around INR 500 crores, which includes the remaining expenditure on the TAN project as well as routine maintenance and efficiency-related CAPEX of around INR 170–180 crores.

## Key Participants:

- Sandeep Mukherjee – SKP Securities
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