



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

February 04, 2021

BSE Limited

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

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

Dear Sir,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of the presentation, on the financial results of the Company for the period ended December 31, 2020, which shall be shared with the Analysts / Investors.

You are requested to notify your constituents accordingly.

Thanking You,

Yours sincerely,

for **Chambal Fertilisers and Chemicals Limited**

Rajveer Singh

Vice President - Legal & Secretary

Encl.: a/a



Chambal Fertilisers and Chemicals Limited

Investor presentation

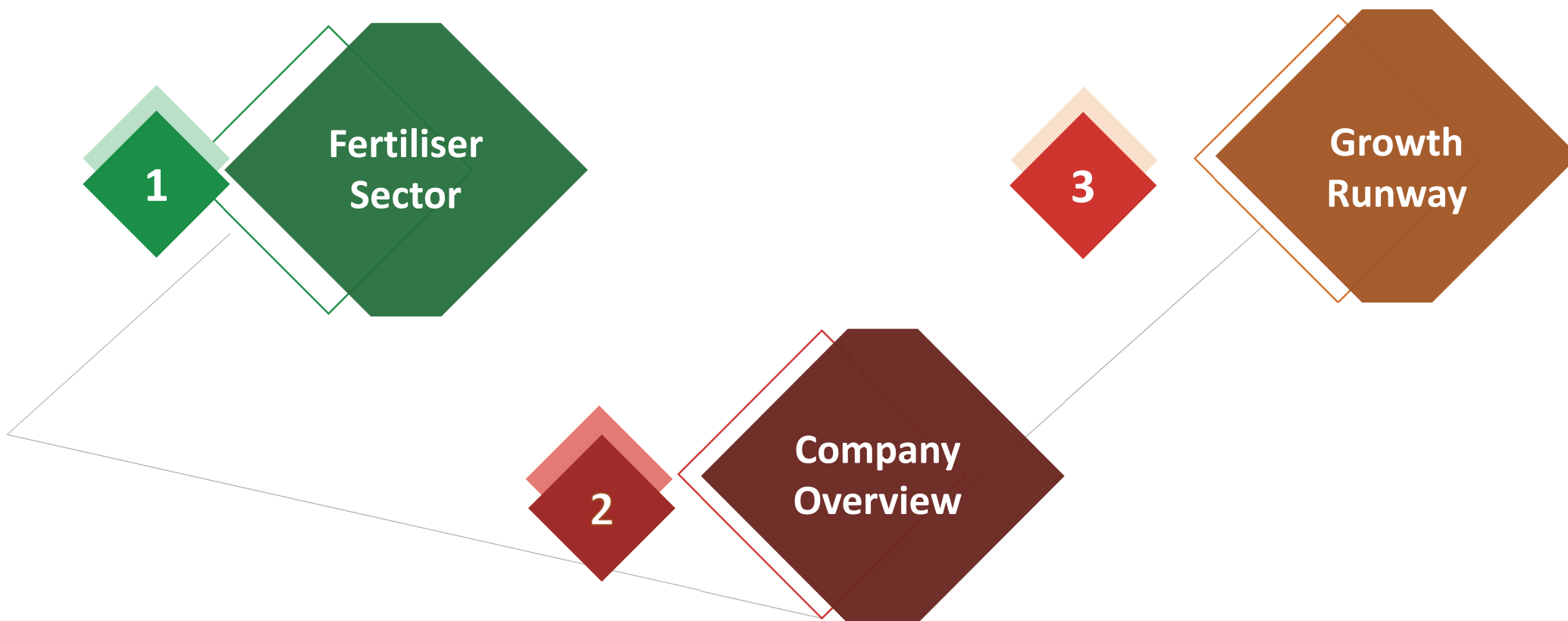
December 2020

Disclaimer



- The following slides may contain “forward looking statements” including, statements relating to the implementation of strategic initiatives by Chambal Fertilisers and Chemicals Limited (“CFCL” or “Chambal” or “Company”) and future business developments and economic performance.
- While these forward looking statements indicate the Company’s assessment with regard to the development of its business, there are a number of risks, uncertainties and other unknown factors that could cause actual developments and results to differ materially from the Company’s expectations.
- These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with the Company, legislative developments, and other key factors that could affect the Company’s business and financial performance.
- The Company undertakes no obligation to periodically revise any forward looking statements to reflect future/ likely events or circumstances.

Content





Fertiliser Sector



Indian fertiliser industry – an overview



The Indian fertiliser market was worth INR 1,40,000 crore in 2019 – expected to grow at 3% CAGR over the next 3 years

Nutrient usage in India compared to other countries is low at 145 kg/ha

Plant nutrients used in India



N - Nitrogenous fertiliser - Nitrogen is an essential nutrient for plant growth, development and reproduction. Urea helps in formation of chlorophyll and thereby in photosynthesis and in formation of protein.

Urea: price capped; substantial portion paid via subsidy



P – Phosphatic Fertiliser - DAP / NPK - essential for plant growth - helps in root development, plant maturity and seed development

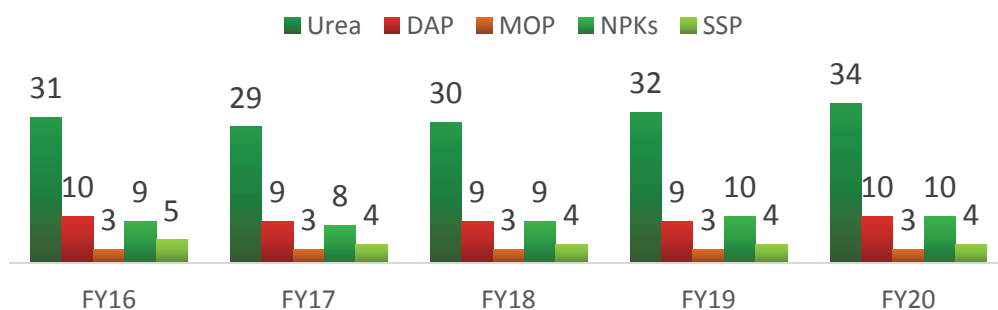
DAP: price open: part is paid via subsidy



K –Potassic Fertiliser - MOP - important for nearly all processes needed to sustain plant growth, reproduction, and improve resistance to pests and abnormal weather conditions

MOP: Price Open: part is paid via subsidy

Trend in fertiliser sales volumes (million MT)



Present NPK ratio: 7.1: 2.8: 1.0

Ideal ratio of application: 4:2:1

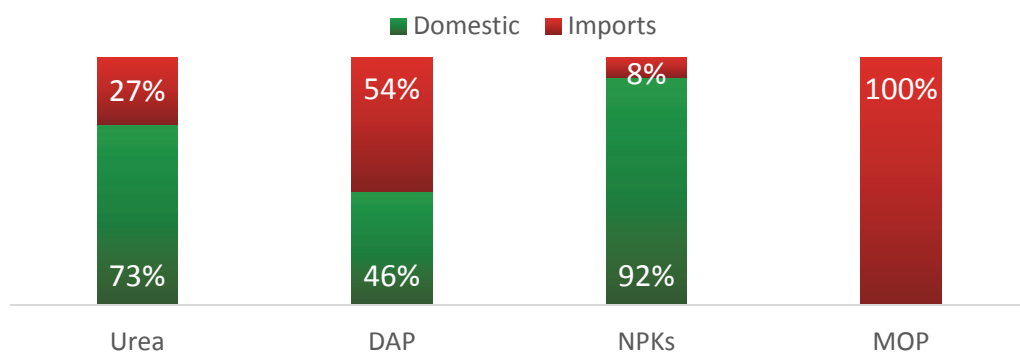
Urea still a dominant Fertiliser

Phosphatic Fertiliser usage expected to increase

Indigenous versus imports

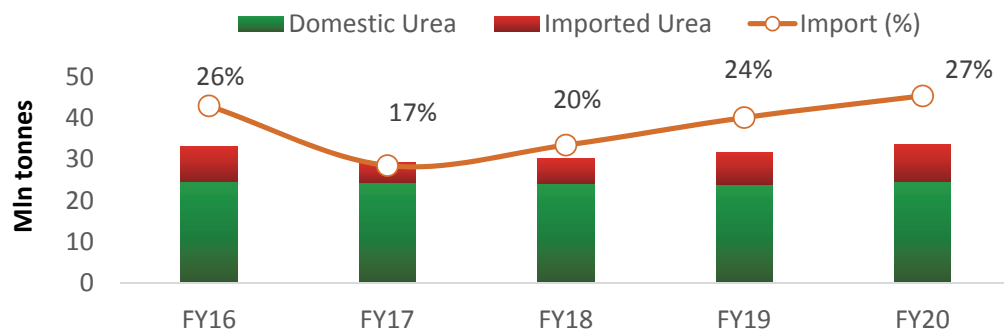


Imported vs domestic mix for key fertilisers in FY20

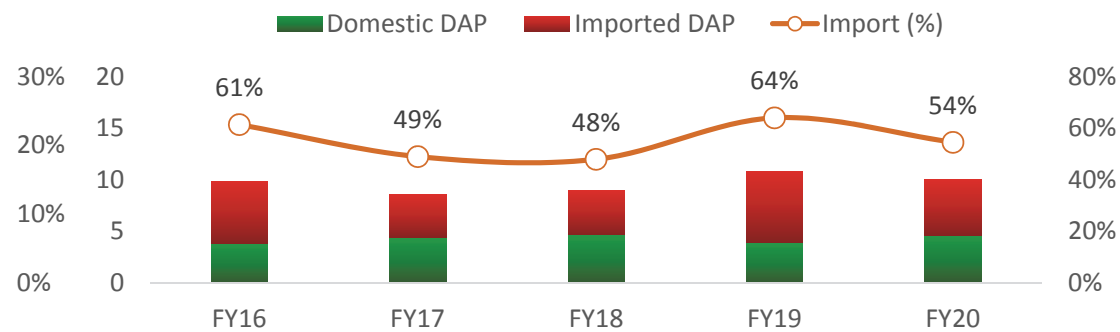


- Urea largely sourced domestically. However, high demand necessitates imports, which account for ~27% of total volumes
- 54% of DAP is imported – Phosphate Rock (high grade, which is used for DAP) not available in India
- Potash – Not available domestically

Urea: domestic production and imports



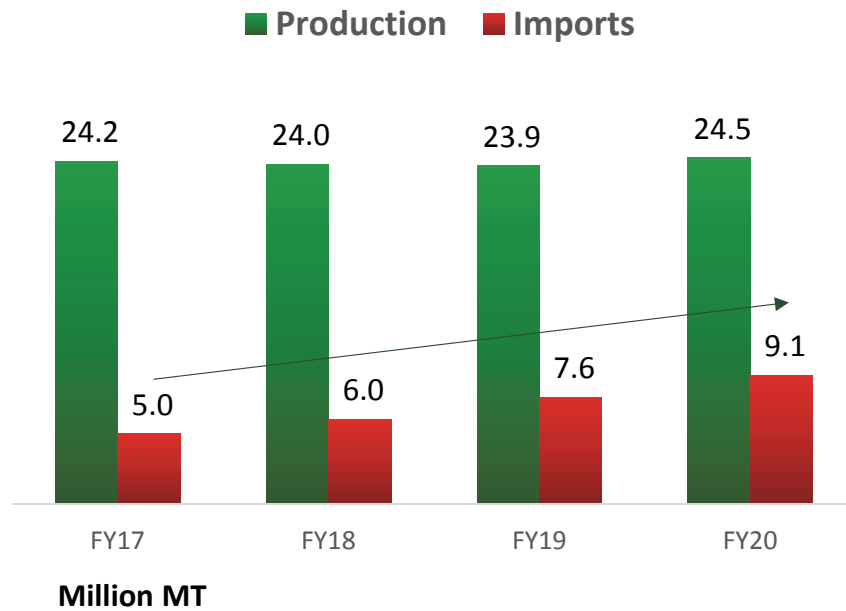
DAP: domestic production and imports



Source: <https://fert.nic.in>



Urea production vs imports at elevated levels



State wise sales volume breakup 2019-20 in '000 MT

State	Imports	Indigenous
Andhra Pradesh	759	768
Bihar	484	1,792
CG	287	510
Haryana	420	1,610
J&K	33	120
Karnataka	557	945
Maharashtra	555	1,789
MP	945	1,962
Punjab	635	2,231
Rajasthan	607	1,684
Tamil Nadu	411	457
Rest of India	3,733	10,277
Total	9,426	24,145

Imports steadily increasing

Imports in FY20 close to one third of total domestic demand; up 21% YOY

New capacities however expected to substantially reduce imports over next 2 – 3 years



Progressive Government policies

Thrust on enhancing productivity and use of quality inputs; stimulating demand

Towards strengthening the **input side**: Direct Benefit Transfer (DBT) (in planning stage): Potential to be a game changer for the industry. – freeing Companies from pressure of subsidy

Towards strengthening the **output side**: Rising MSPs – placing more money in the hands of the farmer – offering more freedom and flexibility

Rural electrification



Crop insurance



Creating an enabling environment – incremental focus on

Increasing areas under irrigation



Soil health cards



Farmer education





CFCL – Overview



CFCL – Who we are



Selling a portfolio of products valuing over Rs. 12,000 crore annually



Led by a highly experienced management team



The largest single site urea fertiliser manufacturer in India



New Urea Plant (Gadepan-III) one of the most energy efficient urea plants in the world



Sourcing arrangements with some of the world's largest agri-input producers

Chambal value proposition





Scale of manufacturing operations

Three plants of the Company located at Gadepan in Kota district of Rajasthan

- Annual production of more than ~3.3 million MT of urea
- Company accounts for over 13% of the total urea produced in the country

Gadepan - I

- Ammonia Plant with a capacity to produce 1,800 MT Ammonia per day
- Urea plant has the capacity to produce 3,100 MT of Urea per day (around ~1.04 million MT per annum)

Gadepan - II

- Ammonia Plant has a capacity to produce 1,700 MT per day
- Urea plant has the capacity to produce 3,000 MT of Urea per day (around ~1.0 million MT per annum)

Gadepan – III

- Ammonia Plant has a capacity to produce 2,200 MT per day
- Urea plant has the capacity to produce 3,850 MT of Urea per day (around ~1.27 million MT per annum)
- Energy consumption per MT of urea: below 5 gcal



➤ **Single site facility also enables more efficient management of costs**

➤ **Minimal addition of manpower towards operations post commencement of production in Gadepan- III plant**



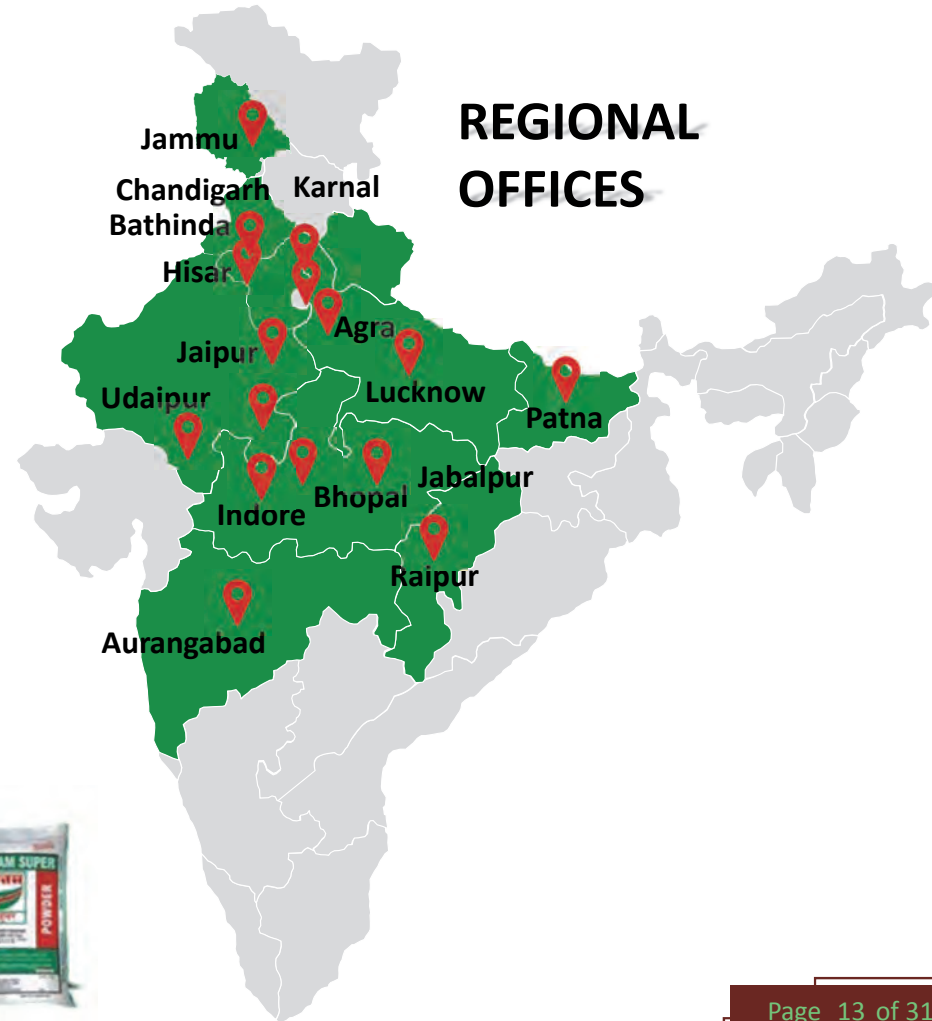
Existing Sales and Marketing Network

Unparalleled reach in 9 states and 1 union territory across North, Western and Central India.

Deeply entrenched dealer and distribution network and brand association built over decades

Marketing network comprises of

Products supplied include Urea, DAP, NPKs, MOP, crop protection chemicals and specialty nutrients



15 Regional offices | **~3,650** Dealers

~50,000 Retailers





Strong Market Reach in existing territory

CFCL enjoys long standing dealer and retailer partnerships developed over two decades

CFCL's brand Uttam is the preferred brand amongst farmers in Punjab, Haryana, Rajasthan, Madhya Pradesh and Jammu & Kashmir

Over the last 26 years, across CFCL's marketing territory, a farmer would have used a CFCL product at least once

Products valuing over Rs. 12,000 crore flow through the Company's distribution channel every year

Bouquet of products are sold under a Single Window concept

Very long standing and trusted supplier/customer relationships

Timely payments and supplies

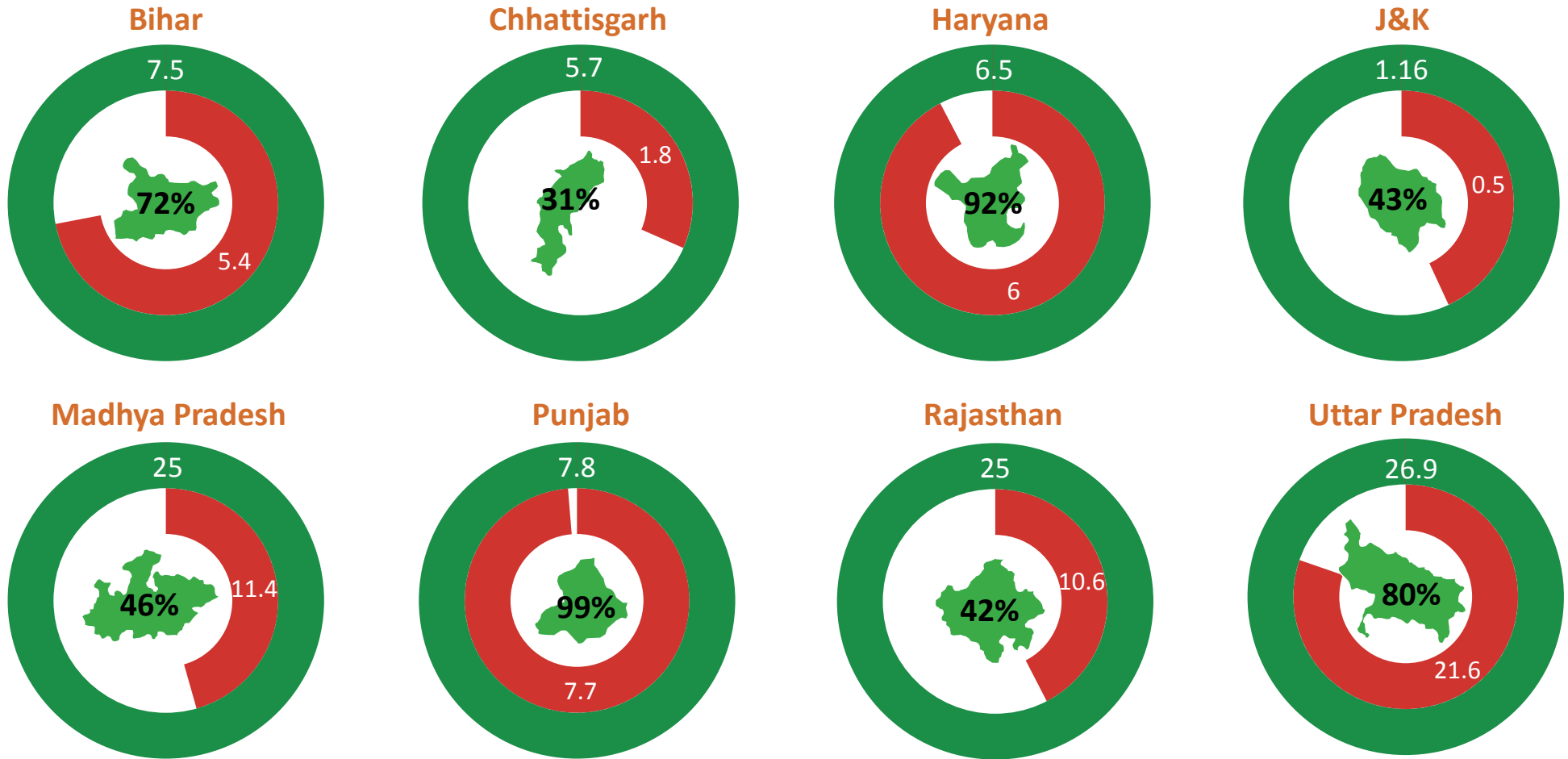
Emphasis on marketing and financial discipline - Negligible bad debts/ defaults

SALES PATTERN 2019-20

MARKET SHARE			
STATE	UREA	DAP	MOP
Bihar	9%	10%	31%
Chhattisgarh	11%	7%	12%
Haryana	22%	21%	24%
J&K	17%	11%	24%
Madhya Pradesh	20%	16%	23%
Punjab	16%	13%	17%
Rajasthan	30%	23%	29%
UP	9%	10%	18%
CFCL Territory Total	15%	14%	23%

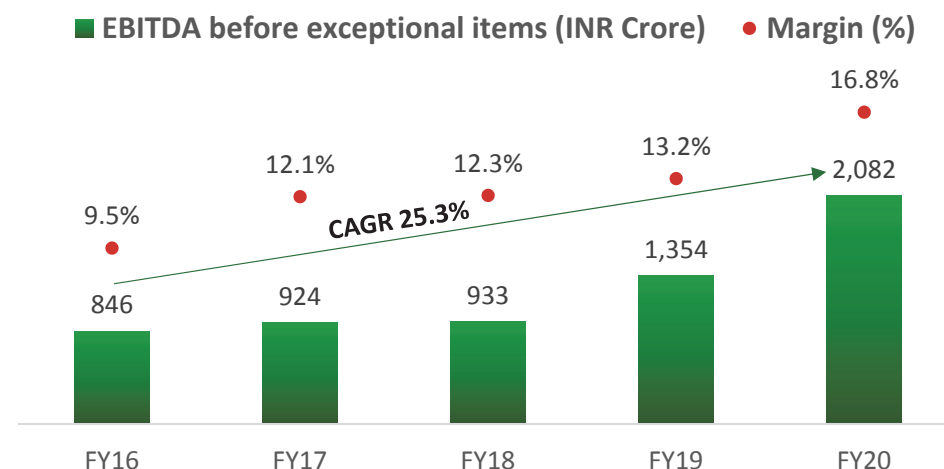
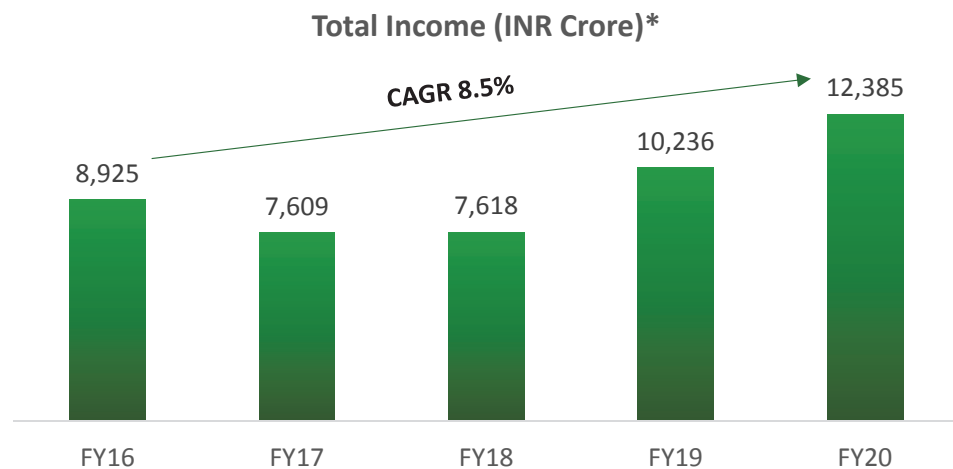


Large proportion of Company's marketing territory is irrigated

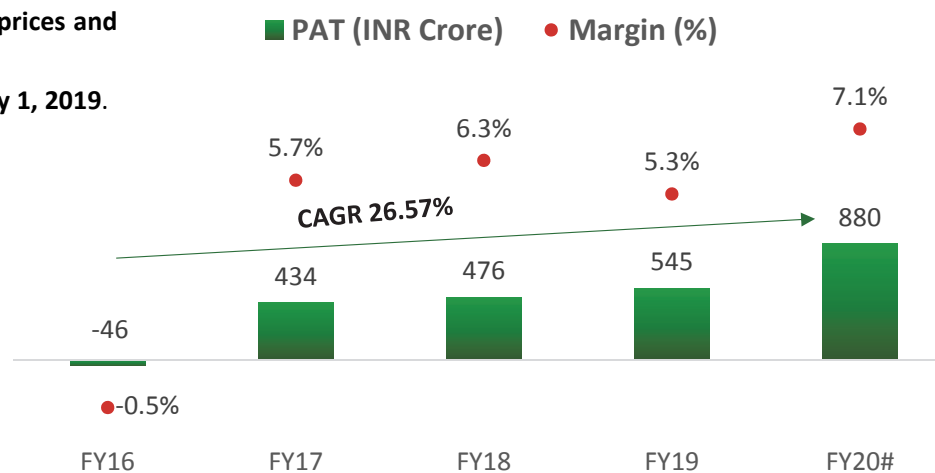


Gross Cultivated Area mha **Gross Irrigated Area mha** **(%) Irrigated Area as percentage of cultivated Area in each state**

P&L overview (Standalone) - Continued Operations



- Revenue increase/decrease is mainly due to variation in gas prices and quantity sold.
- The revenue from Gadepan-III Plant commenced from January 1, 2019.



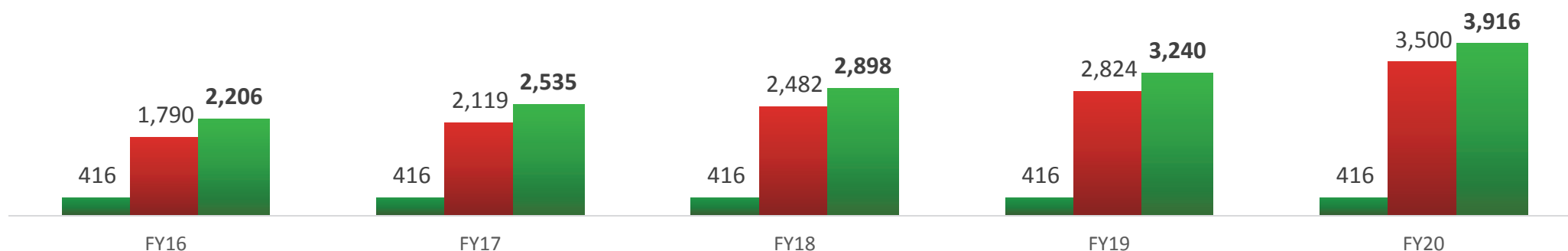
Excluding one time deferred tax benefit of Rs. 344 crore

Equity and Borrowings (Standalone)



Total Shareholder Funds (INR crore)

■ Equity ■ Reserves ■ Total



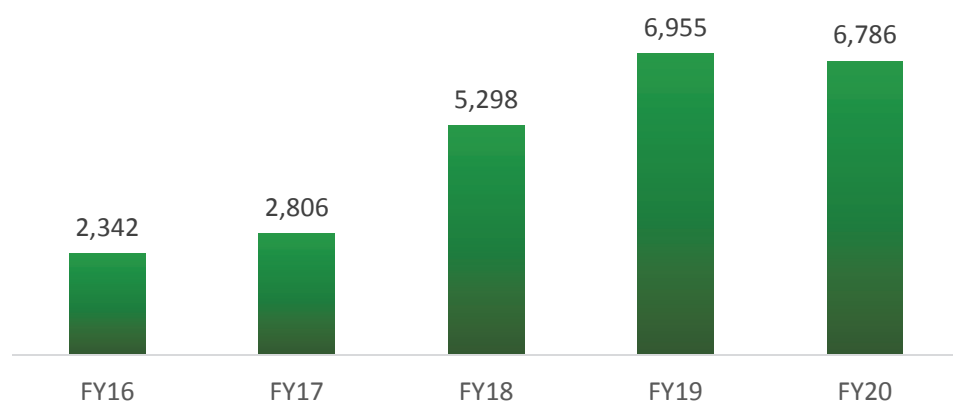
Debt (INR crore) – Continued Operations	FY16	FY17	FY18	FY19	FY20
Long Term	1,031	1,075	3,157	4,383	4,680
Short Term*	3,775	3,078	2,452	4,162	4,934
Total	4,806	4,153	5,609	8,545	9,614

*Short Term loans include the amount received under Special banking Arrangements (SBA) from Govt. of India against Subsidy outstanding, which is adjusted against the subsidy in the next financial year.

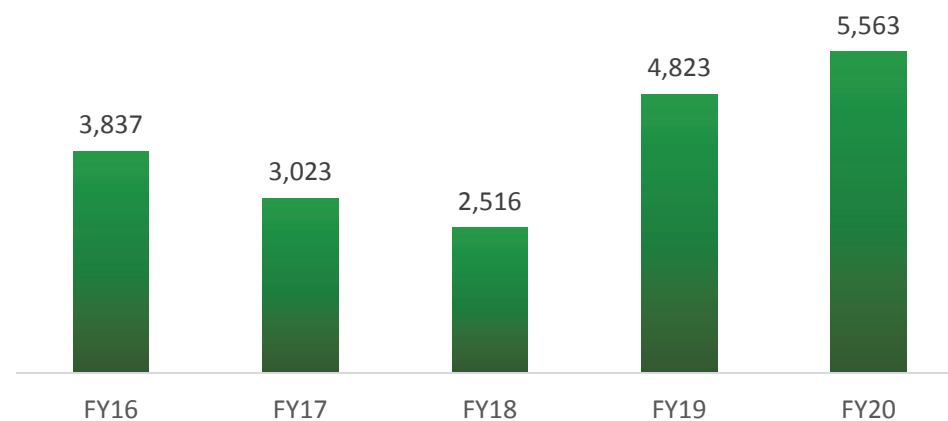
Fixed Assets, Receivables & Capital Employed (Standalone)- Continued Operations



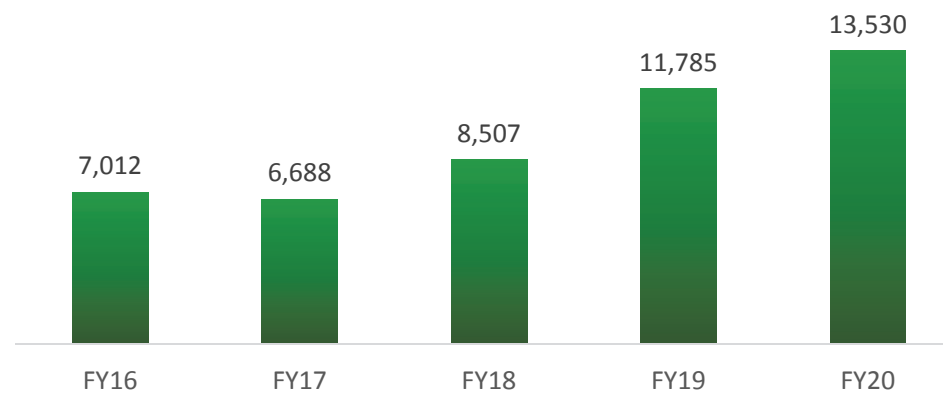
Fixed Assets (INR crore)



Trade Receivables (INR crore)

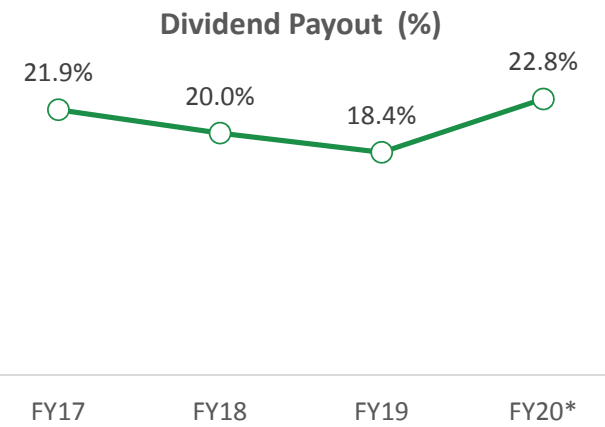
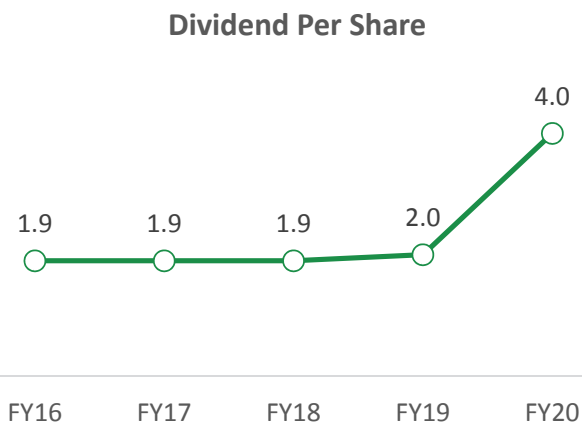
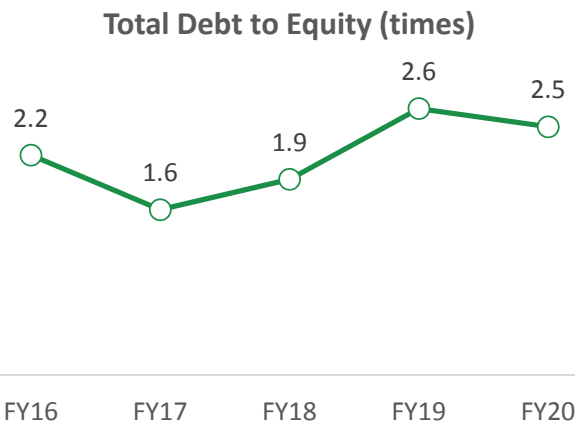
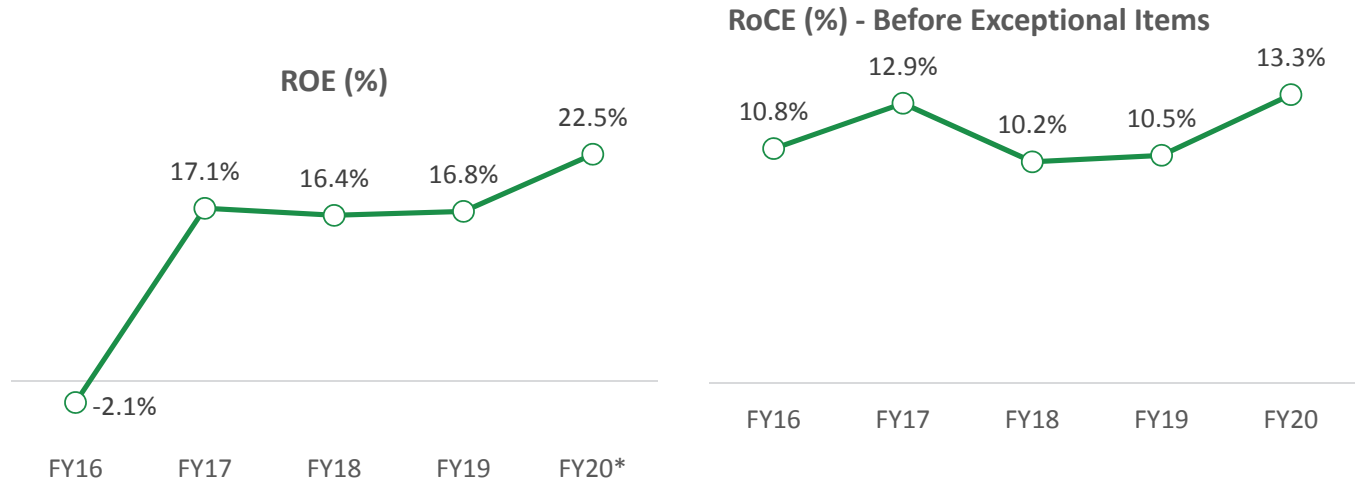


Capital Employed (INR crore)





Financials Ratios (Standalone) – Continued Operations



**Excluding one time deferred tax benefit of Rs. 344 crore*

Long Term Debt repayment schedule



Year	USD(Million)
2019-20	56
2020-21	93
2021-22	106
2022-23	106
2023-24	106
2024-25	85
2025-26	81
2026-27	32
2027-28	16
Total	680

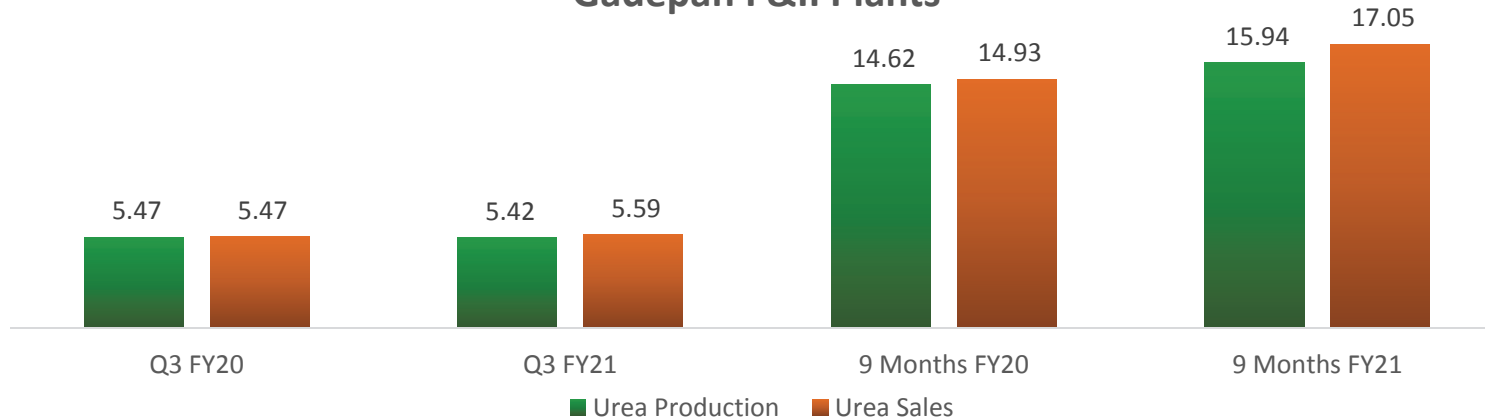


Q3 and 9 Months FY21 Operating and Financial Performance

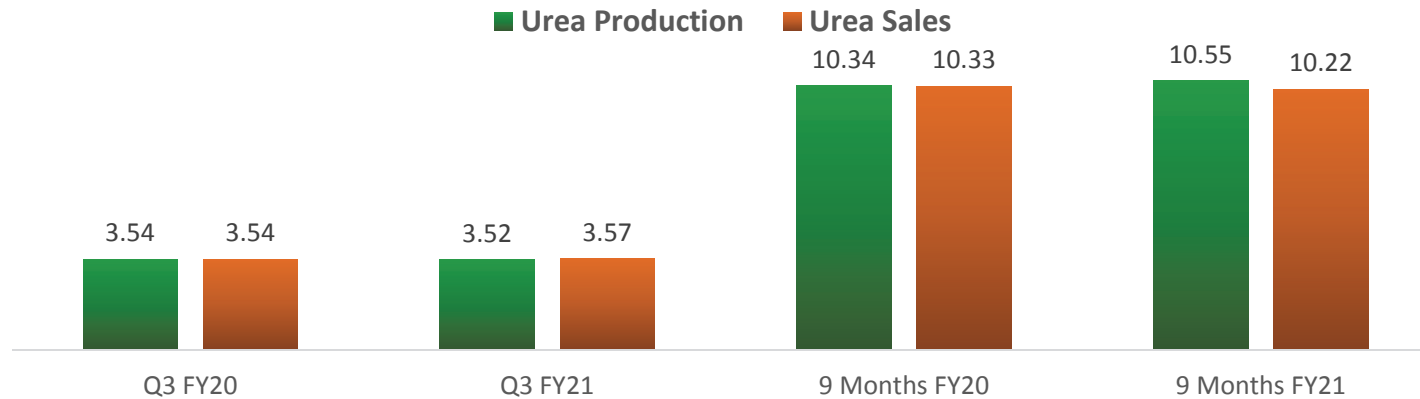
Urea production and sales : Q3 and 9 Months (FY20 vs FY 21)



Gadepan I & II Plants



Gadepan III Plant

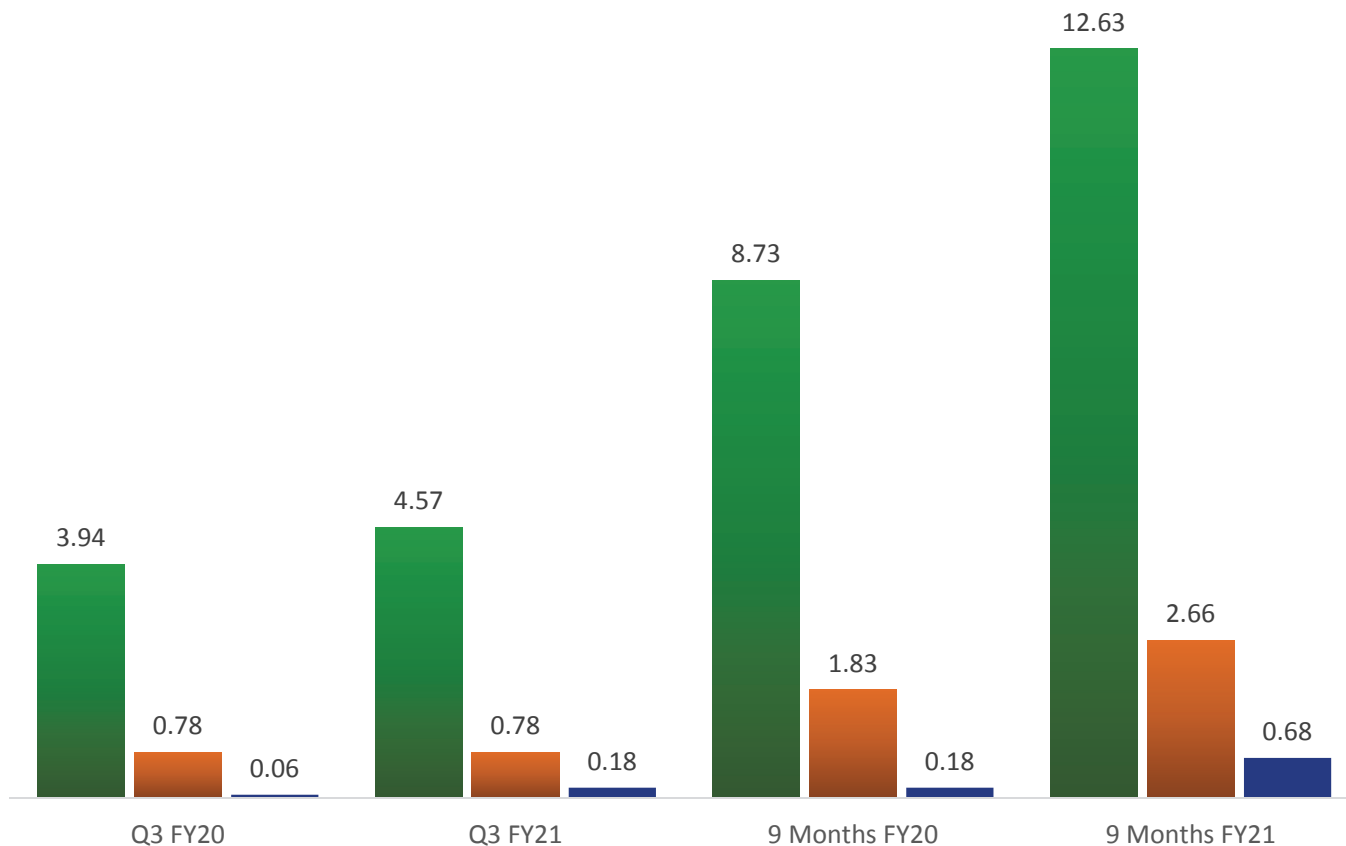


- The plants operated at optimal capacity.
- Combined Energy of all the three plants for 9 month period ended December 31, 2020 was better in comparison to corresponding period of previous year.

Non urea fertiliser sales volumes continue to grow : Q3 and 9 Months (FY20 vs FY21)



■ DAP Sales ■ MOP Sales ■ NPK Sales



- In line with CFCL's strategy of enhancing thrust on non urea fertilisers, sales of DAP, NPK and MOP fertilisers grew strongly in the period under review
- Sales of P&K fertilisers through POS machines higher by 42% during the 9 month period ended December 31, 2020 in comparison to the corresponding period of previous year, reflecting better demand from farmers

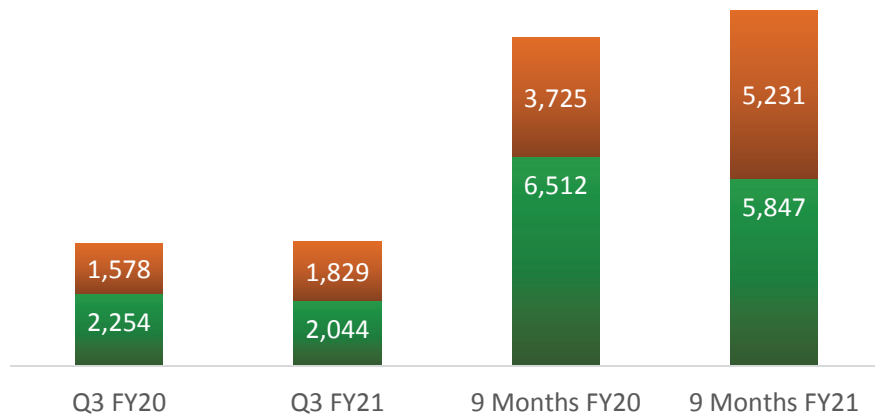
Unit Lakhs/MT

Financial overview Q3 and 9 Months (FY20 vs FY21)- Standalone



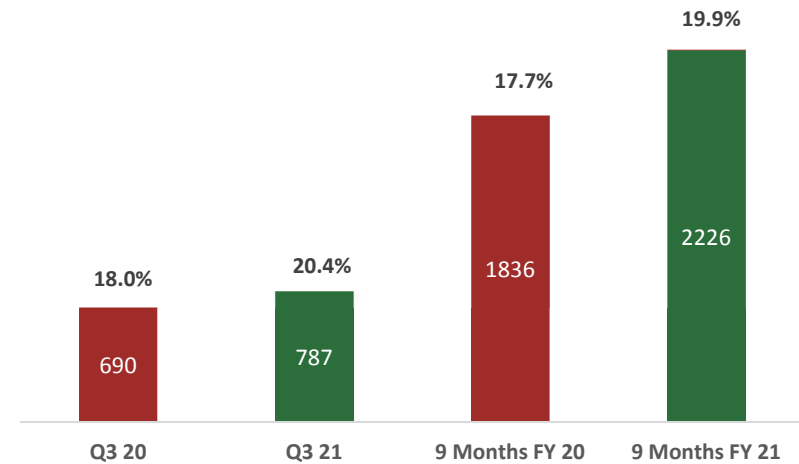
Revenue (INR Crore)

■ Urea ■ Non Urea



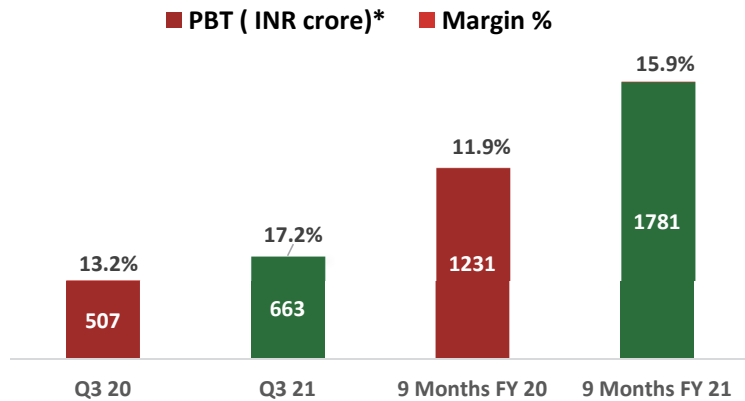
- Revenue increased due to higher sales of non urea fertilisers where as Urea turnover reduced due to fall in gas prices.

■ EBITDA (INR crore) ■ Margin %

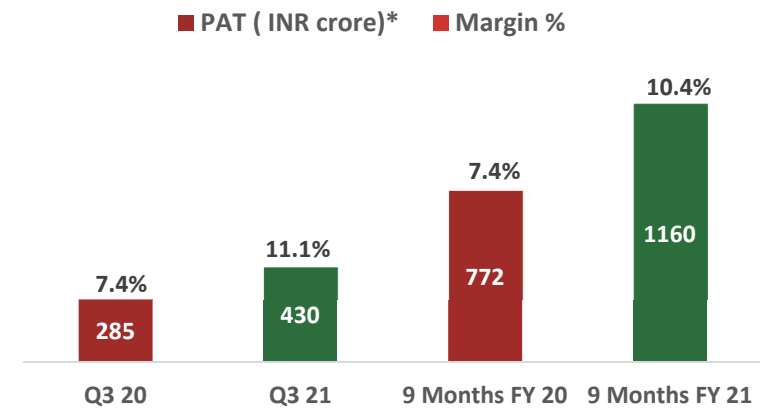


- EBITDA growth was largely the result of growth in volumes and contribution from the non Urea fertiliser portfolio apart from growth in Urea EBITDA due to better operating efficiencies.

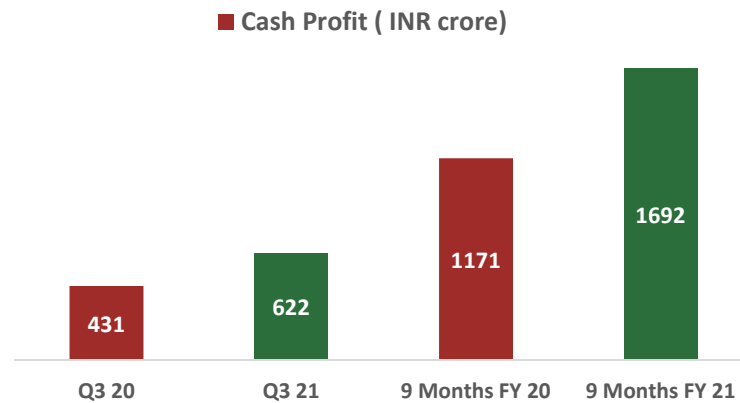
Financial overview Q3 and 9 Months (FY20 vs FY21)- Standalone



* Before exceptional items



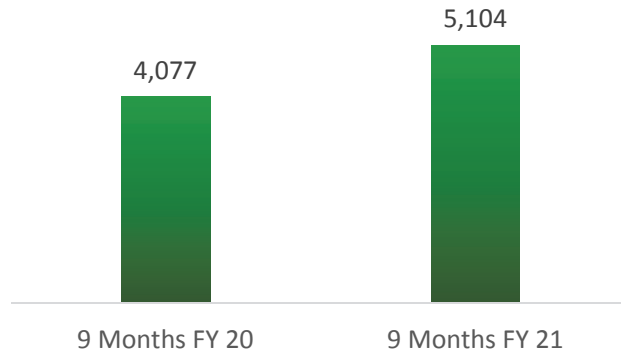
* Excluding one time deferred tax credit of Rs. 22 crore for Q3 and 9 months of FY 21, Rs. 124.49 crore for Q3 FY 20 and Rs. 249 crore in 9 month FY 20



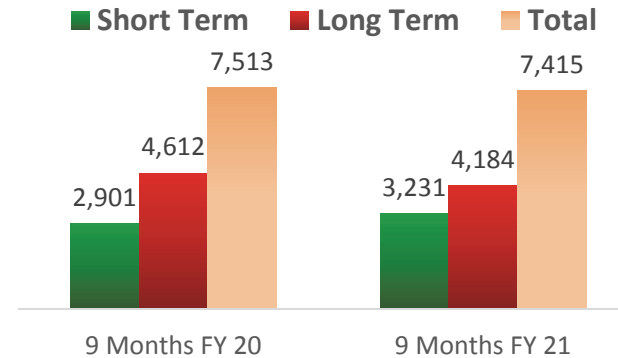


Balance sheet (Q3FY20 vs Q3FY21)- Standalone

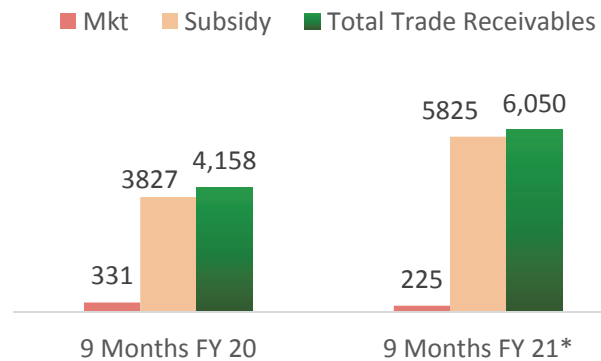
Total Shareholder Fund (INR crore)



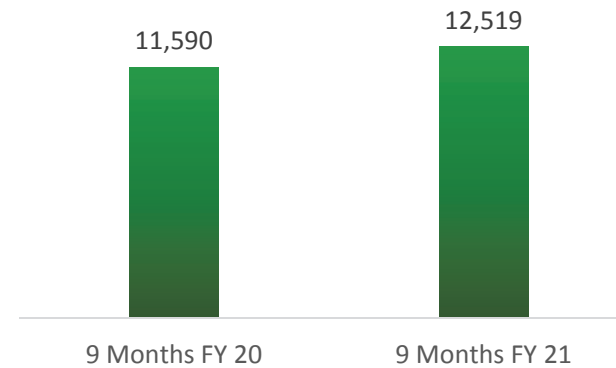
Total Debt (INR crore)



Trade Receivables (INR crore)



Capital Employed (INR crore)



* Rs. 3165 crore subsidy received after December 31, 2020



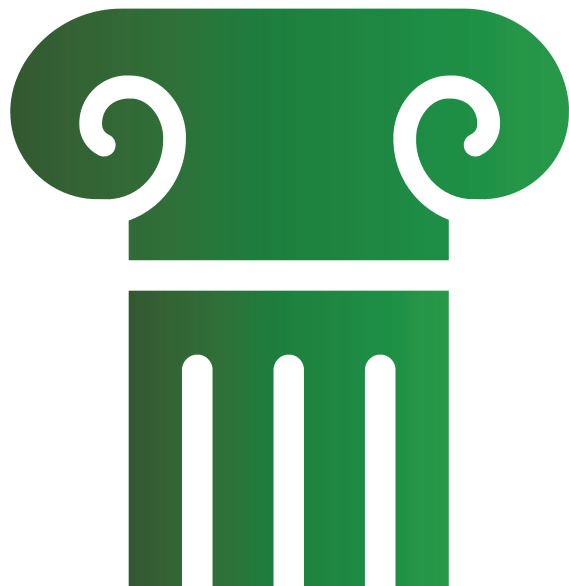
Growth runway



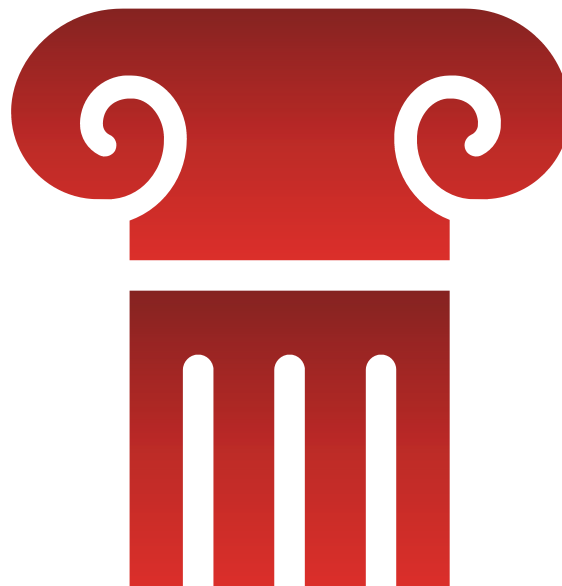
Growth Pillars



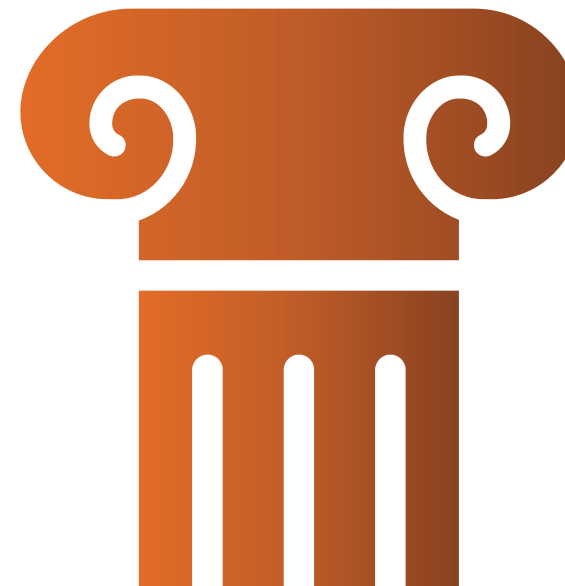
Non urea
fertiliser



Non
fertiliser



Urea
fertiliser



Growth Pillars



NON UREA FERTILISER



Improve width – cover wider area: Enter adjacent areas and new markets



Deepening penetration; improve average sales per dealer

Reach across the states		(Qty – Lakhs MT)	
	2020-21 (Up to December)	2019-20 (up to December)	Increase
DAP Sales	12.63	8.73	3.90
Existing Dealers	11.36	8.17	3.19
New Dealers	1.27	0.56	0.71

Aggressively expand non urea fertiliser segment of business

Leveraging established channel strength to bring DAP and other agri inputs to the farmer

Compounded annual growth of 7% in DAP Sales during the financial year 2016-17 to 2019-20 in the Company's marketing territory

NON FERTILISER

Micro-nutrient deficiency in various soils across the country translates to opportunity in this space

Crop Protection Chemicals market growing at 3-5% per annum is another area for growth

Opportunity to leverage well established urea fertiliser distribution network

UREA FERTILISER





Expansion of Sales and Marketing Network : 2021-2022



Products supplied include Urea, DAP, NPKs, MOP, crop protection chemicals and specialty nutrients




Contact Us





For queries and requests, please contact:

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