



## CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Quarter 1 FY 2019-20 Results

### Investor/Analyst Conference Call Transcript

August 14, 2019

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**Neha Patil:** Good afternoon and thank you for joining us on Chambal Fertilisers Chemicals Limited Q1 FY20 Earnings Conference Call. Today, we have with us the senior management represented by Mr. Anil Kapoor – Managing Director, Mr. Abhay Baijal, Chief Financial Officer, Mr. Virendra Kumar Gupta, Vice President - Marketing, Mr. Rajveer Singh, Vice President Legal & Company Secretary and Mr. Anuj Jain, Assistant Vice President - Finance.

Before we begin, I would like to add that some of the statements to be made in today's discussion may be forward looking in nature. We will begin the call with the opening remarks from the management after which we will have the forum open for interactive Q&A session. I would now request Mr. Kapoor to make his opening remarks. Over to you, sir.

**Anil Kapoor:** Thank you. Good afternoon ladies and gentlemen. Welcome to our first Earnings Call of FY 19-20 post-declaration of quarterly results.

It has been a good quarter for Chambal Fertilisers. We have done well both on the revenue and profitability front. Our revenue has increased by 31% to Rs. 2952 crores against Rs. 2246 crores and profit before tax increased by 50% to Rs. 342 crores as against Rs. 228 crores of the corresponding quarter for the previous financial year. The company also registered 52% increase in profit after tax at Rs. 236 crores against Rs. 155 crores achieved during the corresponding quarter of the previous financial year.

Gadepan-III plant operated consistently at almost 100% capacity. The production from Gadepan-I plant was lower mainly due to shutdown - both planned and unplanned. There was an increase in the sales volume of DAP and MOP.

The outstanding subsidy remained on the higher side which has impacted the finance cost of the company.

I will now request the participants to ask questions you may have with regard to the results. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Pratik Tholiya from Elara Capital. Please go ahead.

Pratik Tholiya: Sir, the tax rate for this quarter seems to be slightly higher. Considering that the contribution for the new plant would have been higher so we would have paid MAT on that. So sir, if you could just guide on the tax rate, how should we look at it for FY20 and FY21?

Anuj Jain: Total tax including deferred tax is same at 34.65%, but this year it also includes dividend income on which lower tax is there which is at 17.5%. So that is the only difference, otherwise the tax rate is same in both the years.

Pratik Tholiya: So, if my understanding is correct for the new plant that would be under MAT, right?

Anil Kapoor: Yes, we are under MAT, but the differential tax comes under deferred tax liability.

Abhay Baijal: I will just explain Pratik. The entire company comes under MAT, it is not only that the new plant comes under MAT. So, it means that the tax shield operates also on the income of the company from trading or from the old plants. So, the entire company comes into MAT.

Pratik Tholiya: So, then our full year tax rate would be in what range for FY20?

Abhay Baijal: Tax rate would still be at around what we report in PAT - about 34.5%. But the cash tax rate under MAT is what we will be actually paying out to the government that will be lower at around 22%.

Pratik Tholiya: Secondly, if you can just throw some light on how the demand is looking going forward and in terms of channel inventory because you seem to have done fairly well on your complex business and my sense was that inventory for complex was pretty high during the quarter. So, if you could just throw light on how that market is working right now and what are the dynamics that you are seeing?

Anil Kapoor: The dynamics are challenging, but there is plenty of stock of DAP in the market. But you will appreciate that over the years Chambal has its own brand and we are quite strong in the territory in which we work. We are quite confident of achieving if not increasing our sales from the previous year.

Pratik Tholiya: And sir if I look at your urea realization for the quarter, it is slightly higher. Is it because of the new plant that we are getting higher realization in the urea business?

Anil Kapoor: Yes.

Pratik Tholiya: And sir lastly, what is the debt repayment schedule for FY20 and FY21?

Abhay Baijal: For FY20 up to March 2020, we have \$56 million.

Pratik Tholiya: And sir how much do we expect to repay next year?

Abhay Baijal: Next year will be about \$100 million.

Pratik Tholiya: Also, sir I think with this high debt repayment and obviously the profits are also higher, just wanted to get a sense once we repaid our debt and we will have the cash flows coming in, what is the management's view going forward in terms of whether we are looking at diversifying into some other products or how do you intend to use the excess cash flow. May be 2 years down the line, 3 years down the line?

Anil Kapoor: It is a good question Pratik. The way we look at it is that there could be opportunity for expansion in urea business. There would definitely be an opportunity for Chambal to grow in the phosphatic business for which we

already have established our market presence by selling approximately 1 million tons of DAP. So, both the spheres are open to us in the fertilizer segment. Non-fertilizer segment we have not yet finalized any thought process whether we will go into that business or not.

Pratik Tholiya: So, you mean to say we would be going for setting up a DAP plant or something of that sort?

Anil Kapoor: We already have a phosphoric acid investment in Morocco which is a joint venture with OCP and Tata Chemicals that offers a great opportunity for Chambal to grow by putting up a DAP plant in Morocco or putting up a phosphoric acid plant. As of now there are no concrete plans, these are options available for Chambal. You will appreciate that right now there is debt in our books and our first priority is to reduce the debt.

Pratik Tholiya: Sir I am just talking about IMACID. You seem to have got a fairly good dividend payout this year so it means that the business is doing pretty well. So, if you can just throw some light on how IMACID is performing and how do you see the overall scheme of things with IMACID?

Anil Kapoor: Last year, performance was very good. This year there are challenges in IMACID. Acid prices have consistently fallen down in this financial year, but to that extent profit would definitely be lower than last year.

Moderator: Thank you. We have the next question from the line of Vineet Agarwal from SKP Securities. Please go ahead.

Vineet Agarwal: I just wanted to know the average gas cost for all the three plants during this quarter?

Anil Kapoor: The average gas cost on NCV basis is approximately \$12 to \$13 per million btu.

Vineet Agarwal: And sir one more thing I wanted to ask you that we took shutdown at Gadepan-I during this quarter. Generally, Q1 is the peak quarter for fertilizers. So, I just wanted to understand why is this shutdown in this quarter?

Anil Kapoor: Firstly, the peak quarter for urea business is not the first quarter, it is normally the second and third quarter. We have a cycle of planned shutdown which we take and we plan for shutdown normally in the month of March/April because till February we are able to consistently sell our urea in the market. So, March/April is the time where we take our shutdown. This year we took it in April. However, unfortunately when we were starting the plant there was a leak in one of the reactors due to which in one plant of urea there was an extended shutdown till we got the plant repaired. Otherwise, normally we plan in month of March or April.

Moderator: Thank you. We will take our next question from the line of Deepak Chitroda from Phillip Capital. Please go ahead.

Deepak Chitroda: Sir, my first question is about inventory in the industry. So if you can just guide on how much is the inventory for DAP and the complexes?

Anil Kapoor: Complex is a business in which we do not participate much. As far as DAP is concerned, according to the data available in FMS which we have downloaded, the inventory which is available with the industry in the market, that is the field, is approximately 1.5 million tons.

Deepak Chitroda: And what about the Chambal sir?

Anil Kapoor: Chambal would be approximately 1.5 lakh tons.

Deepak Chitroda: So, about 10%

Anil Kapoor: In the ports, the likely stock during this month would be approximately 6 lakh tons and Chambal would have about 2 lakh tons. It is very approximate because at the port there are companies which have not declared their vessels. This is from the knowledge we gather from the vessels which have been declared to arrive at the port.

Deepak Chitroda: Secondly sir, is there any change in MRP of DAP. Have we revised any prices on DAP and what is the latest MRP for DAP and MOP?

Anil Kapoor: As we started the year, the MRP for DAP was Rs. 28,000 a ton which has subsequently come down to Rs. 26,000 a ton as on today.

Deepak Chitroda: As the new subsidy rates are out and there is no changes in the subsidy and overall if you see the international prices have also gone down. So, do you believe that the extent of price fall in the international market was much higher compared to what we have seen in MRP. So, do you expect any further fall in MRP that has been passed on to the farmers?

Anil Kapoor: A little too early to guess but there is a possibility that there will be a marginal reduction in MRP. However, why we cannot take a call right now is we do not know the way rupee is going to move. As you see, rupee has already depreciated from Rs. 69 to Rs. 71 as we speak today. So, wherein if the rupee had to depreciate further, I do not think the industry would have any scope to reduce prices further.

Deepak Chitroda: And sir last question from my side is about if you can give me the average pool gas prices for this quarter?

Anil Kapoor: I just mentioned to some previous analyst, the pool prices are approximately between \$12 and \$13 per million btu.

Moderator: Thank you. Our next question is from the line of Madhav Marda from Fidelity Investments. Please go ahead.

Madhav Marda: Sir just one question on the provisions which we have taken in Quarter 4. Any update on that if that can be recovered or is still sort of being discussed with the Ministry?

Anil Kapoor: I was waiting for that Madhav. Government has appointed an inter-ministerial group headed by Mr. Gadkari. The first meeting of that group is yet to take place. It is expected to take place shortly and industry is hopeful that the outcome will be in favor of the industry. So, as soon as we get any information, we will put it on our website and let the stock exchanges know.

Madhav Marda: Any idea on the timeline, how long this could take, 3 months or could be longer?

Anil Kapoor: I think it should happen soon, it should happen within three months. That is my guess.

Madhav Marda: And what was the nature of this provision, for what expense item?

Anil Kapoor: As per the policy given in the year 2014, the Government had approved the additional fixed cost which has not yet materialized. So, we had taken a decision to derecognize the said fixed cost which we had accumulated so far.

Madhav Marda: So, it is more prudent than anything else?

Anil Kapoor: Absolutely.

Moderator: Thank you. Our next question is from Prashant Kshirsagar of Unived Corporate Research. Please go ahead.

Prashant Kshirsagar: Just wanted to ask, you said about the planned and unplanned shutdown in Gadepan-I and II plants?

Anil Kapoor: In Gadepan-II plant, there was no shutdown.

Prashant Kshirsagar: So, how many days the shutdown was there for planned and unplanned both?

Anil Kapoor: Planned shutdown was approximately for 40 days. There are two urea plants and one plant was shut down for an extended period.

Prashant Kshirsagar: Can you tell us the days?

Anil Kapoor: I will let you know before the con-call is over when you come back to me in 10 minutes, I will let you know.

Prashant Kshirsagar: And this 40 day planned shutdown was in April 2019?

Anil Kapoor: It was in April, 2019 and I will give you the exact number of days.

Prashant Kshirsagar: And just for my understanding, I wanted to know Gadepan-I and II plants work on fixed return on equity. So can you just highlight few details of that earnings or this shutdown affects the earnings of Gadepan-I and II?

Anil Kapoor: We are given a fixed return in the form of CC (Conversion Cost) CRC (Capital Related changes) which government gives us which is very marginal for Gadepan-I and II plants. So, whenever plant is shutdown to that extent the contribution is affected.

Prashant Kshirsagar: And how in the peak season of Q2 and Q3, how do you see demand panning out for the fertilizers?

Anil Kapoor: Urea demand is very strong and we are liquidating all our stocks as we speak today and there is a website mFMS where you all can go and have a look at how much a company has produced in this quarter. The data is available for everybody to have a look at it and you will find that we have done well as far as our production is concerned.

Moderator: Thank you. We have the next question from the line of Rakesh Vyas from HDFC Mutual Fund. Please go ahead.

Rakesh Vyas: One quick question. Now that our new plant is operating at full capacity for almost two quarters, anything that we have heard from government on production beyond the capacity, any policy framework that they have finalized or are in discussion with because going by this run rate we might actually cross full capacity this year as well?

Anil Kapoor: We will definitely cross the 100% production. We are yet to start discussion with the government on the subject. This is first year of operation and once we achieve 100% capacity, we would then like to have a shutdown for Gadepan III plant for at least 15-20 days because after commissioning we have not had a shutdown in Gadepan-III. Normally standard practice all over the world is that after the first run, you then shut down the plant, have a serious look at the equipment, how they have behaved, and any patchwork which is required in the plant, you accomplish.



Rakesh Vyas: Secondly, the subsidy – budget allocation for urea is higher which primarily also accounts for our production it seems. How it is shaping up, how are we expected to close this year on subsidy front based on what allocations have been made so far. Can you throw some light?

Anil Kapoor: Subsidy is going to be a challenge this year. As I can say about the entire industry, the subsidy which the government had to give to the industry for last year was approximately Rs. 30,000 to 35,000 crores. We are likely to end the year at approximately Rs. 50,000 crores. So Subsidy is going to be a challenge. We have taken this matter very aggressively. In fact, secretary - fertilizer has also taken up this subject with the government and we have been assured in forums that some money will be allotted to the industry additional to what has been sanctioned in the budget. It could be in the form of special banking arrangement or a direct subsidy.

Somebody had asked me some data which I did not have at that time. The actual number of shutdown days - planned was 32 days and unplanned was 42 days.

Rakesh Vyas: Lastly, given how the DAP prices have been coming down, is there a risk that the inventory that we hold in channel currently, we might have to offer higher discount to get it liquidated? any provision that we might have to make?

Anil Kapoor: Rakesh you will appreciate I can only speak on behalf of Chambal.

Rakesh Vyas: Yeah, Chambal only I am asking sir.

Anil Kapoor: As far as Chambal is concerned, we are very conscious of the fact, as to the quantity which we have to purchase and we are confident that the quantity we purchase we will be able to liquidate during this year, that is one. Number two – yes, margins may be impacted, but as far as Chambal is concerned, we will try and protect our margins.

Rakesh Vyas: Lastly, any pending payment on the new plant still to be made or given we have performed and this plant is operated, most of it already paid for?

Anil Kapoor: Some small amount is pending which we will clear in next 3 to 4 months.

Moderator: Thank you. Our next question is from the line of Deepak Chitroda from Phillip Capital. Please go ahead.

Deepak Chitroda: I just wanted to understand, if you can provide some broader picture on; what is the status of direct benefit transfer, whereas government is now talking about DBT version 2. So what is the current status and what will be the final outcome of the DBT for second version?

Anil Kapoor: I will tell participants how DBT is working in the fertilizer sector. We sell the fertilizer to the farmer which is registered in the point of sale machine. Once the material is sold to the farmer, the subsidy which is payable to the farmer is paid to the industry and as we speak today, till second week of June the payment has been made. We have raised bills up to first week of August and payment of which is expected in the month of August/ September.

Deepak Chitroda: I mean basically government is trying to transfer money directly to farmer account so that is the ultimate aim.

Anil Kapoor: We sell the material to the farmer. The government does not, at this moment pass the subsidy to the farmer. The subsidy is then routed back to the industry. So, it will be like DBT to the industry, not going into farmers account.

Deepak Chitroda: So, is there any talks about subsidy directly transferring to farmers account? Anything at the industry or at the ministry level?

Anil Kapoor: There is lot of discussion going on this subject. Once this entire thing is stabilized and government is confident that all the sales is being registered correctly through a point of sale machine, it is quite possible that government may start routing the subsidy directly to the farmer. But no paper is out yet on this subject. There is an internal discussion on this subject going on in the government.

Moderator: Thank you. Our next question is from the line of Tarang Agarwal from Old Bridge Capital. Please go ahead.

Tarang Agarwal: Sir, you suggested that the government subsidy bill at the end of FY20 could be outstanding to the extent of Rs. 50,000 crores. In that case what do you think would be our subsidy receivables from the government as on FY20 end?

Anil Kapoor: If we go by the number of Rs. 50,000 crores, the outstanding subsidy for Chambal would be approximately Rs. 4,500 to 5,000 crores.

Tarang Agarwal: Sir similar to the FY19 end levels, correct?

Anil Kapoor: Slightly higher than FY19 levels.

Tarang Agarwal: The second question was with respect to the profits of your associate -IMACID for Q1. So, I see that the profits for Q1 has been substantially lower. Any reason?

Anil Kapoor: They had an extended shutdown. There was a planned shutdown and when they went through the planned shutdown, in one of the rotating machines, there were some problem which took time to repair. However the plant is back on line and it has been operating quite well.

Tarang Agarwal: So, can we see FY19 run rate going forward?

Anil Kapoor: So, in FY19, firstly result was for 15 months and contribution per ton which was achieved in FY19, it is yet to be seen whether we will be able to achieve in FY20. Sulphur prices have definitely come down. We have to ascertain how much the prices of rock are dropping because acid prices have definitely fallen down. So, acid prices are combination of sale price of acid minus rock price minus Sulphur price. Sulphur prices have fallen down substantially. We are yet to ascertain how much is the rock price coming down.

Tarang Agarwal: if you could give me the bifurcation between urea and non-urea sales for Q1?

Anil Kapoor: It is there in the presentation which we have listed out.

Tarang Agarwal: Sir last question, if you could give us the cash and cash equivalent figure as on 30th June?

Abhay Baijal: We had about Rs. 650 crores by way of mutual fund investments as on 30th June in our books.

Moderator: Thank you. Our next question is from the line of Prashant Kshirsagar from Unived Corporate Research. Please go ahead.

Prashant Kshirsagar: Sir, can you just tell us the capacity of Gadepan-I and II Plants?

Anil Kapoor: Gadepan-I designed annual capacity at 100% is 8,64,000 tons. Gadepan-I & II plants are identical.

Prashant Kshirsagar: Are you allowed to produce more than 100% if it is possible or government restricts you?

Anil Kapoor: Government allows us to produce over 100% capacity. However, the contribution is capped.

Prashant Kshirsagar: I did not understand sir, can you elaborate on that?

Anil Kapoor: There is a formula based on import parity. So, your pool gas cost is taken, your IPP (which is the import parity price) for the year is taken and the maximum contribution you can get is import parity prices plus some marginal fixed cost they also give along with that minus the variable cost. However, that gross contribution is capped to a level of Rs. 2300 a ton.

Prashant Kshirsagar: And secondly sir, you talked about demand scenario for urea is strong for Q2 but for DAP what is your view or how is the demand scenario?

Anil Kapoor: DAP as we speak today, the demand is getting over. We anticipate Rabi demand will be robust. DAP is basically sold in North India in large volumes in Rabi and with good monsoons this year, we expect demand of DAP to be robust.

Prashant Kshirsagar: With the current scenario of liquidity in the economy where people are facing problem, so will it affect your assessment?

Anil Kapoor: Farmer will always put DAP in Rabi. When we say liquidity, I really do not know which sector you are referring to. Yes, in automobile, there is a problem, but as far as farmer is concerned he will definitely use Urea and DAP. For him that is survival.

Moderator: Thank you. Our next question from the line of Madhav Marda from Fidelity Investments. Please go ahead.

Madhav Marda: So, just wanted to understand on the DBT. Once it is implemented, will the working capital days for the industry go up, stay the same or will come down, over 2 - 3 years? What would be the final impact once the whole thing is in place as per expectation?

Anil Kapoor: If it goes as per expectation the working capital for the industry would definitely come down.

Madhav Marda: And could you explain the mechanism like how that changes. By how much do you think the working capital days could come down?

Anil Kapoor: Today we have been paid by the government for sales which have been made up to second week of June. We have raised bill up to first week of August, but payment has not been made. If the payment is made directly to the farmer, this last 7 weeks money would have been received by Company and the government would pay to the farmer. So, it will definitely reduce the working capital of the industry. There is a delay by which the government pays to the industry, but to the farmers they will have to pay on time else there will be a social unrest.

Madhav Marda: Sir, do you think this can be done because already they are running such a high subsidy. As it could go up to Rs. 40,000 - 50,000 crores this year, even government finances might be stretched. Would they even want to move completely to this model of paying the farmers because it is just they are getting themselves stuck for no reason?

Anil Kapoor: I do not think so. Firstly Rs. 40,000-50,000 crores is a not sustainable model. Some of the companies are borrowing at high interest cost. You know that

there are some of fertilizer companies which are struggling. So, I do not think it is a sustainable model to survive at subsidy levels of Rs. 40,000 to 50,000 crores and there is a serious thought in government. So, I am quite confident and hopeful that government will come out with some additional subsidy either in the form of special banking arrangement or onetime grant.

Madhav Marda: And once we do shift the working capital days which is, if I get my number right, about 150 - 160 days. How much could that come down - by 30 days or 40 days any number ?

Anil Kapoor: I will have to really work out but yes, we should be able to work out comfortably between 100 and 120 days.

Moderator: Thank you. Our next question is from the line of Pratik Tholiya from Elara Capital. Please go ahead.

Pratik Tholiya: Sir just one data point what is the working capital number for the quarter?

Abhay Baijal: The total amount of working capital borrowing that we had is Rs. 4,082 crores roughly as on 30<sup>th</sup> June 2019.

Pratik Tholiya: Sir you said 36,000 crores, what was that?

Abhay Baijal: No, I said Rs. 4,082 crores see the Slide no. 10.

Pratik Tholiya: if we see just the slide above that shows that subsidy outstanding is around Rs. 4,000 crores. So, basically, entire working capital is stuck in the subsidy?

Anil Kapoor: You are right the working capital which is there is basically the subsidy outstanding. If the government hypothetically were to release my entire subsidy, our working capital borrowing will substantially reduce. I am glad you are getting the right picture now.

Pratik Tholiya: Yeah because I was just saying that Rs. 4,000 crores is your total subsidy.

Anil Kapoor: Yes, and in addition to that there would have been a decent amount of stocks. There is material lying in point of sale so when that is sold, we get the subsidy

back from government that is all our internal accruals which has been ploughed back into the business.

Pratik Tholiya: And sir, just lastly, so there is a lot of chatter happening about de-control of urea although I am quite skeptical whether it will happen, but there are lot of news articles which every now and then come up with this whole de-control of urea. So, how do you look at it and whether this is possible and the new government can actually take such steps. What are your thoughts on this overall de-control and how will the urea industry then get impacted because if urea gets de-controlled, I would sell at the similar price of complexes. Would the farmer then not move towards complexes because then the cost benefit is not there for the farmers?

Anil Kapoor: You have asked number of questions. I will try and answer you systematically. Industry would love to have decontrolled business, it unshackles the industry. Whether it will happen or not is a million dollar question, but some form of decontrol I think is necessary wherein may be the government can give us some fixed subsidy and any increase in cost can be passed on to the farmers because if you look at it our price to the farmer today is approximately Rs. 6,000 per ton which is very low. If you look at our neighboring countries you may like to revisit and see what the prices are in Bangladesh and Pakistan, we are very low. So, the farmer can definitely purchase urea at a higher price. Second question is what would happen to the demand of urea wherein the urea is decontrolled. Yes, to that extent, some amount of urea can have a problem, but it has to be seen what happens and at what price we sell urea. In complete decontrol, I agree with you whether it is possible or not possible to sell urea at Rs. 20,000 a ton I do not know. it is anybody's guess.

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

Manish Mahawar: Sir, the subsidy outstanding as on 30th June is around Rs. 4,000 odd crores. So have we received any amount in the last one and half month or may be post budget?

Anil Kapoor: Yeah, we have received approximately Rs. 600 crores and this month we are likely to receive approximately Rs. 700 to Rs. 800 crores.

Manish Mahawar: This Rs. 4,000-odd crores of subsidy as on 30th June also includes the Rs. 700 crores of your SBA?

Anil Kapoor: No, the SBA was cleared in the beginning from the subsidy which was allocated in the first half of April. So, that is cleared now.

Manish Mahawar: And second thing, in this quarter particularly Q1 because the DAP price has been corrected and I am sure acid price also corrected, so have we taken any inventory loss or maybe some profit hit in this quarter?

Anil Kapoor: Previous quarter we have done well as far as our agri input business is concerned.

Manish Mahawar: In the Q1, have we taken any impact of inventory loss in the fertilizer specifically?

Anil Kapoor: See what happens we do not take inventory loss, but as price keeps falling, we keep on averaging our cost. So, to that extent our contribution gets impacted. Put it like this, if we have to buy at \$400 and the next shipment, is at \$375, the contribution to that extent would be averaged out and we have had the decent contribution in the entire quarter. So, the trick of the business is to keep on buying material at all cost.

Manish Mahawar: And sir just a continuation of the question of the last participant about the maybe decontrol of the urea. Any discussions going on in the government regarding the sale so far?

Anil Kapoor: There have been discussions with the government on this subject wherein the industry has always welcomed the move of decontrolling urea including your company Chambal Fertilisers. We are one of the lowest cost producers in the country and in commodity business any company which is low cost will always survive and do well.



Manish Mahawar: But just in this decontrol actually what is basically a constraint for government to come out with this decontrol because earlier, I believe, gas price was different for all the plants. I think now the gas pooling is there so each and everybody is at par now. So what is stopping basically the government to come out with the de-control?

Anil Kapoor: At what price the government would like to sell to the farmer. Today the urea price is Rs.6,000 a ton. Can the government accept the fact that urea will be sold at Rs. 20,000, Rs. 15,000 or Rs. 10,000 a ton. Government will have to take a call. They will have to take a call as to what is the fixed subsidy which they will give to the industry and let the MRP float. I do not know which model government is likely to move to, it is very complex subject in this country. Nothing is going to happen in a jiffy. It is a politically sensitive subject.

Manish Mahawar: Otherwise, subsidy outstanding at the year-end as indicated will be around Rs. 50,000 crores and may be the next year it will be Rs. 60,000 crores, if that would not happen actually going forward.

Anil Kapoor: No, I did not get you.

Manish Mahawar: You said, as on 31st March the subsidy outstanding was around Rs. 35,000-odd crores for the industry and this year FY20 I think it should be around Rs. 45,000 to 50,000 odd crores.

Anil Kapoor: If the government were not to increase the subsidy budget or not give us any additional special banking arrangement.

Moderator: Thank you. Ladies and gentlemen on behalf of Chambal Fertilisers and Chemicals Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.