



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

## FY 2013-14 Q1 Results

### Investor/Analyst Conference Call Transcript

August 1, 2013

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- Moderator** Ladies and gentlemen, good day and welcome to the Q1 FY 14 Results Conference Call of Chambal Fertilisers and Chemicals Limited. As a reminder for the duration of the conference all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, you may signal for an operator by pressing "\*" and then "0" on your touchtone telephone. Please note this conference is being recorded. I would now like to hand the conference over to Mr. Raghavendra Jaipuria of Perfect Relations. Thank you and over to you, Sir.
- Raghavendra Jaipuria** Good morning and thank you for joining us on Chambal Fertilisers and Chemicals Limited Q1 FY 14 Earnings Conference Call. Today we have with us the Senior Management represented by Mr. Anil Kapoor, the Managing Director; Mr. Abhay Bajjal, CFO; Mr. M S Rathore, Vice President - Legal and Corporate Communications and Mr. V K Gupta, Vice President - Marketing.
- 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 would begin the call with the opening remarks from the Management, after which we will have the forum open for an interactive Q&A session. I would now request Mr. Kapoor to make his opening remarks.
- Anil Kapoor** Thank you. Good morning ladies and gentlemen. Welcome to our first earnings call for financial year 2013-14 post declaration of our quarterly results. As already mentioned, with me in the room are Mr. Abhay Bajjal, our CFO; Mr. M.S.Rathore, Vice President- Legal, Corporate Communications and Company Secretary; Mr. V K Gupta, Vice President -Marketing and Mr. Rajveer Singh -our

General Manager-Legal; and Saima, she is Senior Manager in corporate communications,.

I would like to share with you some of the highlights of the first quarter ended 30<sup>th</sup> June 2013. As you would have observed, our sales have increased by 23.7% to Rs. 1,690 crore and our profit after tax has increased to Rs. 113 crore from Rs.77 crore in the corresponding quarter last year. This increase in profits is largely due to tax credit related to earlier years which we have recognized during the current quarter.

You are aware that the company has three business segments—fertiliser, textile and shipping. The revenue of own manufactured urea went up to Rs. 1,123 crore, an increase of 28% over corresponding quarter of FY 2012-13. The revenue of traded goods went up by Rs. 51 crore, shipping by Rs. 23 crore and textile by Rs. 6 crore. PBIT of own manufactured fertilizers in Q1 is Rs. 131 crore, traded goods is Rs. 22 crore, textile is Rs. 3.8 crore and shipping is minus Rs. 25 crore.

As compared to the corresponding quarter of FY 2012-13, we have done reasonably well in fertilizers and textile. However, shipping continues to face recessionary trends and year 2013 does not seem very promising.

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

**Moderator**

Thank you very much Sir. Participants we will now begin the question and answer session. We have our first question from the line of Prakash Goel from ICICI. Please go ahead.

**Prakash Goel**

Sir the EBIT of the fertilizer segment we see a number Rs. 130 Crore. How much of the IPP benefit pertaining to FY 13 has been accounted this year and comparable number of the last year? I wanted to find out how much IPP benefit has been accounted during this quarter?

**Anil Kapoor**

Last quarter of last year, the IPP benefit was about Rs. 49 crore and this year the IPP benefit is about Rs. 21 crore. So there is a drop from what we took last year compared to this year.

**Prakash Goel**

So you have accounted for Rs. 21 crore for this quarter pertaining to FY 13?

**Anil Kapoor**

Yes, we have accounted for Rs.21 crore in Q1 of FY 2013-14 and Rs.49 crore in Q1 of 2012-13.

**Prakash Goel** Second question -What is the scene on subsidy payment and up till when you have realized the subsidy for both urea and the trading segment?

**Abhay Baijal** Prakash, we have received subsidy substantially in urea not in June but in July. Except for a very small amount of escalation claim, possibly almost total amount of what was due for us for the last year has been received as far as urea is concerned. However for the trading segment there is still some way to go.

**Prakash Goel** Can you tell us the period up till when?

**Abhay Baijal** In the trading segment we have received up to January. We have raised February and March bill but we are expecting the payment may be some time late August but substantial amount of freight for the previous period is still outstanding.

**Prakash Goel** What is the subsidy outstanding at the end of the quarter?

**Abhay Baijal** At the end of the quarter, June 2013 the subsidy debtors were almost Rs. 1,590 crore. Quite a bit of that subsidy has been received i.e. almost Rs. 806 crore were received in July itself.

**Prakash Goel** And what was this number in March?

**Abhay Baijal** In March, the subsidy number was almost Rs. 2,570 crore.

**Prakash Goel** Sir next question is - how is the scene emerging in the trading segment? The potash prices have crashed significantly last two days, so are you likely to gain out of it?

**Anil Kapoor** See in potash, India has already contracted a yearly price, firstly. So I really don't know whether the potash prices which have crashed will have any benefit to the Indian customer. Chambal is not a very large potash player in the first place. Whatever we needed we have already got the material and we had hedged it adequately, have literally and practically sold the entire quantity.

**Prakash Goel** And how is the scene on non-potash like phosphoric acid, the DAP side and the NPK side.

**Anil Kapoor** We continue to import DAP.

**Prakash Goel** There is a sharp drop in profitability of the trading segment YOY at EBIT level?

**Anil Kapoor** I think we should wait for the year end to see what will be the profitability. That could be a better judgment. Right now to say whether there is a drop in one quarter, the season is just

before us right now. DAP's major sales take place only in Rabi and somewhere near September, October.

**Moderator**

Thank you sir. Our next question from the line of Trilok Agarwal from Birla Sun Life. Please go ahead.

**Trilok Agarwal**

I was reading your press release. It mentioned that you have invested around about Rs. 20 Crore in the software business in this quarter. I guess we were on track with EBITDA breakeven in that business. Could you please tell us why the investment has been made in this business?

**Anil Kapoor**

We have done substantially better in software. I will let Abhay give the details to you.

**Abhay Baijal**

Trilok the turnover remains more or less same at around \$43 million as compared to half year for last year but at the PAT level, the loss has decreased from \$4.6 million to \$1.6 million and at EBITDA level I am happy to report that the number is \$3.3 million for the half year as compared to only \$441,000 in 2012. There has been a substantial progress in terms of the turnaround in the business. New investment is basically to shore up the working capital of the company.

**Trilok Agarwal**

Could you please repeat the number of the loss in terms of what you just said in software business?

**Abhay Baijal**

\$1.6 million for the half year ended June 2013 as compared to \$4.6 million last year.

**Moderator**

We will take the next question from the line of Viraj Kacharia from Securities Investment Management. Please go ahead.

**Viraj Kacharia**

I just want to get a sense on the progress on the urea plant at Gadepan III, how the approvals are going at the moment?. The second was related to the input price for gas. Are you seeing any clarity from the government for the new input price going for FY14?

**Anil Kapoor**

As far as the new investment policy is concerned, it is on hold at this moment. We are waiting for clarity from Government of India. As far as the company is concerned we have got all necessary approvals in place, financial closure is also more or less taken place, so as soon as we get the green signal from government the company would be literally among the first ones to go ahead with the project.

As far as policy on gas is concerned, we ourselves don't know as to what pricing will be followed from next year onwards.

The Finance Minister statement was that this is an output increase but not necessarily an input increase. So we are waiting for clarification.

**Viraj Kacharia**

And one more question on the shipping segment. I know you have incurred expenses of around Rs. 11.5 Crore for special survey expenses for two ships. So are you looking to dispose off the ships? If you can just provide some clarity on that.

**Anil Kapoor**

Dry docking is a routine affair which the ships have to go through periodically. We are at this moment not contemplating to sell any of the ships.

**Moderator**

Thank you. We will take the next question from the line of Balwinder Singh from Prabhudas Leeladhar. Please go ahead.

**Balwinder Singh**

Sir we have seen global urea prices have come off, say from around \$400 in the last couple of months to currently around \$320. So what is your take on that? What is the outlook on the global urea prices? And what happens to our IPP linked production as such?

**Anil Kapoor**

Good question Balwinder. Firstly the prices have softened further. The last tender for IPL the price is somewhere near \$303. At this price Chambal Fertilisers cannot produce urea for the cut off quantity and above. It is not viable as per the present policy of the Government of India. Nevertheless the Government is also aware of it. If you are aware of the policy which came out in 2008, there was a price re-opener in that policy which said that if the price of gas is (say) doubled then Government of India will come out with necessary policy amendments. The Government is working on that policy arrangement right now. And we hope to get some favorable outcome from Government of India.

**Balwinder Singh**

But since we are having a large fiscal deficit, what sense will it make for the government as such to not import urea and let the domestic players produce at higher cost as such. I mean what is the incentive for the government as such.

**Anil Kapoor**

Good question Balwinder. You are asking good questions today. I can only share with you, even at \$303 we can compete with import parity. Unfortunately the policy is such that we get 85% of import parity price. Whereas when I import urea I import at 100% then I pay about 6% custom duty. On top of it there is bagging cost. There is stevedoring charges at the port and there is a freight which takes place to the inland locations.

On top of it, when we import, we pay money upfront by LC whereas money paid to us is payable whenever Government is able to. There's also a working capital cost attached to that. And Chambal Fertiliser can even compete at \$303 right now with the present gas costing.

**Balwinder Singh**

The floor price is at 250 IPP.

**Anil Kapoor**

The floor price was 250 but there was no natural price increase with increase in energy like it's there for new investment policy.

**Balwinder Singh**

And what kind of production volumes are we estimating for fiscal 2014?

**Anil Kapoor**

Too early to tell. If the government comes out with the policy which will allow us to produce over cut off, I will be in a better position to say that later on.

**Balwinder Singh**

Assuming that the government does not come out. So we will lower our production and we will (say) produce till the cut off quantity and rather import the extra requirement.

**Anil Kapoor**

You are right but you will appreciate that it will be unfair to the domestic industry. World over the domestic industry has given some sort of protection.

**Balwinder Singh**

I completely understand that.

**Anil Kapoor**

Even at the current duty structure we can compete. So even at \$303 we will make some money.

**Balwinder Singh**

And what kind of EBIT margins per tonne are we making on currently on urea.

**Anil Kapoor**

Those are confidential in nature. Whatever the results are I think you should pick up from that.

**Moderator**

We have our next question from the line of Sachin Agarwal from Argonaut. Please go ahead.

**Sachin Agarwal**

Sir my question is more on the inventory side. So together with the channel, what kind of inventory situation do you see? And given the inventory situation, what kind of volume growth are you seeing this year and next year.

**Anil Kapoor**

I will let Mr. V K Gupta handle the inventory portion but as far as the volume growth I am sure you are asking about the trading segment of our company.

**Sachin Agarwal**

No this is on the industry side and more on the complex fertilizers side.

**Anil Kapoor** On the complex, as far as the company is concerned we will try and retain our market share what we have done in the past. As far as the industry is concerned I will let Mr. V K Gupta answer that question.

**V K Gupta** The whole industry had started with a high inventory cost in April, but the imports are down and production of DAP particularly would be more or less in line with the last year's production. So there would be a good draw down on the inventories in the coming months. The situation should improve and with good monsoon, we see better numbers in terms of consumption this year. Last year's inventory would get reduced this year. Therefore we are looking forward to a better Rabi situation.

**Sachin Agarwal** Sir, any idea on the number of tonnage of inventory in the channels or with the factories?

**VK Gupta** At this moment when the season is under way it is difficult to put a number there for inventory.

**Sachin Agarwal** What kind of total volume are you seeing this year, like last year it was 16 million tonnes for complex fertilizers?

**Anil Kapoor** For the industry? Too early to tell.

**Moderator** Thank you. Our next question from the line of Puneet Gulati from HSBC. Please go ahead.

**Puneet Gulati** First of all, on the new urea plant. Just want to understand, what is the specific clarification that you are awaiting from the government?

**Anil Kapoor** See the policy was very clear. We in fact even have awarded some of the small contracts to various agencies. But the government has issued us a note that we should hold our project till certain amendments are made to the policy.

**Puneet Gulati** So they are expecting some amendments to be made to the existing policy, is it?

**Anil Kapoor** Definitely.

**Puneet Gulati** Secondly on your trading business, have you taken any price increase or price cuts for the DAP?

**Anil Kapoor** No, we have not taken any price increase.

**Puneet Gulati** So it stands at Rs.22,500.

**Anil Kapoor** Rs. 22,550 is our price.

**Moderator** Thank you. Our next question from the line of Viraj Kacharia from Securities Investments. Please go ahead.

**Viraj Kacharia** You said that the government is planning some amendments for the new urea policy. If you can give us some flavor what kind of amendments are they planning?

Second is on urea trading. If I am not wrong different canalizing agencies they auction the purchase at different ports so if you can just explain how the mechanism works in terms of distribution and other things?

**Anil Kapoor** As far as the new policy is concerned, we are not aware. We are waiting because I don't think so there is clarity at the government end also at this moment. So I think we need to wait for the directions. As far as urea is concerned at the ports, we do not import urea. And I think that's the question you should best address to companies like Nagarjuna, Coromandel and IPL. IPL of course does not come into investor call but Nagarjuna Fertilizers and Coromandel do. So I think that question would be best addressed to them.

**Viraj Kacharia** And just one more question was on the trading segment. You said that you haven't taken any price increase in the DAP and other complex products. Is it one of the reasons why the margins have been so low in the current quarter because if you see players like Coromandel and other ones they have affected a price increase from July onwards. So is it what we should be seeing for Chambal as well?

**Anil Kapoor** Price increase has no meaning. I can increase my price to Rs.24,000 and yet sell at Rs.22,550. If most of the companies including market leaders like IFFCO, IPL are selling at Rs.22,500 who have not increased the price, the price increase loses its meaning. So you will appreciate we cannot increase the price even if we want to.

**Moderator** Our next question is from the line of Balwinder Singh from Prabhudas Lilladher. Please go ahead.

**Balwinder Singh** Sir one follow-up question. Within the trading business i.e. the non-fertilizer business, what is the percentage of revenues as well as EBIT? If you can throw any light on that?

**Anil Kapoor** Balwinder all those questions would be best addressed in the second quarter, because this is non-fertilizer trading activity. In the agro chemical segment we clock somewhere near Rs.275 to 300 Crore or Rs.325 Crore a year. Bulk of the sales starts



now, so to tell you right now what has happened in the first quarter would be very difficult for us.

**Balwinder Singh**

Sir in fiscal 2013, if I recollect on the call last time you had told that non-fertilizer was around 550 Crore at revenue level.

**Anil Kapoor**

When I mentioned agro chemical I was talking about our pesticides business. On top of it we have got other agro chemicals like Bentonite Sulphur then we do certain amount of seeds and we do other chemicals. We also do water soluble fertilizers. So that all is summed up into our trading business i.e. non-fertilizer.

**Balwinder Singh**

And Sir in this software business, I missed the numbers that you were giving out. At the PAT level there is a loss of \$1.6 million in the half year compared to \$4.6 million loss last year. Is it correct?

**Anil Kapoor**

Yeah you are right.

**Balwinder Singh**

And at the EBITDA what was the number?

**Abhay Baijal**

At the EBITDA level the number this year is \$3.3 million (plus) as against \$441,000 last year. The gross margins this year is 34%. Last year it was 23%.

**Balwinder Singh**

So there is the profit of \$3.3 million in H1.

**Anil Kapoor**

At the EBITDA level.

**Moderator**

Our next question from the line of Prakash Goel from ICICI. Please go ahead.

**Prakash Goel**

Wanted to get some clarity on the accounting side of the software business. When you say that it is profitable at the EBITDA level now how would it appear in the consolidated level? Say in the reported EBIT level at the end of the year if the current run rate continues.

**Anil Kapoor**

Firstly I think we should improve the run rate. We are expecting the business to break-even at the PAT level. This is a forward looking statement, but this is our expectation.

**Prakash Goel**

Sir what is the revenue run rate per quarter as of now?

**Abhay Baijal**

At the moment we are doing \$21 million roughly. Last month was almost \$7.2 million so we are actually at the moment around \$86 - \$87 million run rate.

**Prakash Goel**

At this turnover what is the kind of EBITDA you should make?

**Abhay Baijal** See if I were to project forward saying that 33% - 34% would be the gross margin then we are talking of a gross margin of \$25 million. SG&A would be \$18-19 million. So the EBITDA would be about \$6-7 million.

**Anil Kapoor** Put it this way in a nutshell. We have made 3.3 you double it we will make 7.

**Prakash Goel** EBITDA of \$7 million in a full year.

**Anil Kapoor** Yes

**Prakash Goel** Sir just wanted to understand that on the EBIT level, when you consolidate the account. How would this number look like, the \$ 7 million USD profit.

**Abhay Baijal** There are costs below which there is interest and other items, some depreciation and other matters, they are at around \$ 800 K per month.

**Prakash Goel** \$ 800 K?

**Abhay Baijal** Yes.

**Prakash Goel** I could not get that part. So you are saying interest...

**Anil Kapoor** What Abhay Baijal is saying is if the business were to continue in the same level as we are progressing right now then we will have a loss for the business at about \$3 million.

**Prakash Goel** For the full year at EBIT level?

**Anil Kapoor** For the full year and when we consolidate into our business we normally get about 65% to 70% consolidation into our books.

**Prakash Goel** I remember earlier management had mentioned that the deferred tax credit available and once the business is profitable those tax benefits will be available. The other thing which I wanted to understand was that our stake was supposed to go down from 75% to 57% and the losses were supposed to get transferred to the employees and like the ESOPs and other diluted equities. So when is that likely to happen?

**Abhay Baijal** See once we go for an IPO or something and then as per the shareholders agreement there may be a certain conversion of preference share at a ratio and at a fully diluted basis will come to around 54% or so. At that point of time whatever loss we are carrying in our consolidation will get reversed.

**Prakash Goel** Will get reversed, right?

**Anil Kapoor** Yes.

**Prakash Goel** What is the deferred tax credit available?

**Abhay Baijal** Deferred tax credit was related to a certain section of the income tax Act i.e. 80-I(A) which was a long drawn litigation. For last 10 years we were following up and winning every year. Now last year we have cleared both the CIT appeal and only one ITAT appeal remains so we have basically established that this is something that it will be fully available to us. On that basis this decision to write back was taken.

**Prakash Goel** Any further funding requirement in the software business?

**Abhay Baijal** Doesn't look like. At the moment they are generating cash.

**Moderator** Thank you. We will take our next question from the line of Manish Mahawar from Edelweiss. Please go ahead.

**Manish Mahawar** Sir just two questions. One if you look at your other income it is high versus last year's first quarter actually. Is there any specific reason?

**Abhay Baijal** This year we had Rs. 14 crore dividend from IMACID and apart from that there was income tax refund. This is income from income tax refund which was about Rs. 7 crore plus previous quarter we had taken Rs. 5.7 crore kind of debit on a ruling from SEBI for our ESOP Trust. Now that clarification has come and because of that we can reverse that. So, these three have actually contributed to it.

**Manish Mahawar** Dividend is Rs. 14 Crore. You said IT refund is Rs. 7 Crore, right?

**Abhay Baijal** Yes.

**Manish Mahawar** And last component is how much amount?

**Abhay Baijal** ESOP component is Rs. 5.7 Crore.

**Manish Mahawar** And have you taken any inventory write down in this quarter?

**Anil Kapoor** Inventory write down we don't do but we have taken some provisions for sale of phosphatic fertilizer which was made last year.

**Manish Mahawar** What is the amount, if possible, sir?

**Anil Kapoor** Approximately Rs. 8 Crore due to phosphatic fertilizer which was sold but those were adequately provided for last year. This Rs. 8 Crore which I am talking about is for the February-March sale which has taken place which the Government of

India has come up with a clarification that those will be applicable at old rates. The subsidy will be payable at old rates.

**Manish Mahawar** But we have already taken in, you can say on account of FY 13, right before March.

**Anil Kapoor** What I meant to say was that the material which was sold, that provision has already been taken in the books last year so we have not taken any additional provision this year. The only additional provision is for sale which has taken place in February and March, which we were expecting the subsidy at a higher level. Government has come up with the clarification that it will be payable at lower rates.

**Manish Mahawar** And Sir if possible can you give a number of SSP sales and EBIT number of SSP?

**Abhay Baijal** SSP sale I can tell you this quarter, production was roughly 15,000 tonnes and sales was 10,000 tonnes.

**Anil Kapoor** Plant is just stabilizing. There were certain teething problems initially. We have now stabilized the plant and will see better results going forward.

**Manish Mahawar** Can you give me INR numbers like what is the number of your sales in Rupees?

**Abhay Baijal** For SSP?

**Manish Mahawar** Yeah.

**Abhay Baijal** I will get back to you.

**Anil Kapoor** It is inconsequential compared to our total revenue.

**Moderator** Thank you. We have the next question from the line of Prateek Poddar from ICICI Prudential Asset Management. Please go ahead.

**Prateek Poddar** Sir recently Uralkali broke out of BPC and because of this the potash prices have crashed by about 20%. So just wanted to understand whether the government would mop this in terms of reducing the subsidy amount or will it be a sharing between the farmers and government. What is your understanding, sir?

**Anil Kapoor** Firstly the repercussion of what has happened between Uralkali and BPC is not clear as far as India pricing is concerned. We had contracted a price of potash on an annual basis which was at \$427. I also read reports that prices are likely to fall to \$300. It is too early. Let's wait and see what

happens. But I don't think India prices are going to change at least for the next few months.

**Prateek Poddar**

So basically someone who was holding a MOP kind of inventory you won't take a write-down.

**Anil Kapoor**

I don't think so prices India will change because it is an annual contract which we enter into.

**Prateek Poddar**

Sir now since the potash prices have crashed and obviously internationally people might shift from phosphate to potash will this have a rub off effect on phosphate prices and ammonia prices.

**Anil Kapoor**

Ammonia prices have come down substantially.

**Prateek Poddar**

And Sir urea prices are also very close to the bottom. So if you can just throw some light on the urea prices also. What is your expectations going ahead because your IPP linked revenues will get it then?

**Anil Kapoor**

Anyway our IPP revenues at the levels of 303 are not viable. But if you look at the global trade, it is a very interesting phenomenon. At \$300 no new capacity is viable, globally also. If you see the recent capacity at the price at which they are putting in USA even with shale gas, the capital cost is very high. It would be of the order of \$1.4 to \$1.6 billion for approximately 1.2 million tonnes. So when you translate that and take the shale gas price for which Henry Hub pricing is known to everybody, it will not be viable at this \$300. Usually plants also start limping at around this price. We are getting this price basically because of the Chinese stock. How long will this last I don't know. The window of the Chinese stock anyway closes by September end.

**Prateek Poddar**

And Sir just one more question. Now with the rupee being at 61 you are still confident of doing trading.

**Anil Kapoor**

At this moment whatever quantities we had bought, we have hedged and our hedging has been on an average of about 58 to 60. It would be interesting to negotiate new pricing with the seller.

**Prateek Poddar**

Sir but at 61 as you just mentioned that you are selling at Rs. 22,550 per tone but at 61 is it viable, 22,550?

**Anil Kapoor**

It depends on my purchase price. If urea has fallen, ammonia has fallen, sulphur has fallen, may be phosphate DAP will also

fall. I don't know what will happen tomorrow but we expect DAP to fall.

**Prateek Poddar**

Sir one last question. Whether the government's intention to keep prices under control, is that true or the NPS era here? Have we gone back to the retention price control system?

**Anil Kapoor**

Some of our competitors have increased the price. That's what we read in the papers. Some of our competitors have increased the DAP price to Rs. 24,000 so if they have done it I think the question must be best addressed to them. How have they done it if there was a price control?

**Prateek Poddar**

But you are one of the leaders and since you have not done... since the marginal player is doing and the leader is not doing, how should I interpret this sir?

**Anil Kapoor**

Put it this way. More importantly the liquidation in the market place should take place and there is no point increasing the price if the farmer is not going to purchase. There is enough stock right now at Rs. 22,500.

**Prateek Poddar**

Sir what would be the inventory in the system as of now? I am sorry I joined in late.

**Anil Kapoor**

At this moment our post Kharif we don't know what the inventory is. How much material has moved in the market, I think a better situation will emerge in a month's time.

**Moderator**

Thank you. Our next question is from the line of Anita Rangan from HSBC Asset Management. Please go ahead.

**Anita Rangan**

How is your debt level looking like at the end of the quarter? Because we have seen that significant amount of subsidy payment has been received so if you can just highlight as to how the debt levels are looking at this point?

**Abhay Baijal**

As on 31<sup>st</sup> March, we had on the working capital side excluding the secured loans we had something like Rs.3713 crore. As on 30<sup>th</sup> June 2013, this is Rs. 2826 crore.

**Anita Rangan**

Sir, then the total debt was close to Rs. 5,000 crore that would be at what levels now?

**Abhay Baijal**

The total debt is better off by about Rs. 800 crore.

**Anil Kapoor**

But we have received substantial amount of subsidy in the month of July and market collections have been good this month. As on 1<sup>st</sup> August our situation should be substantially better.

**Anita Rangan** Sir at the end of the year then you would move that to FY12 numbers of debt like say Rs.3,600 Crore.

**Anil Kapoor** Too early to tell; depends on the subsidy payment by the Government of India.

**Moderator** Thank you. We have our next question from the line of Prateek Poddar from ICICI Prudential. Please go ahead.

**Prateek Poddar** Sir just one small query. Assuming current DAP prices and rupee at 61, is Rs. 22,550 justifiable?

**Anil Kapoor** What's the price that are you aware of DAP?

**Prateek Poddar** \$475 if I am not wrong.

**Anil Kapoor** We have cracked that. DAP today is available at sub \$475. At 475 and 61, you breakeven.

**Prateek Poddar** And second is, I am inferring this and I may be wrong. Sir is it that in some pockets the inventory is already over and in some pockets the inventory overhang is still there and that is the reason.

**Anil Kapoor** Slightly overhang is there right now as far as our country is concerned.

**Prateek Poddar** So at Pan India level, be it AP, be it Maharashtra any state, inventory overhang is there.

**Anil Kapoor** No I am not aware of south because we do not trade much there. That's the question best addressed to companies who deal in the south. As far as our territories are concerned, there is still inventory overhang.

**Moderator** Thank you. As there are no questions with that we conclude the conference. Thank you for joining us. You may now disconnect your lines. Thank you.