

Transcript

Zuari Agrochemicals Limited

Event Date / Time : 12th February 2019, 12:00 PM IST

Event Duration : 42 minutes 40 secs

Presentation Session

Moderator: Good afternoon, ladies and gentlemen. I am Honeyla, moderator for the conference call today. Welcome to 3Q FY19 earnings conference call of Zuari Agro Chemicals. At this moment, all participants are in listen-only mode. Later, we will conduct a question and answer session. At that time, if you have a question, please press * and 1 on your telephone keypad. Please note this conference is recorded. I now would like to hand over the conference to Mr. Ranjit. Thank you and over to you, sir.

Ranjit: Yeah, hi. Thank you, Honeyla. Good afternoon everyone. On behalf of B&K Securities we thank the management of Zuari Agro Chemicals for giving us this opportunity to host 3Q FY19 earnings communication call. We welcome all the participants on this call today. We have with us Mr. Sunil Sethy, Managing Director; Mr. Sandeep Agrawal, Group CFO and Mr. Nitin Goel, Head, Investor Relations representing the management of Zuari Agro Chemical. I would now request Mr. Sunil to take us through the 3Q FY19 performance and share his outlook on the company post which we would begin Q&A session. Over to you, sir.

Sunil Sethy: Thanks, Ranjit. Yeah, I know you must have all realized that this quarter has been difficult. It has shown a pretty high loss. Clearly I would try and explain all the reasons for this. Rainfall during this season that is the Rabi season between 1st October to 31st December 2018 was lower by 44% than the long period average. The actual rainfall was about 71.2 millimeters against 127.2 millimeters normal and most of the Indian states have been deficient in winter rainfall. Zuari's market substantially is in Karnataka and Maharashtra. About 80% of our sales are in these two markets of which 65% of our sales are in Maharashtra while 15% of sales are in Karnataka and in both these states more than 50% of the talukas had declared drought.

Just today morning the Times of India has indicated that the drought brought down Rabi crop area, this is the agriculture department data issued by the Government of Maharashtra, which says that draught brought down Rabi crop area by about 40% in this particular Rabi season and that has possibly mean one of the major causes of the drop in sales that you would have witnessed in Zuari's performance. On an overall issue, production was lower in Q3 as compared to Q2 mainly because our urea plant was shut down for the annual turnover. This was, actually we had delayed the turnover. Normally we take a turnover in the off season. Normally we take it sometimes in end of March and early April, but this time we pushed it down to October, so it was about one and a half years mainly because we needed to put in some equipment for energy saving. So we had to take it during the Rabi season.

During this period our (not sure) prices have gone up from about 567, which was in the earlier part of – it was last year, it had increased to 758 for Q2 in 2009 and then to 768 in Q3. Now, if you remember last time when I had shown that we had not made – our contributions had come down and one of the reasons that I had given is that our raw material prices, both ammonia and also for phos acid had gone up in the earlier period and this coupled with the depreciation in rupee to about 74 by 31st October, the total amount of the increase in cost was not something that the market could absorb. So to that extent Zuari in the first two quarters had not made good profits, in fact we had made losses. Now, in this quarter, this coupled with the droughts in our main markets of Maharashtra and Karnataka led to what you see that has happened currently in the Q3. So even though we increased the prices of our products three times in Q3 but there was always a time lag in recovery. We took a leadership position in price increase whereas the competition refrained from a similar price increase due to old stocks which were lying with them.

So all these combined along with the drought and resulted in lower sales during the quarter. The company has now lost market share in December, in the YTT December as compared to YTT December 2017 mainly due to both DAP and MOP sales down. Now, manufactured DAP sales were down because we had converted to all NPK since the contributions on manufactured DAP was less than the contribution on traded DAP. So we switched our production to complex. Where our CAPEX is concerned you are aware that Zuari is on a priority basis undertaking an energy efficiency project for 380 crores and after this I think I'll ask Sandeep to talk about the financials.

Sandeep Agrawal: Good morning ladies and gentleman. Now I'll take you through the financials for Q3 as well as nine months period ended December. So in terms of revenue the standalone revenue stood at 908 crores as against 1434 crores which is down by 37% because of the lower sales during Q3 and at console level the revenue is about 1670 crores as compared to 2100 crores last year, so again down by 20% compared to last quarter. At console level revenue total at 6153 crores as compared to 5585 crores, which is up by almost 10% as compared to last year.

At EBITDA level this quarter on standalone basis we could generate EBITDA of only 8 crores as against 126 crores in the corresponding quarter last year, so there is a substantial decline in EBITDA mainly due to lower sales volume during the quarter. Our standalone sales as compared to last year same quarter is almost half, down by 50%. Console level EBITDA is about 57 crores as compared to 188 crores last year, so which is down by 70% and for nine months period the EBITDA for standalone is 137 crores as compared to 281 crores last year. So the EBITDA is down by 51% as compared to nine months period last year and at console level also it is down by 29% as compared to 431 crores to 305 crores in the current financial year up to nine months.

If you look at the PAT, for the standalone PAT, this quarter is negative 68 crores as compared to a profit of 48 crores last year and at console level the PAT is 57 crore negative as compared to last year 47 crores profit. So the main reduction in PAT is because of lower contribution from the products, lower sales and higher finance cost. Nine months period Zuari PAT on standalone basis is about 82 crores negative as compared to 57 crores of profit last year and at console level also it is now showing loss as compared to last year profit of 90 crores.

So the net debt position as on 31st December at console level is 4269 crores as compared to 4339 crores in the month of March and if we compare with the same quarter last year it is at the same level of 4259 crores. So that's all from the financial numbers, so now we are open for question and answers.

Sunil Sethy: Just one thing that I want to say before we open it up for question and answers. I think our investors will wonder what the situation looks like, so we don't give a guidance for the next quarter. Today the rupee had stabilized, where we are concerned, it is now hovering between 70-71 and it has not gone up to – and we don't expect it to move to the kind of figure it had moved to in October 2018. Similarly, ammonia prices have come down. Phos acid prices have also marginally come down. They have come down by about \$18.

So currently the situation is looking stable. In the month of January the POS sales, POS sales are the sales that take place on the retailer to the farmer had improved where Zuari was concerned. There have been scattered rainfalls which has been unseasonal rainfalls in Maharashtra and in Karnataka. All indications so far from WMO also has predicted that the El Niño effect is not going to be strong during this period and even if it effects it would not last beyond March and April. In Maharashtra the sugarcane sowing is expected to be better as the government has started clearing the 50%-60% dues which would improve the cash flows of farmer and since, as I said earlier that 40% of the crop has been down, nearly 23 lakh hectares of land has not been covered during the Rabi season, so because of that I think with the onset of monsoon during the Kharif the farmers will be very keen on cultivating this land.

So all in all we are hoping that the kind of situation that we had in the last quarter, mainly arising out of both the increase in prices and the draught should not happen. With that I will open it to questions.

Question and Answer Session

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again.

We have the first question from Mr. Ayush Bhutada from Equitas Investment. Please go ahead.

Ayush Bhutada: Hello, sir. Yeah, sir, I wanted to ask you can you give me a breakup of the other income of 35 crores?

Sandeep Agrawal: So this is mainly on account of dividend what we received from Paradeep Phosphate and Mangalore Chemicals, and of course there are some elements of overdue interest also from the dealer.

Ayush Bhutada: And any forex gain received during the quarter?

Sandeep Agrawal: Come again?

Ayush Bhutada: Any forex gain?

Sandeep Agrawal: No, there is no forex gain during this quarter; in fact we have forex loss only.

Ayush Bhutada: But because of rupee appreciation we expected a forex gain, right?

Sandeep Agrawal: No, in fact we have a very dynamic hedging policy, so we go by that. If you remember during this quarter currency had moved significantly, it touched as high as 74 and then it came down, so generally we keep a stop loss our positions. So when currency moved do 74 then our stop loss got it, so all these positions got covered.

Ayush Bhutada: Okay. So the main impact is because of reduction in volume, like, you said sales volumes are down 50%.

Sandeep Agrawal: Yeah. Sales volumes are down, this is one part, finance cost is up because of the forex loses and contributions are down mainly because we could not pass on the cost increase in the same proportion to the farmers.

Ayush Bhutada: Correct. So can we quantify the forex loss include in your finance cost?

Sandeep Agrawal: So forex cost, if we compare from the last year then it is, nine months period, it is higher by at 34 crores on a standalone basis.

Ayush Bhutada: For the nine months period of 34 crores and for this quarter, Q3?

Sandeep Agrawal: Q3. I'll come back to you. Let me go through my notes.

Ayush Bhutada: Okay. No problem and sir, so this input tax credit that we have recognized...

Sandeep Agrawal: Yeah.

Ayush Bhutada: So that number is directly part of our sales, right, or part of other income?

Sandeep Agrawal: Which input tax credit you are talking about?

Ayush Bhutada: In NCFL there is some 5-crore input tax credit recognized in Q3.

Sandeep Agrawal: Income tax credit?

Ayush Bhutada: Input, input, input tax credit.

Sandeep Agrawal: So input tax credit, it is nothing but on GST so I think we keep on recognizing because it is – either you take it as a part of raw material cost,

because generally GST how it follows, you take all the credits you recognize and you get the refund.

Ayush Bhutada: Right. So, sir, what would be our subsidy outstanding figure?

Sandeep Agrawal: Subsidy outstanding for Zuari Agro Chemicals is 1200 crores for December and for MCFL it is 840 crores and PPL is about 1066 crores.

Ayush Bhutada: Thousand sixty-six in PPL?

Sandeep Agrawal: Yeah.

Ayush Bhutada: Okay. And, sir, you said that the phos acid and ammonia prices have started coming down, so what would that be currently?

Sandeep Agrawal: So phos acid is down by \$18 for the current quarter. It has settled at \$750 and ammonia, which was as high as \$370-380 now came now down to \$305-315, in this range.

Ayush Bhutada: This is current price, \$315?

Sandeep Agrawal: Yes.

Ayush Bhutada: Versus \$370-380 in Q3?

Sandeep Agrawal: So it varies from quarter to quarter. So, Q3 was, yes, it was in the range of \$350-380.

Ayush Bhutada: Okay. And phos acid has come down by \$18.

Sandeep Agrawal: Yes.

Ayush Bhutada: Okay, sir. Yeah, that's it for now. I'll get back in queue if I need to ask any more questions.

Sandeep Agrawal: So you wanted the forex cost number.

Ayush Bhutada: Right, right.

Sandeep Agrawal: So forex for the current quarter is, in the standalone it is higher by almost you can say 25 crores.

Ayush Bhutada: Higher by 25 crores?

Sandeep Agrawal: As compared to last year.

Ayush Bhutada: Total is 25 crores or is it higher by 25 crores year-on-year?

Sandeep Agrawal: Higher by 25 crore year-on-year for the quarter, yeah.

Ayush Bhutada: Okay, sir. Okay. Thank you.

Moderator: Thank you, sir. The next question comes from Mr. Shivan Sarvaiya from JHP Securities. Please go ahead.

Shivan Sarvaiya: Good afternoon, sir. Sir, my question was on the debt reduction plan. Sir, any color on that because our debt is somehow not coming down every quarter, even if I look at every quarter it does not come down.

Sandeep Agrawal: So, you know, debt is of course not coming down and that is mainly because of you can say subsidy outstanding. So with the implementation of DBT, though government is trying to clear all the DBT bills within the stipulated time but now they have cleared till date up to October in case of NPK and urea in November. So still there is a backlog on account of DBT also and secondly the old claims which are there pre-DBT era, so the government has not taken any action or any, you can say substantial payment on account of those subsidy outstanding, so that is one part and second part, on the debt side we are in the process of reducing our debt by way of bringing in fresh money in the company.

So that is, I mentioned in the earlier call also that we are going for a rights issue in the company, so very soon we are filing the draft prospectus with SEBI. So this will happen you can say next week's time, in a week's time this will be filed with SEBI and so we are planning to infuse 500 crores by way of rights issue and at the same time we are monitoring our subsidy and receivables very aggressively. Our receivables have come down as compared to earlier periods. So all round development we are looking at reducing the debt.

Shivan Sarvaiya: Okay. So, sir, this rights is mainly to repay the debt or is it for incurring that CAPEX of 1300 crores that we were supposed to do?

Sandeep Agrawal: So, 1300-crore CAPEX, if you saw our filings with stock exchanges, so on the last board meeting date we have informed the stock exchanges that as of now on a priority basis we are doing only energy efficiency project which is about 380-400 crores and the larger CAPEX will be done only when we get the approval from the Department of Fertilizer for extension of the investment policy, which is yet to come and so...

Sunil Sethy: We are funding the project by an FCCB of about 200 crores.

Sandeep Agrawal: So basically the entire rights issue money will go for reduction in debt and for 400 CAPEX we have already tied up FCCB and your long-term loans.

Shivan Sarvaiya: Okay. So, sir, just a broad guidance if you could give from a two-to three-year perspective how are we going to be looking at bringing in efficiency in the sense that repaying of debt and reducing interest cost because that is a big hindrance which is currently happening, sir?

Sunil Sethy: See, I mean, as Sandeep has already mentioned we have to look at a couple of things which is – things which are under our control fully are our own receivables. We have been working very strongly only receivables and our receivables

have come down and I am talking about receivables from our customers. The second aspect of what we are talking about is subsidy. The subsidy is highly dependent on the government. The government is recently now coming up with a special banking arrangement which will start clearing all our DBT outstandings which are there in the past. As and when these outstandings are cleared and if additional subsidy is lower than what gets cleared obviously any additional funds will go towards clearing my debt position.

Similarly we are talking to the government to figure out a solution, whether through bonds or otherwise, for the earlier outstandings that we have. The minute we get the funds for that we are going to again settle down and reduce our debt. And finally, the key is the rights issue. Substantially, most of the rights issue will go towards reducing our debt and automatically bringing down credit. We are also looking at other avenues which is a little too premature for us to talk about but let me tell you we are very clear that the sense of debt and the sense of interest that the company has been paying that has to be reduced, both over the short term and medium term and long term and we are working towards that.

Shivan Sarvaiya: Okay, sir. Thank you. I'll come in the queue if I have some more questions.

Moderator: Thank you, sir. Sir, we have a follow-up question from Mr. Ayush Bhutada from Equitas Investment. Please go ahead.

Ayush Bhutada: Yes, sir. I wanted to know how has Paradeep Phosphate performed during the quarter?

Sandeep Agrawal: So, Paradeep Phosphate, like, what exactly you want to know about Paradeep Phosphate?

Ayush Bhutada: So it has done PDP of 20 crores, right, versus 30 crores year-on-year?

Sandeep Agrawal: So this is our share which came to our P&L, so if I talk about total PBT or EBITDA for Paradeep for nine months period, so Paradeep posted an EBITDA of 351 crores as compared to 385 crores last year. And if I talk about PAT for Paradeep, so Paradeep PAT is 107 crores for nine months period as compared to 119 crores last year nine months.

Ayush Bhutada: This is the total share, total Paradeep, how it has gone?

Sandeep Agrawal: It is total Paradeep.

Ayush Bhutada: Correct. Okay.

Sandeep Agrawal: Sorry, sorry, I talked about finance cost. So Paradeep PAT is 134 crores for current nine months period as compared to 153 crores last year nine months.

Ayush Bhutada: And, so, in MCFL our interest costs have come down substantially. So have we repaid any debt in MCFL?

Sandeep Agrawal: No, MCFL interest cost has not come down substantially. In fact, it has gone up. If you look at total MCFL finance cost which is about 87 crores for nine months period as against 63 crores last year, so MCFL finance cost has also gone up mainly because of same issues like implementation of DBT and lower sales because we are carrying large inventory.

Ayush Bhutada: Sir, I was talking about actually quarter-on-quarter, they are some 32 crores versus 19 crores.

Sandeep Agrawal: Quarter-on-quarter.

Ayush Bhutada: Quarter-on-quarter, yeah.

Sunil Sethy: MCFL in this quarter...

Sandeep Agrawal: It should be about 20 crores.

Ayush Bhutada: Yeah, correct, 20 crores versus?

Sandeep Agrawal: It was 18 crores last year.

Ayush Bhutada: Thirty-four crores quarter-on-quarter, right, in the previous quarter?

Sandeep Agrawal: I have figure of 18 crores, so we need to check...

Sunil Sethy: No, no, are you talking about the previous quarter of this year or previous quarter of last year?

Ayush Bhutada: Yeah, this year, quarter-on-quarter.

Sandeep Agrawal: You are talking about September quarter?

Ayush Bhutada: Right, right.

Sandeep Agrawal: Okay. So borrowing has not come down that substantially. I need to check the number and get back to you offline.

Ayush Bhutada: Okay. So that has not come down during the quarter, right?

Sandeep Agrawal: Yeah, because if you look at borrowing also, so borrowing is almost same for MCFL also. So there may be some grouping or re-grouping we need to see of the finance part, that maybe the case.

Ayush Bhutada: Okay. I can get that offline. So, sir, then in general, what outlook do you think in the next one to two years about our debt reduction plan? We could not begin the price hike during the quarter, right?

Sandeep Agrawal: No. We took the price hike during the quarter because as I said that costs have gone up substantially and in fact we have taken the leadership in

the market in terms of the price and we increased price twice-thrice but problem is the competition they were holding a lot of inventories for the earlier cost, lower cost inventory, so there was a lot of resistance from competition to increase the price and that resulted in lower volume because on the one hand the Rabi season itself was bad because of draught kind of situation and on the second side we have taken the price increase because we were not carrying too much inventory from the past. So all our inventories are current inventories which is at the higher cost and since we could not pass on the price, so our sales volumes were also lower in Q3.

Ayush Bhutada: Okay. Correct. So how much price hike did we take quarter-on-quarter total?

Sandeep Agrawal: Quarter-on-quarter, we increased close to 1500 to 2000 rupees.

Ayush Bhutada: 1500 to 2000 rupees?

Sandeep Agrawal: Yeah, but that could not be passed on to the farmer, so ultimately you have to sell the market...

Sunil Sethy: You have to in fact give further discounts so match the competition price.

Ayush Bhutada: Correct. And what has been our trading sales during the quarter?

Sandeep Agrawal: That we will give you offline. You can write to us.

Ayush Bhutada: Okay. Because that has also gone up I believe quarter-on-quarter.

Sandeep Agrawal: Trading sales won't go up because this year itself we have reduced our trading volume because of the lot of volatility in the DAP prices in the market and availability of MOP also was not that great.

Ayush Bhutada: Right. So we are still continuing the policy of selling more NPK than DAP?

Sandeep Agrawal: Absolutely.

Ayush Bhutada: And you expect that to continue throughout the year because the prices have started coming down, so you might shift again?

Sandeep Agrawal: So still if you look at producing DAP from phosphoric acid route from the current asset prices and if you compare with the import route, DAP import route, so DAP import is still profitable than our own manufacturing.

Sunil Sethy: It's more profitable in fact.

Ayush Bhutada: Right. Okay, sir. And the other question I'll just mail it to you offline.

Sandeep Agrawal: Yeah, please.

Moderator: Thank you, sir. The next question comes from Mr. Abhishek Agarwal from Prithvi Finmart Pvt Ltd. Please go ahead.

Abhishek Agarwal: Sir, I want to understand what is the status of Mangalore Chemical gas pipeline? It was supposed to come by March 2019, so is it in line or is there any change in that?

Sunil Sethy: There have been further delays and of course if you remember there were some floods that happened in the previous quarter and that has further delayed it and we are now expecting it by about September.

Abhishek Agarwal: Okay. Okay. And, sir, as you have fairly explained about our subdued performance in this quarter; I just want to understand that this inventory pileup is overall for the industry or for our company specifically, it more impacted our company and secondly, specifically for the Mangalore Chemical because it is naphtha-based right now, so can we say that naphtha....because generally government gives subsidy on naphtha or gas price whichever is lower, okay, so in this quarter naphtha price was higher which we could not make the provision for revenue that's why there was a further drop in the profitability, we can say like this?

Sunil Sethy: So, Abhishek urea is generally whatever we produce is sold, okay, so urea generally nobody carries and we also have no inventory as far as urea is concerned. The inventory what we are carrying this is mainly of NPKs and imported DAP and MOP which will be sold in the market. So there is no cost impact as such what you are talking about naphtha. And what was your first part of the question?

Abhishek Agarwal: That the inventory pileup is...

Sunil Sethy: Yeah. So this is across the industry. If you look at the Q3 industry performance itself so overall industry has de-grown during Q3, the primary sales of the entire industry, not only us. So the inventory pileup is there. I can confirm about my company but whatever we heard from the market that everybody is carrying the inventory and in Q3 specifically the demand was lower from the dealer and retailer side also, because people were expecting huge reduction in phos acid prices in the current quarter which didn't happen. So there was very less uptake from the market because they were expecting that prices will come down significantly, but that didn't happen.

Abhishek Agarwal: Sir, as you said that competitors are holding inventory at a lower price that's why we could not sell the inventory at the higher price. So in the next two to three quarters this scenario can be improved?

Sunil Sethy: Yes, absolutely. Because now old inventory is cleared, so now everybody is carrying the same inventory at the same cost.

Abhishek Agarwal: Okay. Okay, sir. That's all from my end. Thank you.

Moderator: Thank you, sir. The next question comes from Mr. Dhavan Shah from CICI Securities. Please go ahead with your question.

Dhavan Shah: Sir, this is Dhavan here. Actually, can you please share the short-term debt number for console as well as turnover entity?

Sandeep Agrawal: So generally fertilizer.....all our companies have short-term debts only and the number I have already shared or again I can share that as on 31st December the standalone we have about 3075 crores as total debt for Zuari Agro and for MCFL it is about 1200 crores and for PPL it is about 1950 crores.

Dhavan Shah: Okay, sir. That's it from my side. Thank you.

Moderator: Thank you, sir. Sir, we have a follow-up question from Mr. Shivan Sarvaiya from JHP Securities. Please go ahead.

Shivan Sarvaiya: Hello, sir. Sir, our exposure to Maharashtra and Karnataka is extremely high, sir. Sir, what are the steps that the management is taking to reduce this from a long-term perspective?

Sunil Sethy: See, you are right because we must understand that mainly Maharashtra is rain dependent and in the event if monsoons don't come there will always be a situation like this and it happened with the company even in the past. I think clearly we need to go into other markets. This time of course Marathwada was badly affected, Vidarbha wasn't that badly affected but clearly we need to look at other markets like MP but to do that we need to develop our product. Jai Kisaan is very, very strong in Maharashtra. We literally control nearly 55% of the market of Maharashtra, so we clearly need to develop our brand in other states, states like Andhra, states like Madhya Pradesh.

Madhya Pradesh is highly dependent on societies and market rates, but clearly we can make inroads. So the marketing has already started looking at all the new markets we can move in given the situation that has happened.

Shivan Sarvaiya: Okay, sir. From a one-and-a-half, two-year perspective, sir, what could be the proportion of sales of these other markets and the total revenue?

Sunil Sethy: At the moment, when I talk about Andhra, Andhra in Zuari would be about 10% and MP is very, very small. So we need to build more into Andhra, Telangana, Madhya Pradesh.

Shivan Sarvaiya: Okay. Sir, from your perspective can this other market become 30% of our sale?

Sunil Sethy: Yeah. Currently other markets are about 20%. If you really look at Karnataka and Maharashtra they are 80% but we have to look at 20% actually going up to 40% for other markets.

Shivan Sarvaiya: Okay. And, sir, the Jai Kisaan stores, the current – sir I was asking the Jai Kisaan stores, number stands at?

Sunil Sethy: Yeah, about Jai Kisaan stores, I think currently would be about 350. We are looking at ending the year with about 500.

Shivan Sarvaiya: Okay, sir. And, sir, when I look at our sales figures and the double-whammy of drought as well as the three price hikes, sir, just wanted to understand the strategy of the management here, not from a quarter perspective but from a long-term perspective. Sir, particularly in this quarter if we had not taken three price hikes and we just had reduced the price hikes wouldn't we have been better in terms of volumes and PAT and if we had volumes we would have been better off in terms of EBITDA margins also?

Sunil Sethy: No, no. I think it is a hypothetical question in any case. The fact remains that, yes, when we did take a price increase others also took a price increase along with us, but it wasn't sustainable and when it wasn't sustainable then we were forced to give discounts which we gave in the market, rebates were given. I think we must understand that if the farmer really needs the material he will buy it. Jai Kisaan is a very, very strong brand. In the areas of Maharashtra and Karnataka it is the strongest brand that you can have, in parts of Karnataka, but major part of Maharashtra.

So as I indicated to you even today's paper is carrying about the huge amount of, because of the draught the Rabi crop area came down by nearly 40% and that's a substantial reduction – which really means that area which would have been – where the sowing would have taken place no sowing took place, with no sowing taking place obviously there is a drop in sales and so I don't think anything could have....the only thing we could have done is if we could have tried to move into other areas, but there you really need to develop your brand before you can start doing that.

Shivan Sarvaiya: Okay. Sir, and currently the Rabi season, how is it compared to last year as we stand today in terms of volumes and offtakes from farmers?

Sunil Sethy: As I said if overall it has seen a drop of about 40% I would see that sales would have been lower to that extent for the – I can – just Maharashtra I may not have, maybe we can try and give you offline as to how it is impacted.

Shivan Sarvaiya: Okay, sir. I can get in touch with Mr. Goel, right, for that?

Sunil Sethy: Yeah, yeah.

Shivan Sarvaiya: Okay, sir. Thank you very much.

Moderator: Thank you, sir. Sir, we have a follow-up question again from Mr. Ayush Bhutada from Equitas Investment. Please go ahead.

Ayush Bhutada: Hello? Yes, sir, one last question. Sir, you mentioned that our receivables have come down, so what would that number be now currently?

Sandeep Agrawal: So currently it is 550 crores for Zuari and MCFL is about 400 crores.

Ayush Bhutada: MCFL is 400 crores?

Sandeep Agrawal: Yeah.

- Ayush Bhutada:** Okay. And total PPL?
- Sandeep Agrawal:** PPL is again about 750 crores.
- Ayush Bhutada:** Seven-fifty crores. So our total number is around, how much?
- Sandeep Agrawal:** Seventeen-hundred crores as compared to similar quarter last year about 2100 crores.
- Ayush Bhutada:** And what was the last quarter number?
- Sandeep Agrawal:** Last quarter means you are talking about...
- Ayush Bhutada:** September.
- Sandeep Agrawal:** About 2000 crores.
- Ayush Bhutada:** Okay. So it has come down by 300 crores from September quarter totally.
- Sandeep Agrawal:** Yeah.
- Ayush Bhutada:** Okay, sir. Thank you. That's it from my side.
- Moderator:** Thank you, sir. There are no further questions. I now would like to hand over the conference to the management for closing comments. Over to you, sir.
- Sunil Sethy:** So, I know the results have been a little disappointing but we hope Kharif will be better. The next quarter of course is off season so this is the time when we build (not clear) to take care of the Kharif. We are just hoping for the best. Thank you.
- Moderator:** Thank you, sir. Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation and for using Door Sabha's conference call service. You may all disconnect your lines now. Thank you and have a wonderful day everyone.

Note: 1.This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.