

July 16, 2010

**CARE RE-AFFIRMS RATING TO THE BANK FACILITIES OF  
INDIAN POTASH LTD. (FOR ENHANCED AMOUNT)****Ratings**

<b>Facilities</b>		<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Short-term Facilities	Bank	4850 (enhanced from 4800)	<b>'PR1' (PR one)</b>	Reaffirmed
<b>Total Facilities</b>		<b>4850</b>		

**Rating Rationale**

The rating primarily factors in IPL's status as a state trading agency, position as one of the largest traders of fertilisers in the world, thereby ensuring better trade terms with suppliers, the company's long track record of operations aided by an efficient marketing and distribution network and its strong parentage. The ratings are however, constrained by the working capital intensive nature of operations characterized by delays in receipt of subsidy from the Government, low margins due to trading nature of business and the relatively low level of capitalization of IPL in relation to its scale of operations.

The regulatory environment surrounding the sector along with the company's ability to improve its profitability under the new subsidy environment and efficient working capital management remain the key rating sensitivities.

**Company Profile**

Incorporated in 1955, IPL is engaged in import and trading of fertilizers. 70% of IPL's stake is presently held by the co-operative sector. IPL is managed by a broad based Board consisting of representatives from major fertiliser companies, State co-operative marketing federations and Government representatives.

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

IPL today is the largest importer of fertilizers in India and one of the largest traders of fertilizer globally. IPL handles Muriate of Potash (MOP), Di-Ammonium Phosphate (DAP) and Urea. IPL imports these fertilizers from suppliers abroad and distributes them through its wide distribution network spread across country. By virtue of its long track record of operations, IPL has also established strong port operations, as a result of which its handling charges on fertilizer products are competitive.

On a total income of Rs.33584.cr, IPL earned a PAT of Rs.106 cr in FY09.

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