

**FINANCIAL  
PERFORMANCE  
FOR THE  
QUARTER  
JUNE 2016**

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# PERFORMANCE HIGHLIGHTS

- Production of urea has increased by 0.55 Lakh MT as compared to CPLY\*.
- Sale quantity of urea has increased by 0.25 Lakh MT as compared to CPLY.
- Sale value has decreased due to fall Gas price by 31.69%.
- Sale value of Other Products (without gas swap) has increased by ₹ 24.93 crore mainly due to increase in sale of Industrial Products.
- The Profit/(loss) before tax during the quarter was ₹ (0.17) crore as per Ind AS as against ₹ (16.51) crore in CPLY. The Profit/(loss) under IGAAP was ₹ (20.53) crore for CPLY.
- In comparison to loss in CPLY the profit/(loss) during the quarter has improved mainly due to decrease in energy consumption, increase in contribution from Industrial products, higher production and sale of urea etc.

\* CPLY : Corresponding period of last year

# OVERALL PERFORMANCE

₹crore

Particulars	For the quarter 30.06.2016	CPLY	INCREASE / (DECREASE)	% INCREASE/ (DECREASE)
<b>Production of Urea (LMT)</b>	<b>8.75</b>	<b>8.20</b>	<b>0.55</b>	<b>6.71%</b>
<b>Sale quantity of urea (LMT)</b>	<b>7.55</b>	<b>7.30</b>	0.25	3.4%
<b>Sales of urea (including subsidy)*</b>	<b>1291.50</b>	<b>1516.18</b>	<b>(224.68)</b>	<b>(14.8)%</b>
Sale of other manufactured products and sale of traded products (incl. ED)	83.61	35.58	48.03	135.0%
<b>Gross Sales (incl. ED)</b>	<b>1375.11</b>	<b>1551.76</b>	<b>(176.65)</b>	<b>(11.4)%</b>
Other Income	10.56	8.87	1.69	19.1%
<b>Total Income</b>	<b>1385.67</b>	<b>1560.63</b>	<b>(174.96)</b>	<b>(11.2)%</b>
<b>Total Expenses</b>	<b>1290.48</b>	<b>1488.23</b>	<b>(197.75)</b>	<b>(13.3)%</b>
<b>Earnings before interest, depreciation and tax**</b>	<b>95.19</b>	<b>72.40</b>	<b>22.79</b>	<b>31.5%</b>
Less : Finance cost	71.21	66.32	4.89#	7.4%
Less : Depreciation	23.81	22.59	1.22	5.4%
<b>Profit / (Loss) before tax (PBT)</b>	<b>0.17</b>	<b>(16.51)</b>	<b>16.68</b>	<b>101%</b>
Tax expense	0.77	(6.35)	7.12	112.1%
<b>Profit/(Loss) after tax (PAT)***</b>	<b>(0.60)</b>	<b>(10.16)</b>	<b>9.56</b>	<b>94.1%</b>
Other comprehensive income/(loss) net of tax	(0.52)	(2.72)	2.20	80.9%
<b>Total Comprehensive income/(loss)</b>	<b>(1.12)</b>	<b>(12.88)</b>	<b>11.76</b>	<b>91.3%</b>

\* Gross sale of urea has decreased, despite of increase in sale quantity (by 0.25 Lakh MT) mainly due to decrease in pool gas prices by 31.69% as compared to CPLY.

\*\* EBIDTA has increased mainly due to increase in contribution from sale of industrial products, decrease in energy consumption and decrease in repairs and maintenance expenses etc.

\*\*\* The difference between PBT and PAT is on account of adjustment of deferred tax.

# Finance cost has increased by ₹ 4.89 crore, however there is increase in interest income (by ₹ 1.83 crore) also and thus the net increase in interest cost is ₹ 3.06 crore only

## Total expenses (other than Finance cost and Depreciation)

₹ crore

<b>Particulars</b>	<b>Quarter June 16</b>	<b>CPLY</b>	<b>Increase/ (Decrease)</b>
<b>Production of urea (Qty. in LMT)</b>	<b>8.75</b>	<b>8.20</b>	<b>0.55</b>
<b>Dispatches of urea (Qty. in lakh MT)</b>	<b>8.17</b>	<b>7.36</b>	<b>0.81</b>
Cost of Materials consumed	619.36	847.97	(228.61)
Purchase of stock in trade (i.e. Imported DAP, Bentonite Sulphur, swap gas, seeds etc.)	142.67	1.54	141.13
Changes in inventories { (Increase)/Decrease }	(269.14)	(185.51)	(83.63)
Power and Fuel	488.00	562.33	(74.33)
Employee Benefits Expense	113.88	105.37	8.51
Freight and Handling	112.48	85.23	27.25
Repairs and Maintenance	22.90	26.59	(3.69)
Excise duty	12.09	8.90	3.19
Other Expenses	48.24	35.81	12.43
<b>Total Expenses</b>	<b>1290.48</b>	<b>1488.23</b>	<b>(197.75)</b>

## Total expenses (other than Finance cost and Depreciation) contd..

### Reasons for Increase/ Decrease in Expenses

- Decrease in material consumed, Power and fuel cost is due to decrease in prices of gas (by 31.69%) however, it is partially off-set by higher production of urea (by 0.55 LMT).
- Purchase of stock in trade is higher by ₹ 141.13 crore mainly due to import of DAP of ₹ 117.74 crore and cost of gas swapping.
- Inventory of urea has increased from 1.95 LMT as on 1st April 2016 to 3.15 LMT as on 30th June 2016 due to glut like situation, and import of DAP of 50,082 MT and Bentonite Sulphur of 1,000 MT received in June 2016.
- Freight & Handling expenses have increased by 32% (₹ 27.25 crore) due to higher quantity of dispatches of urea by 0.81 Lakh MT, longer distance of rail dispatches and freight on imported DAP.
- Other expenses (₹ 48.24 crore) have increased by ₹ 12.43 crore as compared to CPLY (₹ 35.81 crore) mainly due to custom duty on imported DAP (by ₹ 6.66 crore), Advertising and publicity (by ₹ 2.18 crore) and other items (₹ 3.59 crore).

# UREA PRODUCTION

Lakh MT

Unit	April-June 2016		CPLY		Increase/ (Decrease)
	On stream days	Production (LMT)	On stream days	Production (LMT)	(LMT)
Bathinda	89	1.42	63	1.00	0.42
Vijaipur I	87	2.63	73	2.18	0.45
Vijaipur II	74	2.44	75	2.44	0.00
Nangal	67	1.06	82	1.28	(0.22)
Panipat	76	1.20	80	1.30	(0.10)
<b>Total</b>	<b>79</b>	<b>8.75</b>	<b>75</b>	<b>8.20</b>	<b>0.55</b>

**Nangal and Panipat units took shutdown for 21 days and 10 days respectively during the quarter for annual maintenance jobs.**



# ENERGY CONSUMPTION

(GCAL/MT OF UREA)

Units	Pre-set Norms (up to 31.05.2015)	Revised Energy Norms (w.e.f. 1.06.2015)	Actual Energy	
			Apr-June 2016	Apr-June 2015
Bathinda	7.479	7.479	<b>6.930</b>	7.240
Vijaipur I	5.952	5.904	<b>5.771</b>	5.857
Vijaipur II	5.712	5.569	<b>5.421</b>	5.544
Nangal	7.095	7.095	7.376	7.246
Panipat	7.614	7.614	<b>7.288</b>	7.531

**All units achieved lower energy consumption as compared to CPLY except at Nangal Unit which took shutdown for 21 days for annual maintenance jobs**

# INDIAN ACCOUNTING STANDARD

(Ind AS) implemented w.e.f.1.04.2016

**The key Indian Accounting Standards (Ind AS) provisions having impact are as under:**

**Ind AS 101:** Provides an option to carry the fixed assets either at fair value or at the same costs. The Company has opted for the same costs.

**Ind AS 16:** As per Indian GAAP, general spares were considered as inventory items and not capitalized and were charged to R&M. Ind AS requires that all items of spares having a life of more than one year need to be capitalized as part of the Property, Plant and Equipment (PPE) as against charge to R&M based on utilization as per Indian GAAP. Accordingly, stores and spares which meet the above criteria has been adjusted to PPE.

**Ind AS 109:** Requires to recognize the financial assets and liabilities at their fair value, accordingly, the impact of discounting on security deposits, Employee Rehabilitation Scheme Deposits and ECB is ₹ (0.07) crore.

**Ind AS 18 :** Revenue should be recognized at the fair value of consideration net of discounts and rebates. Accordingly ₹1.55 crore, have been adjusted from revenue.

**Comparison of actual Profit/ (Loss) before tax for the quarter ended  
30<sup>th</sup> June 2016 with quarter ended 30<sup>th</sup> June 2015**

**₹ crore**

<b>Profit / (Loss) before tax for the Quarter ended 30<sup>th</sup> June 2016</b>		<b>0.17</b>
Profit / (Loss) before tax for the Quarter ended 30 <sup>th</sup> June 2015		(16.51)
<b>Increase in Profit</b>		<b>16.68</b>
<b>A:</b>	<b><u>Reasons for increase in Profit</u></b>	
1	Increase in contribution from sale of Industrial products	18.84
2	Additional contribution from Neem coated urea	10.77
3	Increase in contribution from sale of urea	4.08
4	Decrease in energy consumption	6.60
5	Decrease in repairs and maintenance expenditure	3.69
6	Increase in miscellaneous income and saving in overhead etc.	0.42
	<b>Sub-total (A)</b>	<b>44.40</b>

**Comparison of actual Profit/ (Loss) before tax for the quarter ended**

**30<sup>th</sup> June 2016 with quarter ended 30<sup>th</sup> June 2015 contd..**

**₹ crore**

<b>B :</b>	<b>The above increase in profit has been off-set by the following:</b>	
1	Higher receipt /accountal of past period subsidy arrears in CPLY	7.73
2	Increase in marketing expenses	5.25
3	Decrease in profits from traded goods	1.95
4	Increase in employee remuneration	8.51
5	Increase in finance charges (net of increase in interest earned from deposits)	3.06
6	Increase in depreciation charge	1.22
	<b>Sub-total (B)</b>	<b>27.72</b>
	<b>Net increase in profit (A - B)</b>	<b>16.68</b>

# DEBT TO EQUITY RATIO

₹ crore

S. No.	Particulars	As on 30 <sup>th</sup> June 2016	As on 30 <sup>th</sup> June 2015
1	Long term Borrowings	1640.84	2455.19
2	Short term Borrowings	2552.14	1823.64
<b>3</b>	<b>Total Borrowings</b>	<b>4192.98</b>	<b>4278.83</b>
4	Borrowings pertaining to AFCP excluded being reimbursed by Gol	1347.68	2117.76
5	Net Borrowings	2845.30	2161.07
6	Borrowings (excluding short term borrowings)	293.16	337.43
<b>7</b>	<b>Net worth</b>	<b>1676.98</b>	<b>1478.17</b>
8	Debt : Equity ratio (5 divided by 7)	1.70 : 1	1.46 : 1
9	Debt : Equity ratio (6 divided by 7)	0.17 : 1	0.23 : 1
10	Debt-service coverage ratio (Times)	1.30	1.11

## Significant Financial Ratios

<b>Particulars</b>	<b>Unit</b>	<b>Qr. June 2016</b>	<b>Qr. June 2015</b>
EBITDA/ Net Sales	%	6.87	4.64
EBIDTA to Interest	Times	1.34	1.09
Return (PAT) on net worth	%	0.01%	(1.12)%
Earning per share (EPS)	₹	(0.01)	(0.21)
Current Ratio	Times	1.47	1.57
Book value of share	₹	34.18	30.13

**THANK YOU**