

FINANCIAL PERFORMANCE FOR THE QUARTER JUNE 2017

BRIEF ON PLANTS AND TRADING ACTIVITIES

UREA	Vijaipur-II	Vijaipur-I	Bathinda	Panipat	Nangal
ANNUAL CAPACITY (LMT) – 32.31 LMT (RAC)	8.646	8.646	5.115	5.115	4.785
After Revamp – 35.68 LMT	10.662	9.999	5.115	5.115	4.785
Capacity utilization (2017-18 1st Qtr) w.r.t. RAC	138.6%	109.1%	95.8%	112.4%	114.9%
PRODUCTION - 9.39 LMT (116%)					
COMM. PRODUCTION	31st Mar 97	1st July 88	1st Oct 79	1st Sep 79	1st Nov. 78
After Revamp at Vijaipur / AFCP	31st Jul 12	24th Apr.12	11th Mar. 13	28th Mar. 13	18th Jul. 13
ENGINEERING CONTRACTOR (Main plant)	HTAS (DENMARK), SNAM (ITALY) & PDIL		M/s Toyo Engineering Corp. (Japan) & EIL		Technimont, UHDE & PDIL
Revamp / AFCP	-do-		HTAS & L&T (LSTK)		KBR /Technimont
CAPTIVE POWER (111 MW)	3 X 17 MW		2 X 15 MW	2 X 15 MW	GRID POWER

Industrial Products, Bio-Fertilizers etc.

Sr.	Plant	Located at	No. of streams	Annual Capacity of each stream (MT)
1.	Nitric acid	Nangal	2	91410
2.	Sodium Nitrate	Nangal	1	1980
3.	Sodium Nitrite	Nangal	1	2970
4.	Ammonium Nitrate	Nangal	2	118800
5.	Ammonia (Technical Surplus)	All units	-	-
6.	Bio-Fertilizers (Solid & Liquid)	Vijaipur	-	600

Traded Goods

- Imported DAP/MoP, APS and Bentonite Sulphur
- Domestic DAP, SSP, Bentonite Sulphur, Compost, Seeds, Agro-chemicals (As of now 20 Molecules), BSNL products

- All manufacturing units are ISO 9001-2008, ISO 14001-2004 and OHSAS-18001 certified indicating NFL's commitment to quality, environment & occupational health & safety.
- At present, only one stream of Nitric Acid is in operation.

PERFORMANCE HIGHLIGHTS

- Urea production of 9.39 LMT (capacity utilization of 116% of RAC) during the quarter as compared to 8.75 Lakh MT (capacity utilization of 108% of RAC) during CPLY#.
- Urea sale of 9.65 Lakh MT during the quarter as compared to 7.55 Lakh MT during CPLY i.e. increase of 2.10 LMT i.e. increase of 28%.
- Increase in turnover from ₹ 1375.11 crore during CPLY to ₹ 1875.79 crore during current quarter due to higher sale of urea (by 2.10 LMT), DAP (0.16 LMT), MOP (by 0.03 LMT) and increase in gas prices.
- Finance cost reduced by ₹ 30.75 crore from ₹ 71.20 crore during CPLY to ₹ 40.45 crore during current quarter.
- Profit before tax (PBT) of ₹ 39.66 crore during the quarter as compared to ₹ 1.01 crore during CPLY.
- Import of DAP (0.98 LMT), MOP (0.27 LMT), APS (0.27 LMT) during the quarter besides trading of seeds, compost, Agro-chemicals during the quarter.

CPLY means Corresponding Period of Last Year

PRODUCTION OF UREA

Lakh MT

Unit	April-June 2017		CPLY	Variance with CPLY
	Actual	MOU target	Actual	
Nangal	1.37	1.41	1.06	0.31
Panipat	1.44	1.14	1.20	0.24
Bathinda	1.23	1.44	1.42	(0.19)
Vijaipur I	2.36	2.38	2.63	(0.27)
Vijaipur II	2.99	3.01	2.44	0.55
Total	9.39	9.38	8.75	0.64

- Production of urea during the quarter was higher at Nangal, Panipat and Vijaipur-II units as compared to CPLY.
- The production was lower at Bathinda and Vijaipur-I due to lower on-stream days due to annual turnaround for maintenance of plant from 26-03-2017 to 12-04-2017 (12 days in current quarter) at Bathinda unit and from 18.04.2017 to 30.04.2017 (13 days in current quarter) at Vijaipur-I unit.

ON-STREAM DAYS

Units	Apr-June 2017	CPLY
Nangal	84	67
Panipat	88	76
Bathinda	76	89
Vijaipur-I	79	87
Vijaipur-II	90	74

Qtr. Ended June 2017

ENERGY CONSUMPTION (GCAL/MT OF UREA)

Units	Energy Norms under NUP-2015	Actual Energy	
		Apr-June 2017	CPLY
Nangal	7.095	6.931	7.380
Panipat	7.614	6.917	7.288
Bathinda	7.479	7.159	6.929
Vijaipur-I	5.904	5.853	5.770
Vijaipur-II	5.569	5.381	5.422

- 1. Energy consumption during current quarter was lower than CPLY at Nangal, Panipat and Vijaipur-II units.**
- 2. Energy consumption was higher at Bathinda and Vijaipur-I units than CPLY due to start up energy in the month of April-17 as annual turnaround was taken for maintenance for 18 days at Bathinda unit and 13 days at Vijaipur-I unit.**

PRODUCTION OF INDUSTRIAL PRODUCTS (with one stream in operation) & BIO-FERTILIZERS

QTY IN MT

Sr. No.	Products	April-June 2017	CPLY	Increase / (Decrease)
1	Nitric Acid	20145	19463	682
2	Ammonium Nitrate (Melts)*	2500	609	1891
3	Sodium Nitrate/ Nitrite	836	866	(30)
4	Bio-Fertilizers	62	53	9

* The raw material for Ammonium Nitrate is Ammonia and Nitric Acid

- Increase in production of industrial products was driven by higher demand
- Operationalization of 2nd stream of Nitric Acid with equal capacity is under feasibility study.
- Industrial Products at Sr. No. 1 to 3 are produced at Nangal unit.
- Bio-fertilizers produced at Vijaipur unit.

PURCHASE OF OTHER FERTILIZERS ETC.

Particulars	Unit	April-June 2017	CPLY	Increase/ (Decrease)
DAP *	MT	97700	50082	47618
MOP @	MT	27487	-	27487
APS #	MT	27005	-	27005
BS \$	MT	-	1000	(1000)
Compost	MT	2194	-	2194
Agro Chemicals	Nos.	327255	-	327255
Seeds	Qtls.	466	2520	(2054)

* Diammonium Phosphate
 @ Muriate of Potash
 # Ammonium Phosphate Sulphate
 \$ Bentonite Sulphur

➤ No BS was imported due to uncertain international market/prices.

SALE OF UREA

(LAKH MT)

Zonal Offices	Actual April-June 17	CPLY	Increase/ (Decrease)
Chandigarh Zone	4.61	2.91	1.70
Bhopal Zone	2.27	2.26	0.01
Lucknow Zone	2.77	2.38	0.39
TOTAL	9.65	7.55	2.10

Qtr. Ended June 2017

UREA STOCK

(LAKH MT)

Unit	As on 30.06.2017	As on 31.03.2017	As on 30.06.2016
Silo	1.08	1.24	1.53
MIT	0.40	0.48	0.49
Warehouse	0.73	0.74	1.12
Total stock	2.21	2.46	3.14
Details of Silo stock			
Nangal	0.03	0.04	0.24
Panipat	0.03	0.19	0.13
Bathinda	0.06	0.21	0.25
Vijaipur I	0.49	0.35	0.46
Vijaipur II	0.47	0.45	0.45
Total	1.08	1.24	1.53

SALES

₹ Crore

Particulars	Qtr. June 2017	CPLY	Increase / (decrease)	
			₹ Crore	%
Sale quantity of urea (LMT)	9.65	7.55	2.10 (LMT)	28
Sale quantity of DAP (LMT)	0.16	-	0.16 (LMT)	
Gross Sales of Urea	1768.30	1291.50	476.80	37
Sale of Traded Goods (Breakup in Slide 12)	58.02	27.88	30.14	108
Sale of Industrial Products (Breakup in Slide 13)	49.47	55.73	(6.26)	(11)
Gross Sales	1875.79	1375.11	500.68	36
<p>➤ Sale value of urea increased mainly due to higher sale quantity (by 2.10 LMT) and increase in gas price (by 20.53%).</p> <p>➤ Sale value of traded goods increased mainly due to sale of DAP (0.16 LMT) and MOP (0.03 LMT) during the quarter as against Nil sale during CPLY.</p>				

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Sale of Traded Goods

Particulars	Qtr. ended June-17		CPLY		Increase/ (Decrease) with CPLY (₹ Crore)
	Qty.	Value (₹ Crore)	Qty.	Value (₹ Crore)	
DAP (MT)	16162	49.14	-	3.85	45.29
MOP (MT)	3246	6.59	-	0.00	6.59
Seeds (Quintals)	-	-	2520	0.93	(0.93)
Compost (MT)	1919	0.77	-	-	0.77
Agro Chemicals (Nos.)	101441	1.52	-	-	1.52
Traded goods (excluding gas swapping)		58.02		4.78	53.24

➤ Increase in sale value (by ₹ 53.24 crore) is due to higher quantity sale of DAP/MOP/Agro-chemicals.

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Sale of Industrial Products

Particulars	Qtr. ended June-17		CPLY		Increase/ (Decrease) with CPLY (₹ Crore)	Increase/ (Decrease) with CPLY Qty/Value %
	Qty.	Value (₹ Crore)	Qty.	Value (₹ Crore)		
Nitric Acid (MT)	17874	39.96	18456	51.07	(11.11)	(3)/ (22)
Ammonium Nitrate (MT)	2494	5.67	592	1.47	4.20	321/ 286
Sodium Nitrate/Nitrite (MT)	819	3.42	804	3.19	0.23	2/ 7
Bio Fertilizers (MT)	65	0.42	-	-	0.42	100/ 100
Total Industrial Products & Bio- Fertilizers		49.47		55.73	(6.26)*	(11)

*** Due to lower realization from Nitric Acid arising from market conditions, the sale value decreased by ₹ 11.11 crore which was partially off-set by increase in sale of Ammonium Nitrate, Sodium Nitrate/Nitrite and Bio-Fertilizers.**

OVERALL PERFORMANCE

₹ Crore

Particulars	Qtr. June 2017	CPLY	Increase / (Decrease)	
			₹ Crore	%
Gross Sales	1875.79	1375.11	500.68	36
Total Expenses	1789.36	1289.65	499.71	39
Earnings before interest, depreciation and tax (EBITDA)	86.43	85.46	0.97	1
Less : Other Income	7.79	10.56	(2.77)	(26)
Less : Finance cost	40.45	71.20	(30.75)	(43)
Less : Depreciation	14.01	23.81	(9.70)	(41)
Profit / (Loss) before tax (PBT)	39.66	1.01	38.65	3827
Tax expense	13.79	0.77	13.02	
Profit/(Loss) after tax (PAT)	25.87	0.24	25.63	
Other comprehensive income/(loss) net of tax	(0.37)	(1.60)	1.23	
Total Comprehensive income/(loss)	25.50	(1.36)	26.86	

Details of Expenses

Particulars	Qtr. June 17	CPLY	Increase/ (Decrease)	Remarks
Production of urea (LMT)	9.39	8.75	0.64	Production increased by 7%.
Dispatches of urea (LMT)	9.55	8.17	1.38	Dispatches increased by 17%.
	(₹ Crore)	(₹ Crore)	(₹ Crore)	
Cost of Materials consumed	767.27	619.36	147.91	Mainly increase in gas price (20.53%) and higher production of urea (0.64 LMT)
Power and Fuel	579.36	488.00	91.36	
Purchase of Traded Goods	343.73	150.14	193.59	Higher purchase of DAP (by 0.48 LMT), MOP (by 0.27 LMT), APS (by 0.27 LMT), Agrochemicals (by 3.28 lakh Nos.) etc.
Employee Benefits Expense	145.97	113.05	32.92	Mainly due to adhoc provision for wage revision in view of 3 rd PRC recommendations
Freight and Handling	138.90	112.48	26.42	Mainly due to higher despatches of urea (by 1.38 LMT), DAP (by 0.16 LMT) and MOP (by 0.03 LMT).
Repairs and Maintenance	21.01	22.90	(1.89)	Marginal decrease.
Excise duty	11.56	12.09	(0.53)	Mainly due to decrease in sale value of Industrial products.
Other Expenses	47.53	40.77	6.76	Mainly due to higher Godown rent, security expenses etc.
(Incr.)/Dec. in inventories	(265.97)	(269.14)	3.17	
Total Expenses	1789.36	1289.65	499.71	

FINANCE COST

₹ Crore

Particulars	Quarter June 2017	CPLY	Increase/ (Decrease)
Interest on Long Term Loans	2.57	3.96	(1.39)
Interest on working capital Loans	35.20	64.35	(29.15)
Other borrowing costs	2.68	2.89	(0.21)
Total finance cost	40.45	71.20	(30.75)
Less: Interest earned on deposits	0.70	3.24	(2.54)
Net finance cost	39.75	67.96	(28.21)
<p>➤ The finance cost was lower by ₹ 30.75 crore from ₹ 71.20 crore during CPLY to ₹ 40.45 crore during current quarter.</p>			

Analysis of Interest on Working Capital Loan

Particulars	Qtr. June 17	CPLY	Saving/ (Increase)
Average credit utilization (₹ crore)	2258.40	3325.18	1066.78
Average rate of interest	6.23%	7.74%	1.51%
Interest on working capital loans (₹ crore)	35.20	64.35	29.15
Rate variance	₹ crore		8.51
Mix and Volume variance	₹ crore		20.64

STEPS TAKEN TO REDUCE FINANCE COST

- NFL negotiated with many Banks for lower interest rates for short term fund requirements.
- MIBOR Linked, CD rate linked and REPO rate linked STL availed with interest rate lower than MCLR linked loans.
- Short term borrowings through Inter Corporate Deposit (ICD) availed with lower interest rate.
- Borrowings through cheaper Commercial Papers (CP) increased to 92% (CPLY 88%) and utilization of CC Limit & STL reduced.
- Longer tenor CP borrowings having lower cost.
- LC arrangement having financial implication was substituted with quadripartite agreement amongst NFL, GAIL Ltd, GAIL Gas Ltd and SBI for gas payments with NIL financial implication.
- The credit period for gas bill payments increased leading to saving of interest.

FINANCIAL PERFORMANCE

Company has earned profit before tax of ₹ 39.66 crore during the quarter 30th June, 2017 as against profit before tax of ₹ 1.01 crore during CPLY i.e. increase in profit by ₹ **38.65 crore.**

The profit before tax has increased mainly due to higher production and sale of urea, lower energy consumption, decrease in finance cost and partially off-set by increase in provision for wage revision w.e.f. 1.1.2017.

INTEREST COVERAGE RATIO

Particulars	Unit	Qtr. ended June-17	CPLY
EBITDA	₹ crore	94.22	96.02
Finance Cost	₹ crore	40.45	71.20
Loan Repayment	₹ crore	6.27	6.27
Interest Coverage Ratio	Times	2.33	1.35
Debt Service Coverage Ratio	Times	2.00	1.20

➤ **Interest Coverage Ratio has increased from 1.35 times during CPLY to 2.33 times during the current quarter due to reduction in finance cost by 43%.**

DEBT TO EQUITY RATIO

₹ Crore

S. No.	Particulars	As on 30 th June 2017	CPLY
1	Long term Borrowings	784.93	1644.56
2	Short term Borrowings	2818.09	2552.13
3	Total Borrowings	3603.02	4196.69
4	Borrowings pertaining to AFCP (Urea) excluded being reimbursed by GoI	558.53	1303.60
5	Net Borrowings	3044.49	2893.09
6	Net worth	1852.14	1713.53
7	Debt : Equity ratio (5 divided by 6)	1.64 : 1	1.69 : 1

➤ **The Net Borrowing to Net worth ratio has reduced to 1.64 as on 30th June 2017 as compared to 1.69 as on 30th June 2016.**

KEY FINANCIAL INDICATORS

₹ Crore

S. No.	Particulars	Qtr. June 17	CPLY
1	Gross Sales (including subsidy)	1875.79	1375.11
2	EBDITA	94.22	96.02
3	Profit Before Tax	39.66	1.01
4	Profit After Tax	25.87	0.24
5	Total Comprehensive Income	25.50	(1.36)
6	Net Worth	1852.14	1713.53
7	Debt (for D:E ratio calculation)	3044.49	2893.09
8	Average Capital Employed	8727.32	9494.02
9	Finance Cost	40.45	71.20
10	Finance cost including repayment of loan (for DSCR)	47.14	79.72

KEY FINANCIAL RATIOS

S. No.	Particulars	Qtr. June 2017	CPLY
1	Earning Per Share (₹ 10/- each)	0.53	0.005
2	Earning Per Share (₹ 10/- each) (after considering OCI)	0.52	(0.03)
3	Return (Total Comprehensive Income) on Net Worth	1.38	(0.08)
4	Return (Total Comprehensive Income) on Average Net Worth	1.39	(0.08)
5	EBITDA/Gross Sales	5.02	6.98
6	EBITDA/Average Capital Employed	1.08	1.01
7	Current Ratio	1.27	1.39
8	Debt : Equity ratio	1.64	1.69
9	Debt Service Coverage Ratio (DSCR)	2.00	1.20
10	Interest Coverage Ratio	2.33	1.35

- **Debt Equity Ratio** = {Total Borrowings(excluding borrowings for conversion from feedstock FO to Gas projects for urea as same is reimbursable under the GOI policy)/ Net worth}.
- **Debt Service Coverage Ratio** = {Earning before Interest, Depreciation, Exceptional Items and Tax/Actual Interest Payment + Long Term Loan payments}.
- **Interest Coverage Ratio** = {Earning before Interest, Depreciation, Exceptional Items and Tax/Interest}.

MAJOR CAPEX IN PIPELINE

- RFCL JV of NFL, EIL and FCIL - NFL Equity contribution is ₹ 342 crore. (Detail in slide 25).
- Di-Nitrogen Tetroxide Plant at Vijaipur unit on Built Own Operate and Supply (BOOS) basis for ISRO with a project cost of ₹ 350 crore.
- Energy saving projects at Nangal, Bathinda and Panipat units for reduction in energy in compliance to NUP-2015 with a project cost of ₹ 696 crore.
- Energy saving projects at Vijaipur-I & II units for reduction in energy in compliance to NUP-2015 with a project cost of ₹ 220 crore.
- Natural Draft Prilling Tower at Panipat & Bathinda Units - ₹ 90 crore
- Bentonite Sulphur plant at Panipat unit for production of 25000 MT with a project cost of ₹ 42 crore expected to be completed in Oct-17.

MAJOR CAPEX IN RAMAGUNDAM FERTILIZERS & CHEMICAL LIMITED (RFCL) PROJECT

➤ Detail of the project

- Equity contribution NFL - 26%, EIL - 26%, FCIL - 11%.
- Zero Date - 25th September 2015
- Project time schedule – 36 months from zero date
- Project Capital Cost - ₹ 5254 crore
- Debt Equity of 75 : 25
- Installed Capacity (Urea) – 12.71 LMT

➤ Current Status

- Gas Transportation agreement signed with M/s GTIL.
- Debt of ₹ 3940 crore has been arranged from consortium of six banks.
- NFL has contributed equity of ₹ 218.69 crore till date.

➤ Marketing of urea will be done by NFL.

THANK YOU