

**FINANCIAL PERFORMANCE
FOR THE
QUARTER / NINE MONTHS
ENDED
DECEMBER 2016**

HIGHLIGHTS (QUARTER DEC-16)

- The production of urea was 10.18 LMT whereas sale was 11.60 LMT resulting in **depletion of inventory by 1.42 LMT**.
- **Increase of 21.47% in quantitative terms in sale of urea, DAP and Industrial Products** to 13.39 LMT as compared to 11.03 LMT in CPLY.
- Increase in sale of urea to 11.60 LMT as compared to 10.57 LMT in CPLY i.e. **increase of 9.70%**.
- Increase in sale of DAP to 1.60 LMT as compared to 0.32 LMT in CPLY i.e. **increase of 410%**.
- **Increase of 17.74%** in sale of Nitric Acid from 13685 MT to 16114 MT, **42.46%** in Sodium Nitrate/Nitrite from 630 MT to 898 MT.
- Sale of Ammonium Nitrate of 3041 MT as compared to NIL in CPLY.

CPLY : Corresponding period of last year i.e. 31.12.2015

LMT : Lakh Metric Tonne

HIGHLIGHTS (QUARTER DEC-16)

- As a result of higher sale during the quarter, the **inventory of urea fell by 1.42 LMT (i.e. 3.30 LMT as on 30th September 2016 to 1.88 LMT as on 31st December 2016)**.
- Sale composition of 'urea' and 'other products' has changed to 79% (urea) and 21% (other products) as compared to 91% (Urea) and 9% (other products) in CPLY in value terms.
- EBIDTA (excluding other income) during the quarter was ₹ 170.03 crore as against ₹ 205.50 crore during CPLY i.e. **decrease of ₹ 35.47 crore**.
- EBIDTA has decreased mainly on account of higher receipt of past period subsidy arrears in CPLY, decrease in saving in energy due to fall in gas rate and higher operational expenses which was partially offset by higher profit from trading activities.
- **Finance cost has reduced by ₹ 11.50 crore** as compared to CPLY.
- **Lower outstanding subsidy receivables** of ₹ 2892 crore as on 31st December 2016 as against ₹ 3554 crore as on 31st December 2015.

PERFORMANCE (QUARTER DEC-16)

₹crore

Particulars	For the quarter 31.12.2016	CPLY	INCREASE / (DECREASE)*	% INCREASE/ (DECREASE)
Production of Urea (LMT)	10.18	10.23	(0.05)	(0.49)
Sale quantity of urea (LMT)	11.60	10.57	1.03	9.70
Sales of urea (including subsidy)	1991.71	2135.47	(143.76)	(6.70)
Sale of other manufactured products and sale of traded products (incl. ED)	532.33	204.17	328.16	160.70
Gross Sales (incl. ED)	2524.04	2339.64	184.40	7.90
Other Operating Income	2.56	1.56	1.00	64.10
Total Income	2526.60	2341.20	185.40	7.90
Total Expenses	2356.57	2135.70	220.87	10.30
Earnings before interest, depreciation and tax	170.03	205.50	(35.47)	(17.30)
Add: Other Income	6.62	12.16	(5.54)	(45.60)
Less : Finance cost	36.83	48.33	(11.50)	(23.80)
Less : Depreciation	24.87	19.33	5.54	28.70
Profit / (Loss) before tax (PBT)	114.95	150.00	(35.05)	(23.40)
Tax expense	41.71	20.66	21.05	101.90
Profit/(Loss) after tax (PAT)	73.24	129.34	(56.10)	(43.40)
Other comprehensive income/(loss) net of tax	(2.85)	0.35	(3.20)	(914.30)
Total Comprehensive income/(loss)	70.39	129.69	(59.30)	(45.70)

*** Increase / (decrease) reasons are given in Slide no. 5.**

INCREASE / DECREASE IN DEC 16 QUARTER PERFORMANCE VIZ-A-VIZ DEC 15

₹crore

Particulars	INCREASE/ (DECREASE)	Reasons
Sales of urea (including subsidy)*	(143.76)	Total sale value has increased by ₹ 360.90 crore (excluding gas swapping) due to higher sale of imported DAP, Bentonite Sulphur and Industrial products whereas sale value of urea has reduced by ₹ 143.76 crore due to fall in gas prices by 21%. Net effect is increase in total income by ₹ 185.40 crore.
Sale of other manufactured products and sale of traded products (incl. ED)*	328.16	
Other Operating Income	1.00	
Total Income	185.40	
Total Expenses @	220.87	Total expenses has increased due to higher trading activities despite fall in gas prices.
Earnings before interest, depreciation and tax (excluding other income)	(35.47)	In comparison to increase of ₹ 185.40 crore in total income, total expenses increased by ₹ 220.87 crore which has resulted in lower EBIDTA by ₹ 35.47 crore.
Add: Other Income	(5.54)	Due to encashment of bank guarantees during CPLY.
Less : Finance cost	(11.50)	Due to reduction in interest rate and better fund management.
Less: Depreciation	5.54	
Profit / (Loss) before tax (PBT)	(35.05)	Due to higher receipt of past period subsidy arrears in CPLY, decrease in saving in energy due to fall in gas rate and higher operational expenses.
Tax expense	21.05	Tax expense has increased mainly due to reduction in Deferred Tax Asset by ₹ 26.25 crore due to adjustment of carry forward unabsorbed depreciation.
Profit/(Loss) after tax (PAT)	(56.10)	-
Other comprehensive income/(loss) net of tax	(3.20)	On account of actuarial loss as against gain during CPLY i.e. decrease in discounting rate.
Total Comprehensive income/(loss)	(59.30)	Including tax impact of ₹ 21.05 crore.

* Break up of sales in slide no. 6.

@ Breakup analysis of expenses in slide no. 7 and 8.

SALES BREAKUP (QUANTITY AND VALUE) (QUARTER DEC-16)

₹ crore

Particulars	Quarter Dec 16		CPLY		Inc/(Dec)
	LMT	Value	LMT	Value	Value
A. Urea	11.60	1991.71	10.57	2135.47	(143.76)
B. Traded Goods	MT		MT		
1. DAP	1,59,768	479.30	31,324	120.43*	358.87
2. Bentonite Sulphur (BS)	1,006	2.42	447	1.48	0.94
3. Seeds (Breeder, Foundation, Certified and Raw)	2,784	8.85	5,794	14.76	(5.91)
4. Compost	1,040	0.41	-	-	0.41
B. Traded Goods (1 to 4)		490.98		136.67	354.31
C. Industrial Products (IP)					
1. Nitric Acid (NA)	16,114	30.42	13,685	31.01	(0.59)
2. Ammonium Nitrate (AN)	3,041	7.13	-	-	7.13
3. Sodium Nitrate/Nitrite (SN)	898	3.53	630	2.48	1.05
C. Total Industrial Products (1 to 3)		41.08		33.49	7.59
D Bio Fertilizers	215	0.27	390	1.27	(1.00)
E. Total (Traded Goods, IP, Bio Fertilizers (B+C+D))		532.33		171.43	360.90
F. Gas Swapping (discontinued w.e.f. 01.08.16)		-		32.74	(32.74)
Total Turnover/Revenue from Operations (A+E+F)		2524.04		2339.64	184.40

Product wise Percentage Increase/(Decrease) in Sales

Particulars	Urea	DAP	BS	Seeds	NA	SN
Increase/(Decrease) in quantity	10%	410%	125%	(52%)	18%	42%
Increase/(Decrease) in value	(7%)	298%	64%	(40%)	(2%)	42%

Total expenses (other than Finance cost and Depreciation) (QUARTER DEC-16)

₹ crore

Particulars	Quarter Dec 16	CPLY	Increase/ (Decrease) *
Production of urea (Qty. in LMT)	10.18	10.23	(0.05)
Dispatches of urea (Qty. in lakh MT)	11.17	10.66	0.51
Cost of Materials consumed	774.96	965.77	(190.81)
Purchase of stock in trade (i.e. Imported DAP, Bentonite Sulphur, swap gas, seeds etc.)*	9.52	67.57	(58.05)
(Increase)/Decrease in inventories of finished goods and work-in-progress	240.33	70.20	170.13
(Increase)/Decrease in inventories of traded goods	396.16	98.54	297.62
Power and Fuel	563.85	637.49	(73.64)
Employee Benefits Expense	127.35	115.11	12.24
Freight and Handling	166.92	116.72	50.20
Repairs and Maintenance	15.90	16.41	(0.51)
Excise duty	13.52	8.85	4.67
Other Expenses	48.06	39.04	9.02
Total Expenses	2356.57	2135.70	220.87

- Total expenses increased by ₹ 220.87 crore in comparison to increase in total income by ₹ 185.40 crore resulting in lower EBIDTA (excluding other income) by ₹ 35.47 crore.
- Increase / (decrease) reasons are given in slide no. 8.
- Breakup of purchase of stock-in-trade in slide no. 9.

INCREASE / DECREASE IN EXPENSES IN DEC-16 QUARTER VIZ-A-VIZ DEC-15

₹ crore

Particulars	Increase/ (Decrease)	Reasons
Cost of Materials consumed	(190.81)	Decreased mainly due to fall in Gas Prices (21%).
Power and Fuel	(73.64)	
Purchase of stock in trade (i.e. Imported DAP, Bentonite Sulphur, swap gas, seeds etc.)	(58.05)	Decreased mainly due to discontinuation of gas swapping w.e.f. 1.08.2016 and lower trading of seeds.
Changes in inventories { (Increase)/Decrease }	467.75	Decrease urea stock of 3.30 LMT as compared to 1.11 during CPLY.
Employee Benefits Expense	12.24	Due to impact of revised actuarial valuation considered on account of reduction in discounting rate from 7.83% to 6.80% which is based on rate of interest on government securities in respect of gratuity, leave encashment etc.
Freight and Handling	50.20	Further, freight (mainly pass through) and handling expenses on urea has increased due to higher dispatches (0.51 LMT), long distance dispatches.
Repairs and Maintenance	(0.51)	Marginal decrease.
Excise duty	4.67	Due to higher sale of industrial products and urea.
Other Expenses	9.01	Mainly due to Increase in Security expenses (₹ 3.12 crore), Rent (₹ 1.96 crore) , Retailer Margin (₹ 1.31 crore) etc.
Total Expenses	220.87	

DETAIL OF PURCHASE OF DAP, BS etc. FOR TRADING EXCLUDING GAS SWAP (QUARTER DEC-16)

₹ crore

Particulars	Quarter Dec 16	CPLY	Increase/(Decrease)
	Quantity (MT)	Quantity (MT)	Quantity (MT)
Traded Goods			
DAP @	-	-	-
BS #	900	553	347
Seeds	1933	5801	-3868
Compost	2222	-	2222
TRADED GOODS			

1. Higher quantity of BS was purchased for trading during the quarter. However, lower purchase of seeds was undertaken.
2. Compost was added to the trading list.

@ Diammonium Phosphate

Bentonite Sulphur

FINANCE COST (QUARTER DEC-16)

₹ Crore

Particulars	Qtr Dec 2016	CPLY	Increase/ (Decrease)
Interest on Long Term Loans	2.32	5.02	(2.70)
Interest on Working Capital Loans	31.44	40.74	(9.30)
Other Borrowing Costs	3.07	2.57	0.50
Total finance cost	36.83	48.33	(11.50)
Less: Interest Earned on Deposits	0.45	0.23	0.22
Net finance cost	36.38	48.10	(11.72)

- Interest on long term loans decreased by ₹ 2.70 crore during the quarter mainly due to repayment of bonds and lower interest on ECB after refinancing of the same from DBS.
- The interest on working capital loans have decreased by ₹ 9.30 as compared to CPLY.

UREA PRODUCTION (QUARTER DEC-16)

Lakh MT

Unit	Oct-Dec 2016	CPLY	Increase/ (Decrease)
Nangal	1.45	1.47	(0.02)
Panipat	1.47	1.47	-
Bathinda	1.46	1.48	(0.02)
Vijaipur I	2.65	2.77	(0.12)
Vijaipur II	3.15	3.04	0.11
Total	10.18	10.23	(0.05)

Total production of urea was lower by 0.05 Lakh MT as compared to CPLY.

INDUSTRIAL PRODUCT PRODUCTION (QUARTER DEC-16)

QTY IN MT

Unit	Oct-Dec 2016	CPLY	Increase/ (Decrease)
Nitric Acid	19316	13084	6232
Ammonium Nitrate	3035	0	3035
Sodium Nitrate/ Nitrite	854	651	203

- **Increase in production of industrial products was driven by higher demand.**
- **Against installed capacity of 91410 MT p.a. of Nitric Acid (Stream 1), capacity utilization of 85% has been achieved during the quarter.**

UREA SALES BREAKUP ZONE WISE (QUARTER DEC-16)

LAKH MT

Zonal Offices	Actual Oct- Dec 2016	Actual Oct-Dec 2015
Chandigarh Zone	5.51	4.85
Bhopal Zone	3.29	2.76
Lucknow Zone	2.80	2.96
Total	11.60	10.57

Sale of urea during the quarter was higher (by 1.03 Lakh MT) as compared to CPLY due to higher sale at Chandigarh and Bhopal Zones (by 1.19 LMT), however, it was partially off-set by lower sale at Lucknow Zone (by 0.16 Lakh MT).

ENERGY CONSUMPTION (GCAL/MT OF UREA)

Units	Energy Norms	Actual Energy	
		Oct-Dec 2016	Oct-Dec 2015
Nangal	7.095	6.855	6.830
Panipat	7.614	7.007	7.180
Bathinda	7.479	6.910	6.880
Vijaipur I	5.906	5.792	5.678
Vijaipur II	5.569	5.303	5.368

All units achieved energy consumption as per energy norms. Panipat and Vijaipur-II units achieved lower energy consumption as compared to CPLY. Energy consumption at Nangal, Bathinda and Vijaipur-I unit was marginally higher as compared to CPLY due to technical reasons.

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 to maintain continuity and consistency and accordingly maintained financial statements.

Ind AS 8: This standard relates to Accounting Policies, Changes in Accounting Estimates and Errors. Actuarial liability towards PRMBS as so on 31-3-2016 amounting to ₹ 58.66 crore has been reversed through opening reserve and the same has been factored for computation of tax. Adjustment of ₹ 24.89 crores has been carried out through opening reserve as per provisions of Indian Accounting Standard (Ind AS) 8 and the same has been factored for computation of tax.

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 ₹ (0.35) crore.

Ind AS 18 : Revenue should be recognized at the fair value of consideration net of discounts and rebates. Accordingly ₹ 2.98 crore, have been adjusted from revenue.

Reconciliation of Profit Under IGAAP and Ind AS

₹ Crore

Sr.	Particulars	Qtr. Dec-16	CPLY
1	Net Profit/(Loss) after tax as per previous GAAP (Indian GAAP)	113.44	151.11
2	Add/(Less) adjustments for Ind AS:		
2.1	Actuarial loss on defined benefit plans recognized in Other Comprehensive Income	4.34	(0.55)
2.2	Recognition of financial assets/liabilities at amortized cost	(2.84)	(0.56)
	Sub-total (2)	1.50	(1.11)
3	Net Profit/(Loss) as per Ind AS (1+2)	114.94	150.00
4	Other comprehensive income / (loss) - net of tax		
4.1	Actuarial gain / (loss) on defined benefit plans	(4.34)	0.55
5	Total comprehensive income as per Ind AS (3 + 4)	110.60	150.55

The difference is mainly on account of Ind AS 109 on account of item referred at Sr. 2.2 above.

PROFIT VARIANCE ANALYSIS

₹ Crore

Profit / (Loss) before tax for the Quarter ended 31st Dec 2016		114.95
Profit / (Loss) before tax for the Quarter ended 31st Dec 2015		150.00
Decrease in Profit		(35.05)
A:	<u>Reasons for decrease in Profit</u>	
1	Higher receipt/ accountal of past period subsidy arrears in CPLY	19.28
2	Decrease in saving in energy due to fall in gas rates	8.12
3	Increase in salary and wages	12.24
4	Increase in marketing expenses	7.11
5	Increase in depreciation charge	5.54
6	Increase in Security expenses (mainly due to impact of 7th pay commission on CISF salaries)	3.12
7	Increase in promotion and publicity	0.66
8	Increase in under-recovery of freight expenditure	6.85
9	Decrease in other income including other interest income	4.97
10	Decrease in contribution from urea	15.47
11	Increase in energy consumption	3.93
	Sub-total (A)	87.29

PROFIT VARIANCE ANALYSIS contd..

₹ Crore

B :	The above decrease in profit has been off-set by the following:	
1	Increase in contribution from sale of Industrial Products	0.67
2	Increase in profit from traded goods	35.47
3	Decrease in repairs and maintenance expenses	0.51
4	Decrease in net finance charges (net of impact of earned from deposits)	11.72
5	Higher impact of Mark to Market valuation during CPLY	3.87
	Sub-total (B)	52.24
	Net decrease in profit (B - A)	(35.05)

PERFORMANCE (FOR THE NINE MONTHS DEC-2016)

₹crore

Particulars	For the nine months ended 31.12.2016	CPLY	INCREASE / (DECREASE)*	% INCREASE/ (DECREASE)
Production of Urea (LMT)	28.81	28.22	0.59	2.09
Sale quantity of urea (LMT)	28.87	27.82	1.05	3.80
Sales of urea (including subsidy)	4979.40	5810.54	(831.14)	(14.30)
Sale of other manufactured products and sale of traded products (incl. ED)	820.69	340.54	480.15	141.00
Gross Sales (incl. ED)	5800.09	6151.08	(350.99)	(5.70)
Other Operating Income	4.13	3.29	0.84	25.50
Total Income	5804.22	6154.37	(350.15)	(5.70)
Total Expenses	5409.77	5276.73	(316.96)	(5.50)
Earnings before interest, depreciation and tax	394.45	427.64	(33.19)	(7.80)
Add: Other Income	28.60	29.71	(1.11)	(3.70)
Less : Finance cost	153.34	154.83	(1.49)	(1.00)
Less : Depreciation	66.89	61.12	5.77	9.40
Profit / (Loss) before tax (PBT)	202.82	241.40	(38.58)	(16.00)
Tax expense	83.67	70.17	13.50	19.20
Profit/(Loss) after tax (PAT)	119.15	171.23	(52.08)	(30.40)
Other comprehensive income/(loss) net of tax	(6.01)	(0.88)	(5.13)	(583.00)
Total Comprehensive income/(loss)	113.14	170.35	(57.21)	(33.60)

* Increase / (decrease) reasons are given in Slide no. 20.

INCREASE / DECREASE IN DEC-16 NINE MONTHS PERFORMANCE VIZ-A-VIZ DEC-15

₹crore

Particulars	INCREASE/ (DECREASE)	Reasons
Sales of urea (including subsidy)*	(831.14)	In spite of higher sale of imported DAP, Bentonite Sulphur and Industrial Products by ₹ 512.46 crore (excluding gas swapping), total income has decreased due to fall in gas prices by 25%.
Sale of other manufactured products and sale of traded products (incl. ED) *	480.15	
Other Income	0.84	
Total Income	(350.15)	
Total Expenses @	(316.96)	Total expenses has decreased due to fall in gas prices despite increase in higher trading activities.
Earnings before interest, depreciation and tax	(33.19)	In comparison to lower decrease in total expenses, decrease in total income was higher which has resulted in lower EBIDTA.
Add: Other Income	(1.11)	
Less : Finance cost	(1.49)	Despite increase in average short term borrowings by ₹ 330 crore and reduction in long term borrowings by ₹ 48.94 crore, overall finance cost has reduced by ₹ 1.49 crore.
Less : Depreciation	5.77	
Profit / (Loss) before tax (PBT)	(38.58)	Due to increase in operational expenses.
Tax expense	13.50	Tax during CPLY was higher due to higher impact of Deferred Tax due to higher accumulated losses.
Profit/(Loss) after tax (PAT)	(52.08)	-
Other comprehensive income/(loss) net of tax	(5.13)	On account of higher actuarial valuation as compared to CPLY.
Total Comprehensive income/(loss)	(57.21)	Including tax impact of ₹ 13.50 crore.

* Break up of sales in slide no. 21.

@ Breakup analysis of expenses in slide no. 22 and 23.

SALES BREAKUP (QUANTITY AND VALUE) (NINE MONTHS DEC-16)

₹ crore

Particulars	Nine months Dec 16		CPLY		Inc/(Dec)
	LMT	Value	LMT	Value	Value
A. Urea	28.87	4979.40	27.82	5810.54	(831.14)
B. Traded Goods	MT		MT		
1. DAP	2,04,929	626.87	48,635	162.07	464.80
2. Bentonite Sulphur	2,243	5.60	1,225	3.64	1.96
3. Seeds (Breeder, Foundation, Certified and Raw)	3,666	12.09	6,233	16.65	(4.56)
4. Compost	1,310	0.52		-	0.52
B. TRADED GOODS (1 to 4)		645.08		182.36	462.72
C. Industrial Products (IP)					
1. Nitric Acid	50,440	120.24	36,821	85.99	34.25
2. Ammonium Nitrate	6,485	15.58	-	-	15.58
3. Sodium Nitrate/Nitrite	2,440	9.62	2,079	8.30	1.32
C. Total Industrial Products (1 to 3)		145.44		94.29	51.15
D. Bio Fertilizers	328	1.44	501	2.85	(1.41)
E. Total (Traded Goods, IP, Bio Fertilizers (B+C+D))		791.96		279.50	512.46
F. Gas Swapping		28.73		61.04	(32.31)
Total Turnover/Revenue from Operations (A+E+F)		5800.09		6151.08	(350.99)

Product wise Percentage Increase/(Decrease) in Sales

Particulars	Urea	DAP	BS	Seeds	NA	SN
Increase/(Decrease) in quantity	4%	321%	83%	(41%)	37%	17%
Increase/(Decrease) in value	(14%)	287%	54%	(27%)	40%	16%

Total expenses (other than Finance cost and Depreciation) (FOR THE NINE MONTHS DEC-16)

₹ crore

Particulars	Nine Months ended Dec-16	CPLY	Increase/ (Decrease)*
Production of urea (Qty. in LMT)	28.81	28.22	0.59
Dispatches of urea (Qty. in lakh MT)	29.00	27.93	1.07
Cost of Materials consumed	2176.08	2837.04	(660.96)
Purchase of stock in trade (i.e. Imported DAP, Bentonite Sulphur, swap gas, seeds etc.)@	570.49	246.89	323.60
Changes in inventories { (Increase)/Decrease }	36.63	(62.25)	98.88
Power and Fuel	1609.35	1865.58	(256.23)
Employee Benefits Expense	355.86	339.38	16.48
Freight and Handling	418.44	303.19	115.25
Repairs and Maintenance	59.07	61.09	(2.02)
Excise duty	38.20	26.24	11.96
Other Expenses	145.65	109.57	36.08
Total Expenses	5409.77	5726.73	(316.96)

- Total expenses decreased by ₹ 316.96 crore in comparison to decrease in total income by ₹ 351.26 crore resulting in higher EBIDTA by ₹ 34.30 crore.
- Increase / (decrease) reasons are given in slide no. 23.
- Breakup of purchase of stock-in-trade in slide no. 24.

INCREASE / DECREASE IN EXPENSES IN DEC-16 NINE MONTHS VIZ- A-VIZ DEC-15

₹ crore

Particulars	Increase/ (Decrease)	Reasons
Cost of Materials consumed	(660.96)	Decreased mainly due to fall in Gas Prices (25%).
Power and Fuel	(256.23)	
Purchase of stock in trade (i.e. Imported DAP, Bentonite Sulphur, seeds etc. excluding Gas Swap)	355.91	Increased mainly due to higher import of DAP (₹ 358.82 crore), Bentonite Sulphur (₹ 0.39 crore), Compost ((₹0.91 crore) however, it was partially off-set by decrease in sale of seeds (₹ 4.91 crore).
Trading in Gas Swapping	(32.31)	Decreased due to discontinuation of trading w.e.f. 1.08.2016.
Changes in inventories { (Increase)/Decrease }	98.88	Higher urea stock of 1.88 LMT as compared to 0.77 LMT during CPLY.
Employee Benefits Expense	16.48	Increased mainly due to impact of revised actuarial valuation considered on account of reduction in discounting rate from 7.83% to 6.80 % which is based on rate of interest on government securities in respect of gratuity, leave encashment etc.
Freight and Handling	115.25	Import of DAP and increase in freight for higher dispatches (by 1.07 LMT) of urea and longer distance dispatches. However, normative freight is reimbursable as freight subsidy.
Repairs and Maintenance	(2.02)	Expenditure has decreased.
Excise duty	11.96	Due to higher sale of industrial products and urea.
Other Expenses	36.08	Mainly due to higher rent (₹ 7.36 crore), security expenses which is mainly due to 7 th pay commission impact on CISF salaries (₹ 8.39 crore), sales promotion and publicity expenses (₹ 3.68 crore), Mark to Market valuation of forex liability due to forex rate taken as on 31.12.2016 (₹ 9.15 crore), increase in retailer margin (₹ 1.55 crore) etc.
Total Expenses	(316.96)	

**DETAIL OF PURCHASE OF DAP, BS etc. FOR TRADING EXCLUDING GAS SWAP
(NINE MONTHS DEC-16)**

₹ crore

Particulars	Nine months Dec 16		CPLY		Increase/(Decrease)	
	Quantity (MT)	Value	Quantity (MT)	Value	Quantity (MT)	Value
Traded Goods						
DAP@	214203	524.82	50748	166.00	163455	358.82
BS#	4919	4.03	1331	3.64	3588	0.39
Seeds	3666	12.00	6241	16.21	(2574)	(4.21)
Compost	2507	0.91	-	-	2507	0.91
TRADED GOODS		541.76		185.85		355.91

- Higher quantity of DAP and Bentonite Sulphur were purchased for trading during the nine months ended Dec-2016. However, lower purchase of seeds was undertaken.
- Compost was added to the trading list.

@ Diammonium Phosphate

Bentonite Sulphur

FINANCE COST (NINE MONTHS DEC-16)

₹ crore

Particulars	Nine Months Dec 2016	CPLY	Increase/ (Decrease)
Interest on Long Term Loans	11.66	17.44	(5.78)
Interest on Working Capital Loans	132.97	131.86	1.11
Other Borrowing Costs	8.71	5.53	3.18
Total finance cost	153.34	154.83	(1.49)
Less: Interest Earned on Deposits	6.87	4.66	2.21
Net finance cost	146.47	150.17	(3.70)

- Interest on long term loans decreased by ₹ 5.78 crore mainly due to repayment of bonds and lower interest on ECB after refinancing of the same from DBS.
- Interest on working capital is almost at par with CPLY despite higher average working capital borrowings requirement of ₹ 330 crore involving interest cost of approx. ₹ **20.47 crore**. However, interest on working capital borrowings has reduced by ₹ **19.36 crore** due to lower rate of interest and better fund management resulting in marginal increase of ₹ 1.11 crore in interest cost on working capital.

FINANCE COST (NINE MONTHS DEC-16)...contd

- The borrowings through Short Term Loan and Cash Credit has further reduced by ₹ 120 crore.
- The ratio of Commercial paper for Short Term Borrowings have increased to 93% as compared to 84% in CPLY.
- The credit rating has been assessed by India Rating (second agency) as **AA (stable)** for long term borrowings and for short term borrowings is A1+ (highest short term rating). Both ratings are at par with ICRA ratings.
- Reduction in LC charges for gas supplies due to negotiated terms with banks.
- Negotiated lower interest rate with existing banks i.e. BNP Paribas.
- New Banks (CTBC and Nova Scotia) added for short term borrowings at lower interest rate.
- Borrowings through Inter Corporate Deposits (ICDs) with effective cost less than Commercial papers.
- Policy for investment of surplus funds in FDs with Banks reviewed to increase proportion of private banks other than with institutional base private sector banks.
- Introduced MIBOR linked deposits for better yield.
- Maximizing availment of suppliers/ buyers credit on continues basis.
- **Under Special Banking Arrangement (SBA)** (duly approved by GOI), NFL received ₹ 1165 crore on 16.02.2017 at subsidized interest rate of 1.75% p.a. Under SBA, GOI facilitated loan against outstanding subsidy for ₹ 10,000 crore for Fertilizer Industry (including ₹ 7749.53 crore for Indigenous urea).

UREA PRODUCTION (NINE MONTHS DEC-16)

LAKH MT

Unit	Apr-Dec 2016	CPLY	Increase/ (Decrease)
Nangal	3.83	4.19	(0.36)
Panipat	3.99	4.24	(0.25)
Bathinda	4.30	3.99	0.31
Vijaipur I	8.02	7.33	0.69
Vijaipur II	8.67	8.47	0.20
Total	28.81	28.22	0.59

*Production was lower at **Nangal and Panipat Units** as **Nangal Plant** was under shut-down from 1st May, 2016 to 21st May, 2016 (21 days) and **Panipat Plant** was under shutdown from 21st June, 2016 to 9th July 2016 (19 days during the half-year ended 30th Sept 2016) for annual maintenance jobs. However total production of urea was higher by 0.64 Lakh MT as compared to CPLY.*

INDUSTRIAL PRODUCT PRODUCTION (NINE MONTHS DEC-16)

QTY IN MT

Unit	Apr-Dec 2016	CPLY	Increase/ (Decrease)
Nitric Acid	56476	36088	20388
Ammonium Nitrate	6489	-	6489
Sodium Nitrate/ Nitrite	2537	2093	444

- **Increase in production of industrial products was driven by higher demand.**
- **Against installed capacity of 91410 MT p.a. of Nitric Acid (Stream 1), capacity utilization of 82% has been achieved upto Dec-16.**

UREA SALES BREAKUP ZONE WISE (NINE MONTHS DEC-16)

LAKH MT

Zonal Offices	Actual Apr-Dec 2016	Actual Apr-Dec 2015
Chandigarh Zone	12.38	12.99
Bhopal Zone	8.42	7.35
Lucknow Zone	8.07	7.48
TOTAL	28.87	27.82

Sale of urea during the period was higher by 1.05 Lakh MT as compared to CPLY due to higher sale at Bhopal and Lucknow Zones (by 1.66 LMT) which was partially off-set by lower sale at Chandigarh Zone (by 0.61 LMT) due to over-supply condition in that market.

ENERGY CONSUMPTION (GCAL/MT OF UREA)

Units	Revised Energy Norms (w.e.f. 1.06.2015)	Actual Energy	
		April-Sep 2016	April-Sep 2015
Nangal	7.095	6.922	6.980
Panipat	7.614	7.161	7.310
Bathinda	7.479	6.920	6.970
Vijaipur I	5.904	5.752	5.772
Vijaipur II	5.569	5.338	5.430

All units achieved lower energy consumption as compared to CPLY .

Reconciliation of Profit Under IGAAP and Ind AS

₹ Crore

Sr.	Particulars	Nine months Dec-16	CPLY
1	Net Profit/(Loss) after tax as per previous GAAP (Indian GAAP)	196.50	241.28
2	Add/(Less) adjustments for Ind AS:		
2.1	Actuarial loss on defined benefit plans recognized in Other Comprehensive Income	9.20	1.34
2.2	Recognition of financial assets/liabilities at amortized cost	(2.88)	(1.22)
	Sub-total (2)	6.32	0.12
3	Net Profit/(Loss) as per Ind AS (1+2)	202.82	241.40
4	Other comprehensive income / (loss) - net of tax		
4.1	Actuarial gain / (loss) on defined benefit plans	(9.20)	(1.34)
5	Total comprehensive income as per Ind AS (3 + 4)	193.62	240.06

The difference is mainly on account of Ind AS 109 on account of item referred at Sr. 2.2 above.

PROFIT VARIANCE ANALYSIS

₹ crore

Profit / (Loss) before tax for the nine months ended 31st Dec 2016		202.82
Profit / (Loss) before tax for the nine months ended 31st Dec 2015		241.40
Decrease in Profit		(38.58)
A:	<u>Reasons for decrease in Profit</u>	
1	Higher receipt/ accountal of past period subsidy arrears in CPLY	30.26
2	Decrease in saving in energy due to fall in gas rates	25.95
3	Increase in salary and wages	16.48
4	Increase in marketing expenses	28.76
5	Increase in depreciation charge	5.77
6	Higher impact of Mark to Market valuation of forex liabilities as compared to CPLY	4.26
7	Increase in Security expenses (mainly due to impact of 7th pay commission on CISF salaries)	8.39
8	Increase in promotion and publicity	3.68
9	Increase in under-recovery of freight expenditure	6.98
10	Decrease in other income including other interest income	2.48
	Sub-total (A)	133.01

PROFIT VARIANCE ANALYSIS

contd..

₹ crore

B :	The above decrease in profit has been off-set by the following:	
1	Increase in contribution from urea	1.63
2	Decrease in energy consumption	15.21
3	Increase in contribution from sale of Industrial Products	25.59
4	Increase in profit from traded goods	46.28
5	Decrease in repairs and maintenance expenses	2.02
6	Decrease in net finance charges (net of impact of earned from deposits)	3.70
	Sub-total (B)	94.43
	Net decrease in profit (B - A)	(38.58)

ANALYSIS OF SALES

S. No.	Particulars	April – Dec 2016		CPLY	
		Value (₹ crore)	%	Value (₹ crore)	%
1	Urea	4979.40	85.85	5810.54	94.46
2	Traded Products (excluding Gas swapping)	645.08	11.12	182.36	2.96
3	Gas Swapping	28.73	0.50	61.04	0.99
4	Industrial Products	146.88	2.53	97.14	1.58
5	Gross Sales	5800.09	100.00	6151.08	100.00

Percentage of traded products has increased to 11.12% during the period from 2.96 % during CPLY.

DETAIL OF TRADE RECEIVABLES

₹ crore

S. No.	Particulars	As on 31st Dec 2016	As on 31st Dec 2015
1	Subsidy from GOI	2892.40	3554.39
2	Debtors	305.78	100.83
3	Total Trade Receivables	3198.18	3655.22

Credit Policy for realisation:-

Debtors

Industrial Products – Cash & carry

Traded Goods -

Urea – 30 days credit

Subsidy from GOI

Urea – Average 2.5 months

DAP – Average 3 months

For DAP payment, supplier credit is availed.

DEBT TO EQUITY RATIO

₹ crore

S. No.	Particulars	As on 31 st Dec 2016	As on 31 st Dec 2015
1	Long term Borrowings	1199.47	2017.71
2	Short term Borrowings	1635.12	2351.35
3	Total Borrowings	2834.59	4369.06
4	Borrowings pertaining to AFCP (Urea) excluded being reimbursed by Gol	930.78	1674.99
5	Net Borrowings	1903.81	2694.07
6	Net worth	1747.24	1700.93
7	Debt : Equity ratio excluding AFCP borrowings (5 divided by 6)	1.09	1.58
8	Debt : Equity ratio including AFCP borrowings (3 divided by 6)	1.62	2.57
9	Debt : Equity ratio excluding AFCP borrowings (in percentage)	52:48	61:39
10	Debt : Equity ratio including AFCP borrowings (in percentage)	62:38	72:28

KEY FINANCIAL RATIOS

S. No.	Particulars	As on 31st Dec 2016	As on 31st Dec 2015
1	Earning Per Share (₹ 10/- each)	2.31	3.47
2	Return (Total Comprehensive Income) on Net Worth	6.48	10.02
3	EBITDA/Gross Sales	7.29	7.44
4	EBITDA/Average Capital Employed	4.84	4.91
5	Debt : Equity ratio	1.09:1	1.58:1
6	Debt Service Coverage Ratio (DSCR)	2.19	2.25
7	Interest Service Coverage Ratio (ISCR)	2.76	2.95

NOTES

1. The financial results are being prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and in terms of regulation 33 of the SEBI Regulations and SEBI circular dated 5th July 2016.
2. The production of urea at all the Units, beyond Re-assessed Capacity (RAC), has been considered on quarterly basis from April 2016 to December 2016 instead of on annual basis and accordingly sales (including subsidy) has been booked as per provisions of NUP 2015 and the same has resulted in lower profit before tax (PBT) by ₹ 2353 lakhs.
3. Purchases of stock-in-trade and Sales for the quarter ended 31st December 2016 includes Gas of ₹ NIL (₹ 3274 lakhs during corresponding previous period) purchased from M/s RIL and sold to M/s GAIL, in the state of Andhra Pradesh w.e.f. 1st August, 2015 under revenue neutral Gas Swapping arrangement pursuant to the OM No. 12014/6/2013-FPP dated 16th July, 2015 issued by Department of Fertilizers. The gas swapping arrangement has been discontinued w.e.f.1.08.2016.
4. In terms of Ind AS 8, opening reserves has been increased by ₹ 3377 lakhs during the quarter ended 30th September,2016. (i.e increase ₹ 5866 lakhs on account of adjustment relating to actuarial valuation of Post Retirement Medical Benefit Scheme and decrease by ₹ 2489 lakhs on account of freight subsidy pertaining to earlier years)

THANK YOU