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नेशनल फर्टिलाइजर्स लिमिटेड
एन.एफ.एल.
NATIONAL FERTILIZERS LIMITED

कारपोरेट कार्यालय :

ए-11, सेक्टर-24, नौएडा - 201 301

जिला गौतम बुद्ध नगर (उ०प्र०)

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नेशनल फर्टिलाइजर्स लिमिटेड

(भारत सरकार का उपक्रम)

NATIONAL FERTILIZERS LIMITED

(A GOVERNMENT OF INDIA UNDERTAKING)

No.NFL/SEC/SE/2016/ 6388

Dated: 15.10.2016

The Managing Director
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai, India 400 001

The Managing Director
The National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block, Bandra Kurla
Complex, Bandra (East)
Mumbai, India 400 051

Sub: Disclosure under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations")

Dear Sir,

In accordance with the requirements under Regulation 30 of the LODR Regulations, please find below the schedule of one-to-one institutional investors meet proposed to be held on October 18-19, 2016 at Mumbai.

Sr. No.	Attendee
Tuesday, October 18, 2016	
1	Birla Life Insurance Co. Ltd
2	DSP Blackrock Mutual Fund
3	General Insurance Corporation of India
4	Goldman Sachs Asset Management
5	New India Assurance Co. Ltd
6	Tata Mutual Fund
Wednesday, October 19, 2016	
1	HDFC Life Insurance Co. Ltd.
2	ICICI Prudential Mutual Fund
3	Kotak Mutual Fund
4	PNB Principal Mutual Fund
5	Reliance Mutual Fund

A copy of presentation to be given at the institutional investors meet is enclosed and also available on the website of National Fertilizers Limited ("NFL"), <http://www.nationalfertilizers.com/>.

Further, in terms of Regulations 46(2)(o) of the LODR Regulations, the said schedule of institutional investors meet and the appended presentation is being simultaneously uploaded on the website of NFL.

This is for your information and records.

Thanking you,

Yours faithfully,
For National Fertilizers Limited

R. Kumar

(Raj Kumar)
Company Secretary

Encl: As above.

FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR 2015-2016

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PERFORMANCE HIGHLIGHTS 2015-16

- **EVER HIGHEST UREA PRODUCTION OF 37.99 LAKH MT (118% CAPACITY UTILISATION OF RAC OF 32.31 LMT) AND IS 2ND LARGEST PRODUCER WITH 15.5% MARKET SHARE.**
- **UREA SALE OF 36.41 LMT WAS MARGINALLY LOWER (0.38 LMT) AS COMPARED TO CPLY* (36.79 LMT) DUE TO POOR DEMAND OWING TO GLUT LIKE SITUATION. DESPITE THAT, UREA SALE OF 19.16 LMT FOR RABI SEASON WAS EVER HIGHEST.**
- **TOTAL SALE WAS ₹ 7766 CRORE AND WAS LOWER BY ₹ 754 CRORE AS COMPARED TO ₹ 8520 CRORE MAINLY DUE TO LOWER GAS PRICE.**
- **EVER HIGHEST SALE OF NITRIC ACID AT 55199 MT (100% BASIS).**
- **EVER LOWEST ENERGY CONSUMPTION (GCAL/MT OF UREA) AT NANGAL, PANIPAT, BATHINDA AND VIJAIPUR-II UNITS.**
- **FINANCE COST DECREASED TO ₹ 227.88 CRORE AS COMPARED TO ₹ 301.36 CRORE DURING CPLY I.E. SAVING OF ₹73.48 CRORE.**
- **HIGHEST PBT OF ₹ 283.49 CRORE AND PAT OF ₹ 197.09 CRORE DURING THE LAST 10 YEARS.**
- **PAT INCREASED TO ₹ 197.09 CRORE AS COMPARED TO ₹ 26.24 CRORE IN CPLY (INCREASE BY 651.11%).**
- **EBIDTA INCREASED TO ₹ 591.40 CRORE i.e. INCREASE OF ₹ 172.76 CRORE (INCREASE OF 41.27%) AS COMAPRED TO ₹ 418.64 CRORE DURING CPLY. THE INCREASE IS MAINLY ATTRIBUTABLE TO INCREASE IN CONTRIBUTION FROM UREA BEYOND RAC, INDUSTRIAL PRODUCTS AND TRADED GOODS.**
- **EBIDTA MARGIN INCREASED FROM 4.91% TO 7.62%.**
- **RETURN ON NETWORTH INCREASED FROM 1.77% TO 12.27%.**

* CPLY : Corresponding Period of Last Year.

Financial Performance - Annual

(₹ Crore)

Particulars	2015-16	2014-15	INCREASE / (DECREASE)	% INCREASE/ (DECREASE)
Production quantity of urea (LMT)	37.99	36.39	1.60	4.40%
Sale quantity of urea (LMT)	36.41	36.79	(0.38)	(1.03)%
Sale of urea (Net of Excise Duty)	1966.37	1938.25	28.12	1.45%
Subsidy on urea	5384.14	6461.14	(1077.00)	(16.67)%
Net Sales of urea *	7350.51	8399.39	(1048.88)	(12.49)%
Sale of other manufactured goods (Industrial products and Bio-fertilizers)	130.11	105.42	24.69	23.42%
Sale of traded products incl. DAP subsidy (Net of ED)	285.26	14.88	270.38	1817.07%
Sale of other manufactured goods and traded goods	415.37	120.30	295.07	245.27%
Net Sales (Urea + IP + Bio-fert. + Traded goods)	7765.88	8519.69	(753.81)	(8.85)%
Other Income	46.33	37.13	9.20	24.78%
Total Income	7812.21	8556.82	(744.61)	(8.70)%
Total Expenses	7220.81	8138.18	(917.37)	(11.27)%
EBIDTA **	591.40	418.64	172.76	41.27%
Less : Finance cost	227.88	301.36	(73.48)	(24.38)%
Less : Depreciation	80.03	72.56	7.47	10.29%
Profit/ (Loss) before tax (PBT)	283.49	44.72	238.77	533.92%
Tax expense	86.40	18.48	67.92	367.53%
Profit/ (Loss) after tax (PAT)	197.09	26.24	170.85	651.11%
EBIDTA Margin (EBIDTA/Net sales) (%)	7.62%	4.91%	2.71%	55.21%

* Urea sale has decreased mainly due to decrease in average gas price by 20%.

** EBIDTA has increased mainly due to increase in contribution from urea beyond RAC, Industrial products, traded goods and saving s in energy consumption

Production of Urea

Unit	2015-16		2014-15		Increase/ (Decrease)
	On stream days	Production (Lakh MT)	On stream days	Production (Lakh MT)	(Lakh MT)
Nangal	342	5.47	293	4.78	0.69
Panipat	348	5.67	318	5.12	0.55
Bathinda	336	5.48	351	5.60	(0.12)
Vijaipur I	328	9.92	320	9.51	0.41
Vijaipur II	347	11.45	343	11.38	0.07
Total	340	37.99	328	36.39	1.60

During the FY 2015-16 the company has achieved the ever best production of urea (37.99 LMT) with an overall capacity utilization of 118% surpassing the previous best performance of 36.39 LMT during FY 2014-15.

Quarter-wise Production of urea (in LMT)

Particulars	2015-16	2014-15	Increase/ (Decrease)
Quarter-1	8.20	9.30	(1.10)
Quarter-2	9.80	9.10	0.70
Quarter-3	10.23	10.38	(0.15)
Quarter-4	9.76	7.61	2.15
Annual	37.99	36.39	1.60

Production of urea during Qr-1 was lower as compared to CPLY mainly due to planned maintenance shutdown taken at Bathinda (29 days) and Vijaipur-I (19 days).

Energy consumption (Gcal / MT Urea)

Unit	Pre-set Energy Norms (upto 31.05.2015)	Revised Energy Norms w.e.f. 01.06.2015	Actual	
			2015-2016	2014-2015
1	2	3	4	5
Nangal	7.095	No change	7.012	7.017
Panipat	7.614	No change	7.259	7.500
Bathinda	7.479	No change	7.003	7.131
Vijaipur I	5.952	5.904	5.750	5.740
Vijaipur II	5.712	5.569	5.410	5.431

The energy consumption for the year 2015-16 (col. 4) is lower than the revised energy norms (col.3) for all the five units.

It is also lower as compared to CPLY (col.5) and was also ever lowest at Nangal, Panipat, Bathinda and Vijaipur-II Units.

The financial impact of reduction in revised energy norms for 2015-16 (10 months) is ₹ 36.40 crore as compared to CPLY as under:

- VP-I = 0.048 Gcal/MT of urea * ₹ 2010/Gcal = ₹96/MT * 8.64 LMT = ₹ 8.29 crore.
- VP-II = 0.143 Gcal/MT of urea * ₹ 1995/Gcal = ₹285/MT * 9.86 LMT = ₹28.11 crore.

ENERGY DATA

Particulars	UNIT	2015-16	2014-15	Increase / (Decrease)	% Increase / (Decrease)
GAS CONSUMPTION (NCV basis)	Thousand MMBTU	79119	76631	2488	3.25%
RATE OF GAS (NCV basis)	USD/ MMBTU	9.96	12.43	(2.47)	(19.87)%
GAS COST	₹ CRORE	5122.15	6048.55	(926.40)	(15.32)%
PRDUCTION OF UREA	LAKH MT	37.99	36.39	1.60	4.40%

Reduction in gas price led to decrease in cost of material consumed and power and fuel and consequently the net sale value of urea.

Sale Break up - Annual

(₹ Crore)

Product name	Sale Value		
	2015-16	2014-15	Increase/ (Decrease)
Own Manufactured products			
(a) Urea	7350.51	8399.39	(1048.88)
(b) Industrial Products at Nangal			
Nitric Acid – 54%	33.53	30.36	3.17
Nitric Acid – 60%	82.77	59.83	22.94
Sodium Nitrate / Nitrite	9.44	7.54	1.90
Other Industrial Products (Ash, carbon slurry, Ammonia sale)	1.36	4.48	(3.12)
Total Industrial Products (b)	127.10	102.21	24.89
(c) Bio-Fertilizers at Vijaipur	3.01	3.21	(0.20)
Total Own Manufacture (a+b+c)	7480.62	8504.81	(1024.19)
(d) Traded Products			
Gas Swapping	94.33	-	94.33
DAP (Indigenous and Imported)	169.64	-	169.64
Bentonite Sulphur	4.49	2.33	2.16
Seeds	16.80	12.55	4.25
Total Traded Products (d)	285.26	14.88	270.38
(e) Total Products (other than urea including traded goods) (b+c+d)	415.37	120.30	295.07
Grand Total (a+b+c+d) / (a+e)	7765.88	8519.69	(753.81)

The non-urea composition of revenue (excluding gas swapping) has increased to 4.18% in 2015-16 from 1.41% during CPLY .

Urea Sale Break up– Zone-wise

Zone wise sale performance of urea is as follows :-

(Qty. in Lakh MT)

Zonal Offices	2015-16	2014-15	Increase / (Decrease)
Chandigarh Zone	16.44	15.67	0.77
Bhopal Zone	9.34	10.77	(1.43)*
Lucknow Zone	10.63	10.35	0.28
TOTAL	36.41	36.79	(0.38)

Bhopal Zone sale of urea was lower mainly due to lower sale in Maharashtra by 0.91 LMT consequent to lower allocation of movement.

Sale Analysis of Industrial Products (IPs)

Particulars	2015-16	2014-15	Increase/ (Decrease) (%)
Nitric Acid -60%			
- Qty. in MT	66024	54883	20.30%
- Rate in (₹/MT)	12536	10901	15.00%
- Sale value (₹ crore) (a)	82.77	59.83	38.34%
Nitric Acid-54%			
- Qty. in MT	28861	29619	-2.56%
- Rate in (₹/MT)	11621	10250	13.38%
- Sale value (₹ crore) (b)	33.54	30.36	10.47%
Sale quantity (NA-100%) MT	55199	48924	12.83%
Sale value (NA-100%) (₹ crore)	116.31	90.19	28.96%
Sodium Nitrate/Nitrite			
- Qty. in MT	2611	2135	22.30%
- Rate in (₹/MT)	36155	35316	2.38%
- Sale value (₹ crore) (c)	9.44	7.54	25.20%
Other IPs* (d)	1.35	4.48	-69.87%
Total (a+b+c+d)	127.10	102.21	24.35% \$

\$ The sale value of IPs has increased by 24.35% as compared to CPLY due to higher sale quantity and better realization.

*** Other Industrial products include sale of technical surplus ammonia in the Market and sale of Ash.**

Total Expenses (Other than Finance Cost and Depreciation)

Particulars	Year ended		Increase / (Decrease)
	31 ST Mar, 2016	31 ST Mar, 2015	
Production (Qty. in LMT)	37.99	36.39	1.60
Despatches (Qty. in MT)	37.15	36.57	0.58
			(₹ Crore)
Cost of Materials consumed	3637.59	4348.41	(710.82)
Power and Fuel	2423.93	2593.28	(169.35)
Purchase of stock-in-trade i.e. traded goods	257.87	14.24	243.63
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(246.30)	84.31	(330.61)
Employee Benefits Expense	465.98	475.44	(9.46)
Freight and Handling	435.81	392.07	43.74
Repairs and Maintenance	85.75	74.24	11.51
Other Expenses	160.18	156.19	3.99
Total Expenses	7220.81	8138.18	(917.37)

- Cost of raw Materials, Power and Fuel decreased due to decrease in price of gas.
- Increase in purchase of traded goods is mainly due to purchase of DAP (₹143.33 crore) and gas for swapping (₹ 94.33 crore).
- Employee benefit expense has reduced mainly due to retirement of employees (302 employees).
- Freight and handling expenses has increased due to more urea dispatches to distant destinations, higher component of rail dispatches and sale of imported DAP.

Breakup of Material consumed and Power and Fuel costs

(₹ Crore)

Particulars	Year ended		Increase / (Decrease)
	31 ST Mar, 2016	31 ST Mar, 2015	
A. Cost of Materials consumed			
Natural gas	3443.46	4121.48	(678.02)
Packing Material	127.67	132.29	(4.62)
Chemicals, catalysts, oils, lubricants, stores and spare parts etc.	66.46	94.64	(28.18)
Total Material consumed	3637.59	4348.41	(710.82)
B. Power and Fuel			
Natural gas	1678.69	1927.07	(248.38)
Coal	575.13	494.97	80.16
Purchased Power (including cess on electricity and REC)	170.11	171.24	(1.13)
Total Power and Fuel	2423.93	2593.28	(169.35)
- Cost of raw Materials and power and fuel has decreased mainly due to decrease in price of gas despite increase in production of urea. - Cost of coal has increased due to higher production of urea and increase in landed cost of coal.			

Details of Purchase of stock in trade

(₹ Crore)

Particulars	Year ended		Increase / (Decrease)
	31 ST Mar, 2016	31 ST Mar, 2015	
Purchases of stock-in trade			
Seeds	16.04	12.10	3.94
DAP (Imported)	102.21	-	102.21
DAP (Indg.)	41.12	-	41.12
Gas Swapping purchase	94.33	-	94.33
Bentonite sulphur	4.11	2.14	1.97
Foundation seeds	0.06	-	0.06
Total purchase of stock in trade	257.87	14.24	243.63

The increase (excluding gas swapping) of ₹ 149.30 crore is on account of purchase of DAP, Seeds and Bentonite sulphur

Changes in inventories of finished goods and semi-finished goods

(Value in ₹ Crore)

Particulars	Year ended				Increase / (Decrease)
	31 ST Mar, 2016		31 ST Mar, 2015		
A. Opening Inventories	Urea (LMT)	Value	Urea (LMT)	Value	Value
Semi-finished goods (Ammonia)		22.81		31.70	(8.89)
Finished	0.37	67.67	0.78	143.22	(75.55)
Total opening inventories (A)		90.48		174.92	(84.44)
B. Closing Inventories					
Semi-finished		15.48		22.81	(7.33)
Finished	1.94	321.73	0.37	67.67	254.06
Total closing inventories (B)		337.21		90.48	246.73
(Increase)/ Decrease in inventories (A-B)		(246.73)		84.44	(331.17)
Less : Excise Duty impact		(0.43)		0.13	(0.56)
Net (Increase)/ Decrease in inventories		(246.30)		84.31	(330.61)
Inventory of urea has increased from 0.37 LMT to 1.94 LMT due to glut like situation prevailing in the fertilizer industry.					

Details of other expenses

₹ crore

Particulars	2015-16	2014-15	Increase / (Decrease)
Rent, Rates, Taxes and Insurance	21.79	20.24	1.55
Security expenses*	43.12	39.83	3.29
Travelling expenses	13.20	13.41	(0.21)
Water charges	16.64	16.07	0.57
Retailer Margin	18.39	18.40	(0.01)
Bank charges	3.01	3.00	0.01
Misc. expenses **	44.03	45.24	(1.21)
Total Expenses	160.18	156.19	3.99

* Increase in security expenses is mainly due to salary and wages of CISF security staff deployed in the Units.

** Others include laboratory expenses, running expenses of locomotives and heavy equipments, siding charges, drawing office expenses, safety and fire fighting expenses, boiler inspection charges, legal expenses, postage, printing and other administrative overheads at Units/Offices.

Finance Cost Analysis

₹ crore

Particulars	2015-16	2014-15	Saving/ (Increase)
Interest on Working capital loans	192.52	267.35	74.83
Interest on Long term Loans	22.97	29.14	6.17
Other Finance cost (stamping cost, Hedging/Exchange rate variation and interest on security deposits etc.)	12.39	4.87	(7.52)
Total Finance cost	227.88	301.36	73.48
Average interest rate (Short term borrowings)	8.05%	9.33%	1.28%
Analysis of variance in Interest on Working capital loans			
Rate variance	19.76		
Mix variance	30.59		
Volume variance	24.48		
Total variance	74.83		

Steps taken to reduce Finance Cost in 2015-16 onwards

1. Changed the credit instrument mix (CP ratio increased) to reduce the average finance cost
2. Optimizing on availability of suppliers credit to maximum
3. Credit rating for long term loans have been assessed by ICRA as AA (stable) during June 2015, as earlier assessed by CRISIL as AA (-). The credit rating for short term borrowings remains as A1+, the highest short term rating.
4. Refinancing of existing ECB of USD 36.95 million with extended maturity, reduction in All-in-Cost by 1.04% (from 3.05% to 2.01%) and restructured repayment schedule.
5. Negotiated lower interest rate and introduced new Banks with lower base rate.
6. Introduced ICD Scheme to reap benefit of lower interest cost (1st deal implemented in June-16).

Details of other income

₹ crore

Particulars	2015-16	2014-15	Increase / (Decrease)
Interest income on Term Deposits	5.40	0.93	4.47
Other Interest income	5.15	4.29	0.86
Rent Income	16.04	15.06	0.98
Sale of scrap	4.68	6.37	(1.69)
Other misc. income	15.06	10.48	4.58
Total Income	46.33	37.13	9.20

Other misc. income includes profit on sale of assets, hire charges from equipments, unclaimed EMD & security deposits transferred to Misc. income, Encashment of Bank guarantee, levy of liquidate damages, write-off of old credit balances etc.

Unit wise Profit/ (Loss) before tax (PBT)

(₹ Crore)

Unit	2015-16	2014-15	Increase/ (Decrease)
Nangal	(12.70)	(83.25)	70.55
Panipat	37.63	(35.66)	73.29
Bathinda	26.26	(15.87)	42.13
Vijaipur I	57.94	98.31	(30.37)
Vijaipur II	170.60	80.08	90.52
Traded Goods	3.76	1.11	2.65
TOTAL	283.49	44.72	238.77

There is overall improvement and increase in profit before tax at all units except at Vijaipur-I unit.

During 2015-16, company has achieved highest Profit before tax of ₹ 283.49 crore and Profit after tax of ₹ 197.09 crore during the last ten years.

Comparison of actual profit / (Loss) for the year ended 31st March, 2016 with 31st March, 2015.

(₹ Crore)

	Profit / (Loss) before tax for the financial year 2015-16 (Audited)	283.49
	Profit / (Loss) before tax for the financial year 2014-15 (Audited)	44.72
	Net increase in Profit	238.77
A:	Reasons for Increase in Profit	
1	Increase in contribution from sale of urea as compared to CPLY	177.39
2	Decrease in finance cost	73.48
3	Increase in contribution from Industrial Products and traded goods	39.12
4	Decrease in energy consumption	22.25
5	Decrease in employee remuneration	9.46
6	Increase in other income (mainly interest income)	9.20
7	Charge of catalyst at Vijaipur in CPLY	6.95
	Sub-total (A)	337.85

Contd.....²²

Comparison of actual profit / (Loss) for the year ended 31st March, 2016 with 31st March, 2015.

(₹ Crore)

B:	The above increase in profit has been off-set by the following:	
1	Receipt/ Accountal of past period subsidy arrears in CPLY (reimbursement of Purchase Tax at Vijaipur Units pertaining to earlier years)	43.07
2	Reduction in Pre-set energy norms at Vijaipur-I and II Units w.e.f. 1.06.2015 under NUP-2015	36.40
3	Increase in repairs and maintenance expenses	11.51
4	Increase in depreciation charge etc.	8.10
	Sub-total (B)	99.08
	Net increase in profit (A - B)	238.77

Borrowings

(₹ Crore)

Particulars	As on 31.03.2016	As on 31.03.2015	Reduction during 2015-16 (%)
Long Term Borrowings			
- Rupee Term Loan (AFCP)	1540.00	2310.00	33.33%
- External Commercial Borrowings (USD 36.95 million as on 31.03.16)	247.20	262.24	5.75%
- Bonds	40.16*	70.28	42.86%
Total Long Term Borrowings (incl. AFCP)	1827.36	2624.52	30.37%
Total Long Term Borrowings (excl. AFCP)	287.36	314.52	8.64%
Short term Borrowings	4292.23	5002.27	14.19%
Total Borrowings (incl. AFCP)	6119.59	7644.79	19.95%
Total Borrowings (exc. AFCP)	4579.59	5334.79	14.15%

Note:

1. No new term loan was availed during 2015-16.
2. Refinancing of existing ECB of USD 36.95 million was done resulting in saving of 1.04% in All-in-cost and extended maturity.
3. Quarterly repayment of ₹192.50 crore of AFCP Loan (last instalment in March-2018).

* Bonds repaid on 15th Sept-2016 (last instalment).

Net Worth

(₹ crore)

S. No.	Particulars	As on 31.03.2016	As on 31.03.2015	Increase/ (Decrease)
A	Reserves and Surplus			
1	General Reserve	322.85	302.75	20.10
2	Capital Reserve	2.51	2.51	-
3	Debenture Redemption Reserve	10.04	17.57	(7.53)
4	Corporate Social Responsibility Reserve	4.01	5.26	(1.25)
5	Surplus in Statement of Profit and Loss Account	776.66	662.33	114.33
	Total Reserves and Surplus (1+2+3+4+5)	1116.07	990.42	125.65
B	Paid –up capital	490.58	490.58	-
C	Net worth (A+B)	1606.65	1481.00	125.65

Debt-Equity & Debt Service coverage ratio

(₹ Crore)

S. No.	Particulars	2015-16	2014-15
1	Total Borrowings (Outstanding) including AFCP*	6119.59	7644.79
2	Total Borrowings (Outstanding) excluding AFCP	4629.76	5410.05
3	Borrowings (excluding Short term borrowings) excluding AFCP	287.36	332.52
4	Net worth	1606.65	1481.00
5	Debt : Equity ratio (2 divided by 4)	2.88 : 1	3.65 : 1
6	Debt : Equity ratio (3 divided by 4)	0.18 : 1	0.22 : 1
7	Debt-service coverage ratio (Times)	2.10	0.94

***Borrowings include AFCP Long term borrowings of ₹ 1540 crore (CPLY ₹ 2310 crore) which is being reimbursed as capital subsidy by GoI.**

Significant Financial Ratios

Particulars	Unit	2015-16	2014-15	2013-14
EBITDA/ Net Sales	%	7.62	4.91	2.14
EBIDTA to Interest	Times	2.60	1.39	0.84
Return (PAT) on net worth	%	12.27	1.77	(6.00)
Earning per share (EPS)	₹	4.02	0.53	(1.83)
Current Ratio	Times	1.32:1	1.27:1	1.34:1
Dividend	₹ crore	59.36	8.34	-
Dividend /PAT	%	30.118	31.784	-
Dividend per share	₹	1.21	0.17	-
Book value of share	₹	32.75	30.19	30.45



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Industry Overview

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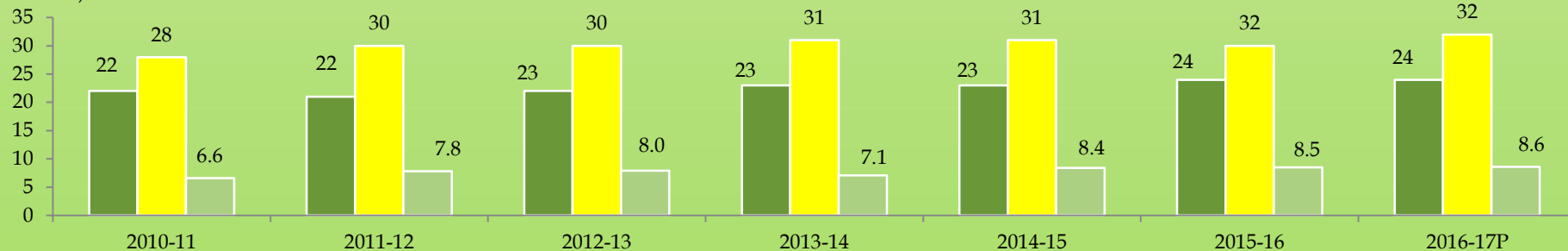




Industry Overview

Details of production, consumption and import of urea

(mn tonnes)

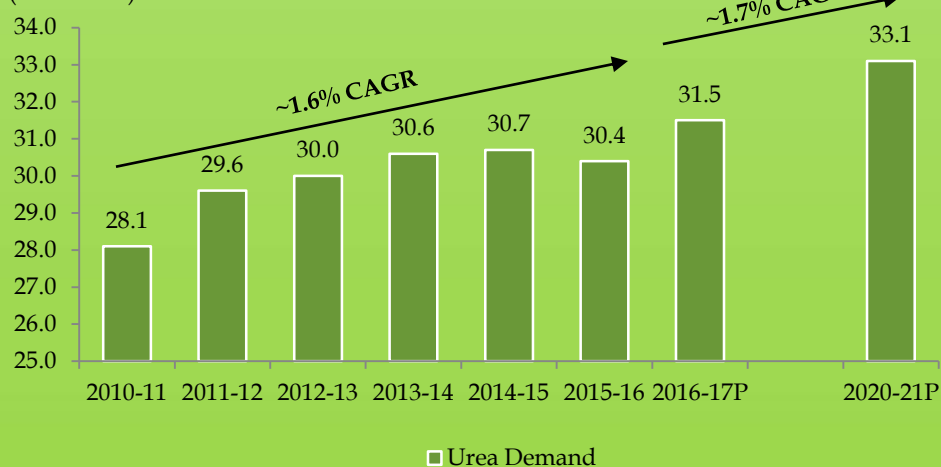


Domestic consumption is far higher than production of urea

□ Production ■ Consumption □ Imports

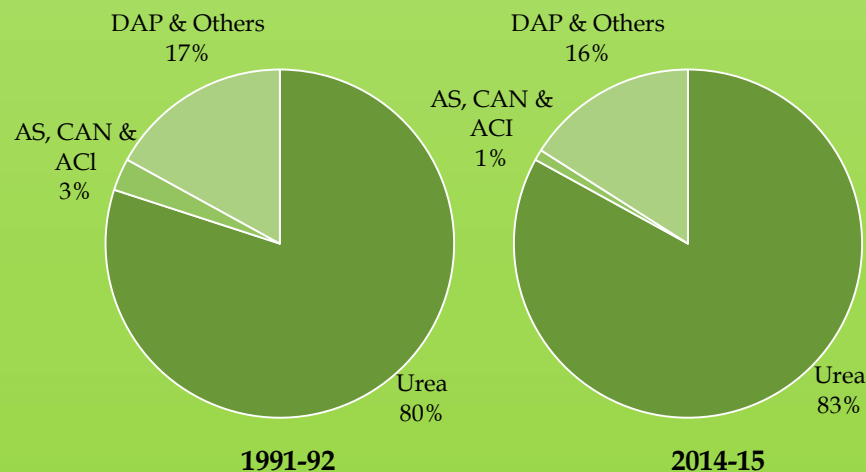
Long-term urea demand forecasted at 1.5-2.0% CAGR

(mn tonnes)



Urea remains the preferred choice as part of the nutrient mix for more than two decades

Share of major fertilizers to nutrient consumption

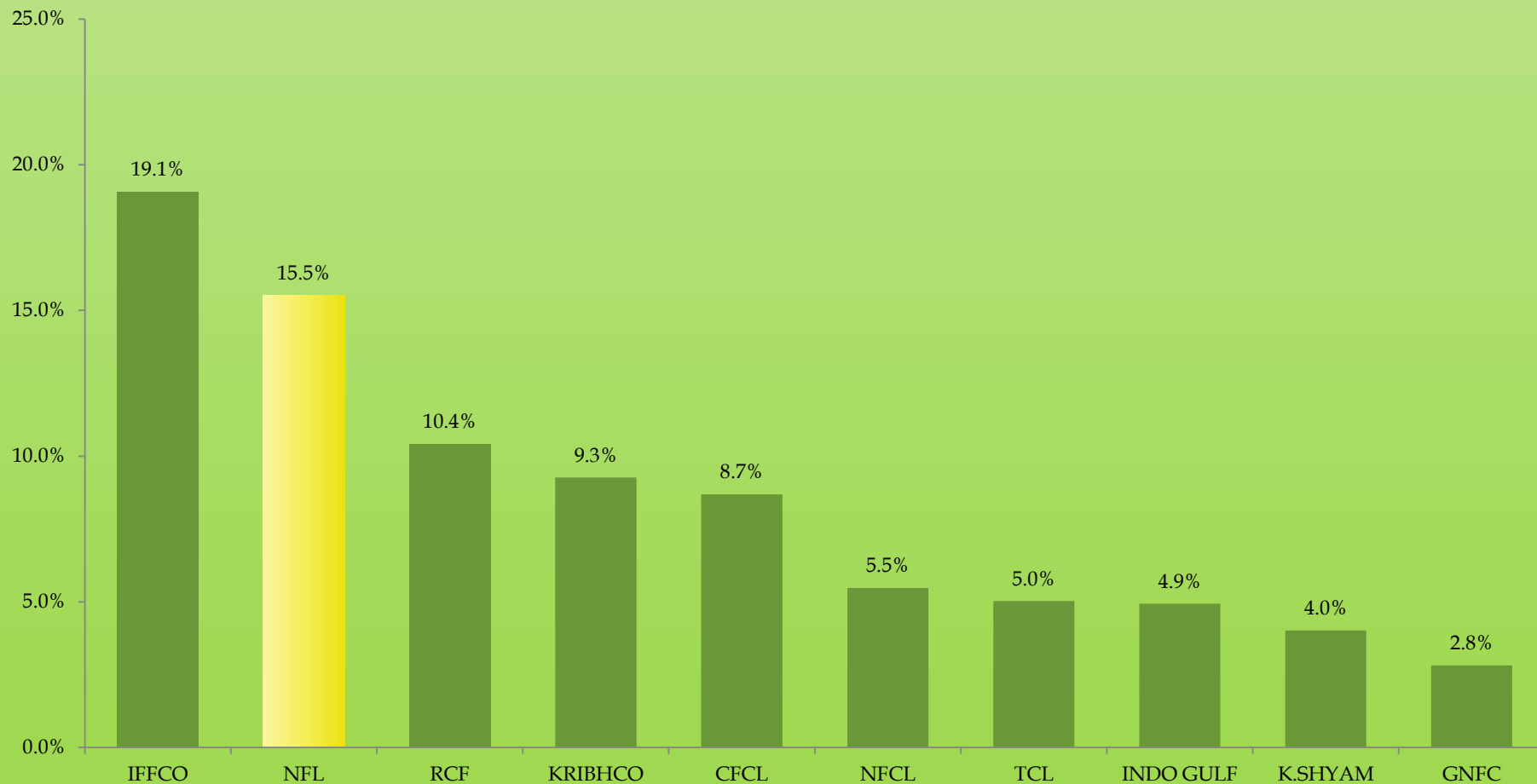


Larger Urea producers like NFL will benefit from higher planned production capacities which will substitute imports



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Largest urea player in listed space in India



15.5 % share of NFL in country's urea production (2015-16)



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Recent Urea Policies and its Impact on NFL

🌿 Modified New pricing Scheme of Urea stage -III (Notified on 2nd April 2014)

Fixed cost element included in the concession price was based on the data for FY 2002-03 and was due for updation as it was resulting in un-recovered fixed cost to the urea units. Fixed cost reimbursement has been revised up-ward by INR 500/MT (Nangal, Panipat and Bathinda Units), by INR 350/MT of urea at Vijaipur-II unit and by INR 1015/MT at Vijaipur-I unit. The above updation has resulted in increase in contribution at all the units by INR 192 crore on annual basis.

🌿 New Urea Policy (NUP-2015) and Gas Pooling Policy

🌿 GoI has notified NUP-2015 for Urea Manufacturing units and Uniform Gas Pooling policy mechanism for urea sector w.e.f.1.06.2015. With the implementation of these policies, production of urea beyond RAC (Re-assessed capacity) has become viable at all the units and resulted in increased contribution to the Company. During FY 2015-16 NFL produced 3.799 MTPA as against 3.639 MTPA during FY 2014-15. In the earlier policy, 85% of IPP of urea was reimbursable and cheaper gas was allocated up to cut-off quantity only thereby reducing the contribution margin production beyond cut-off level. However, in the NUP-2015, there is provision of reimbursement of lower of "IPP plus incidental charges" or "variable cost plus minimum fixed cost". Further, the variable cost is at the pooled gas price and thus the contribution under NUP-2015 for production beyond RAC is more remunerative and less risky.

🌿 Neem coated urea (NCU) production made mandatory (100%) instead of 35% mandatory earlier. NCU gives additional revenue to NFL. NFL was the first Company to introduce Neem Coated urea in the Market

🌿 Under New Investment Policy -2012: Under NIP-2012, for revival of closed urea units of FCIL, floor IPP and ceiling IPP of urea has been fixed at a gas price and any revision in gas price is pass through by revision in IPP of urea. Thus making the policy dispensation remunerative and clearly defined and NFL has undertaken revival of closed Urea unit at Ramagundam by investing 26% equity in it JV Company i.e. RFCL (JV of NFL, EIL and FCIL).

Energy norms revised w.e.f. 1.06.2015 for Vijaipur-I and II Units and w.e.f. 1.04.2018 for all units as under:

Category	Pre-set Norms upto 31.05.2015 (Gcal/MT of urea)	Revised Energy Norms w.e.f.1.06.2015 to 31.03.2018 (Gcal/MT of urea)*	Revised Energy Norms w.e.f.1.04.2018 (Gcal/ MT of urea) **	Applicability to NFL Plants
Group - I	VP-I 5.952 VP-II 5.712	VP-I 5.904 VP-II 5.569	5.5 Gcal/MT of urea	Applicable to Vijaipur - I & II plants
Group - II	Not applicable	Not applicable	6.2 Gcal/MT of urea	Not applicable
Group - III	Nangal 7.095 Panipat 7.614 Bathinda 7.479	Nangal 7.095 Panipat 7.614 Bathinda 7.479	6.5 Gcal/MT of urea	Applicable to Nangal, Bathinda & Panipat plants

* The impact of revision in pre-set norms at Vijaipur-I and II units is INR 40 crore on annual basis (w.e.f.1.06.2015 to 31.03.2018).

** CAPEX investment to the tune of INR 700 crore required at Nangal, Panipat and Bathinda by 2018-19 to meet strict pre-set Norms. Policy dispensation in the form of retaining existing pre-set norms for five years post commissioning of the projects has been sought from GoI and is under consideration of GoI.

*** CAPEX investment to the tune of INR 400 crore is required at Vijaipur-I unit and suitable policy dispensation has been sought from GoI to recoup the investment to meet the strict pre-set norms w.e.f. 2018-19.

The Policies lead to higher contribution & would also entail investments for reduction in energy consumption

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Overview of Plants

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Nangal Unit



Panipat Unit



Bathinda Unit



Vijaipur-I & II Units



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Brief on Plants and Trading Activities

Urea	Vijaipur-II	Vijaipur-I	Bathinda	Panipat	Nangal
Capacity (LMT)– 32.31 LMT	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 (2015-16) w.r.t. RAC	132.4%	114.8%	107.2%	110.9%	114.2%
Comm. Production	31 st Mar 97	1 st July 88	1 st Oct 79	1 st Sep 79	1 st Nov. 78
After Revamp at Vijaipur / AFCP	31 st Jul 12	24 th Apr.12	11 th Mar. 13	28 th Mar. 13	18 th 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		2X 15 MW	2X15 MW	-

Industrial Products & Bio-Fertilizers

Sr.	Plant	Located at	No. of streams	Annual Capacity of each stream (MT)
1.	Nitric acid	Nangal	2	91,410
2.	Sodium Nitrate	Nangal	1	1,980
3.	Sodium Nitrite	Nangal	1	2,970
4.	Ammonium Nitrate	Nangal	2	118,800
5.	Bio-Fertilizers (Solid & Liquid)	Vijaipur	-	600

Traded Goods

- 🌱 Imported DAP/MoP and Bentonite Sulphur
- 🌱 Domestic DAP, SSP, Bentonite Sulphur, Compost , Seeds, Pesticides and weedicides, 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



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Evolution Timelines

Year	Evolution	Urea Cap. (LMT)
1974	Incorporated on 23-08-1974 to set up Fuel Oil based plants at Panipat & Bathinda	-
1978	Nangal Plant merged with NFL in April 1978 on regrouping of FCIL. Capex – INR 300 cr.	3.30
1979	Panipat & Bathinda Plants started commercial production in 1979. Capex - INR 687 cr.	13.53
1988	Vijaipur-I plant commenced commercial production in July 1988. Capex - INR 516 cr. (Vijaipur-I is the First Inland gas based plant on HBJ gas pipeline).	22.17
1997	Vijaipur-II commenced commercial production in March 1997. Capex - INR 1,071 cr.	30.82
2001	Nangal Plant revamped for Capacity enhancement from 3.30 LMT to 4.79 LMT. Capex - INR 140 cr.	32.31
2012	Vijaipur-I & II revamped for Cap. enhancement & Energy saving. Capex- INR 677 cr.	35.68
2013	Panipat Bathinda & Nangal Unit revamped for Feed Stock Changeover from Fuel Oil to Gas. Capex- INR 4,066 cr.	35.68
2015	RFCL (JV Company) was incorporated on 17.02.2015 by NFL with M/s EIL & M/s FCIL for revival of Ramagundam Plant with annual installed capacity of 12.71 LMT. Est. Capex- INR 5,254 cr. (NFL's Equity – 26%)	35.68

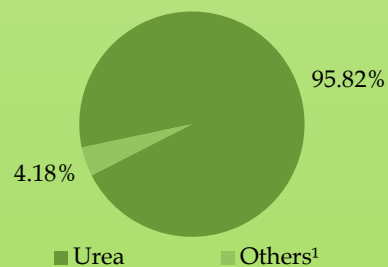
Urea capacity increased 10 times in a span of 38 years.



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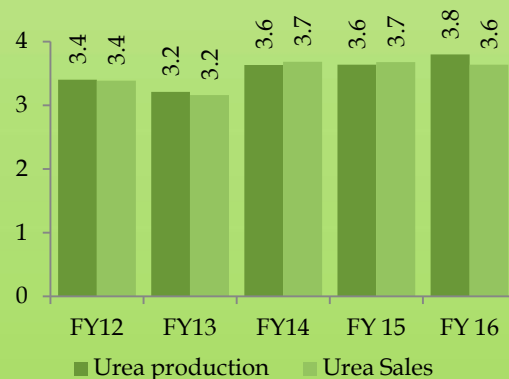
Overview of Business

Overall Revenues (FY16)



In FY 2015 it was 98.59% (Urea) and 1.41% (others)

Urea Production & Sales (MTPA)



Sale value INR mn (excluding subsidy)

Products	2011-12	2012-13	2013-14	2014-15	2015-16
Urea	17,488.6	15,749.2	18,829.1	19,382.5	19,663.7
Industrial Products	1,709.1	956.3	534.1	1,054.2	1,301.1
Traded Goods	227.2	300.8	327.9	148.8	2,358.2
Total sale value	19,424.9	17,006.3	19,691.1	20,585.5	23,323.0

Key Financials

Particulars (INR mn)	2012	2013	2014	2015	2016
Revenue (incl. subsidy)	73,052.9	67,202.3	80,170.3	85,196.9	77,658.8
Revenue (excl. subsidy)	19,424.9	17,006.3	19,691.1	20,585.5	23,323.0
Subsidy	53,628.6	50,196.0	60,479.2	64,611.4	54,335.8
EBITDA	3,416.6	167.8	1,719.0	4,186.4	5,914.0
EBITDA/ Turnover (%)	4.7	0.3	2.2	4.9	7.6
PAT	1,267.3	(1,707.3)	(897.1)	262.4	1,970.9

Business Description

Key business areas of the company

• Manufacturing

- Urea
- Bio fertilizers
- Industrial products (nitric acid, ammonium nitrate, sodium nitrate & sodium nitrite)

• Traded products

- Imported DAP, MOP, Bentonite Sulphur & indigenous seeds etc.

NFL has a network of 1,644 dealers across India.

It covers 14 states and 2 union territories under its marketing territory

The total number of employees is 3,595 as on 31.03.2016

Currently, the Government of India holds 89.7% of equity shares of NFL

Reducing dependency on Urea and diversification of activities towards manufacturing of Industrial products and Trading of fertilizers, seeds etc.

Source: Company Information and Fertilizer Association of India.

¹ Others include Industrial products & Traded products

Industry Overview

Company Overview

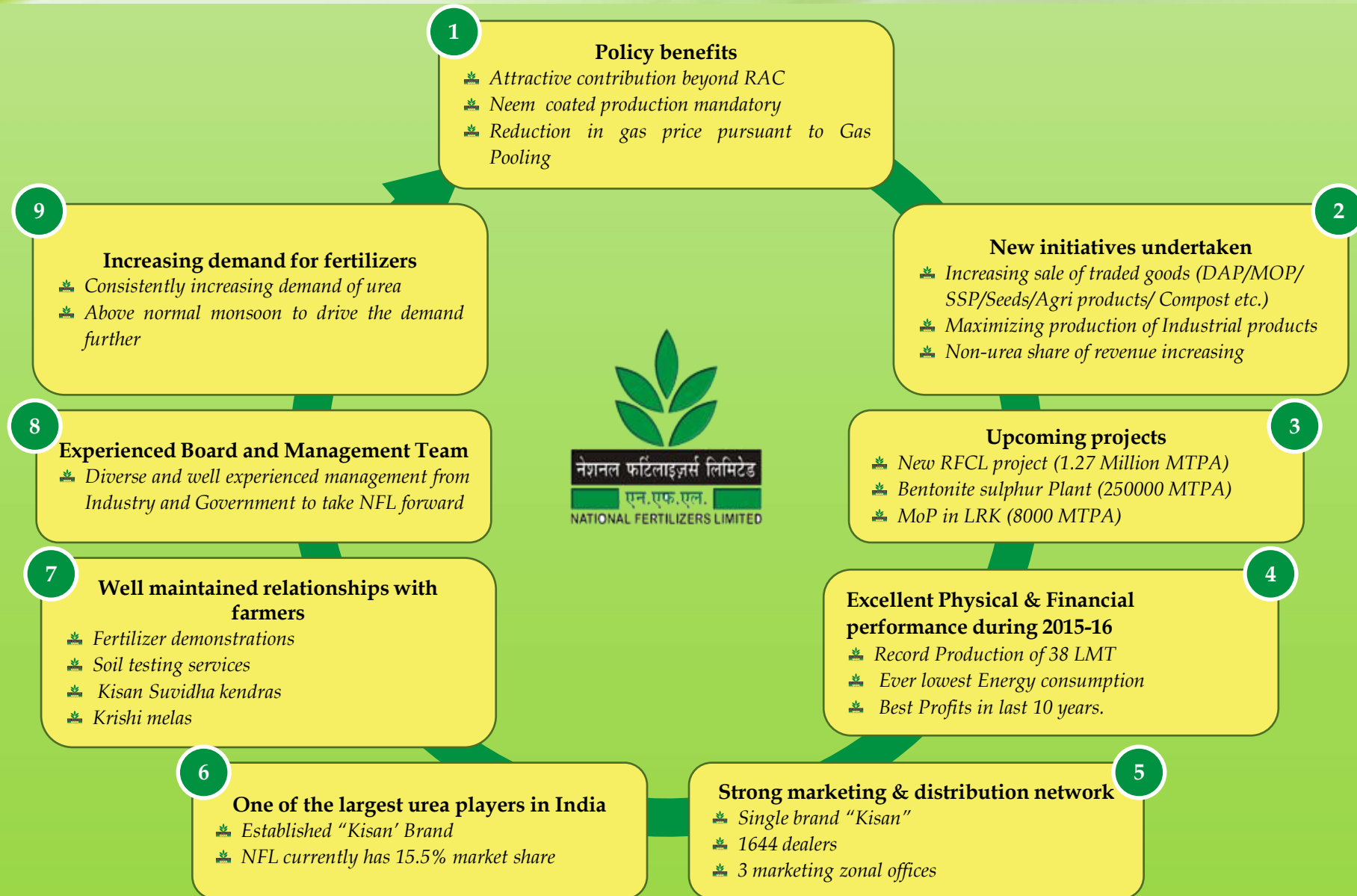
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Key drivers for investment in NFL





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Planned Capacity Additions & Energy Conservation Initiatives

Urea: 1.27 MTPA, BS: 25k TPA, MoP: 8k TPA

Project	Deliverables	Estimated Capex	Completion Period	Status
Purge gas recovery plant at Vijaipur-II	Reduction in Energy Additional Urea production (149 MTPD) and reduction in energy by 0.06 Gcal/MT of urea	INR 29 Crore	Completed	Commissioned in July 2016
Hooking up of old Synthesis Converter (S-200) in parallel with New Synthesis converter (S-300) at Panipat and Bathinda Units	✦ Reduction in Energy (0.09 Gcal/MT of urea)	INR 4.0 Crore	Hooking-up job to be completed in one planned shutdown	✦ Completed at Panipat ✦ Shall be taken-up during annual turn around at Bathinda in 2016-17.
Ramagundam Unit (NFL has a 26% stake)	✦ 3,850 MTPD urea capacity plant	INR 5,260 Crore	3 years Project commenced on 25 September, 2015	Physical progress was 10.9% as on 15-08-2016. Expected to be commissioned by September 2018.
Bentonite sulphur plant at Panipat	Installation of 25,000 MT/ year capacity plant	INR 41.34 Crore	This job has been awarded in July 2016 and is to be completed within 14 months	Job Awarded. Completion time 14 months.
Murate of Potash in Little Rann of Kutch	✦ Installation of 8,000 MT/ Year capacity of MoP	INR 13 Crore	Discussions currently going on and hence not yet finalized	CSMCRI engaged for basic engineering and MoU signed with HSL for raw material & land. M/s PDIL is lined up for detailed engineering.
Energy saving scheme at Panipat, Nangal & Bathinda	✦ Reduction in Energy in compliance to NUP-2015	INR 700 Crore	2 years Project will commence by December 2016	✦ Techno-Economic Feasibility report for implementation of GTG-HRSG at all units is being finalized with M/s PDIL
Energy saving schemes at Vijaipur-I & II	✦ Reduction in Energy in compliance to NUP-2015	INR 400 Crore	2 years Project will commence by December 2016	✦ Study report from HTAS is expected shortly. ✦ M/s PDIL has been lined-up for pre-project activities.

NFL can leverage existing infrastructure including land, water resources & railway siding for future expansion & modernisation



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Ramagundam Fertilizers & Chemical Limited (RFCL) Project

Joint Venture (JV)	Ramagundam Fertilizers & Chemical Limited (RFCL)
Date of JV Agreement	14 th January 2015
Equity Partners & Equity	NFL – 26%, EIL – 26%, FCIL - 11 %
Annual Urea Production	1.271 MTPA
Zero Date	25 th September 2015
Project Time Schedule	36 Months from Zero Date
Project Capital Cost	INR 5,254 crore
Debt : Equity ratio	75 : 25

Current Status

- 🌱 Awarded contract for construction power, refurbishment of existing building, site grading, road and drainage system.
- 🌱 Basic Design & Engineering of Ammonia & Urea Plants is in progress.
- 🌱 Ordering / procurement of the proprietary items is under way
- 🌱 Financial closure for Debt portion achieved.
- 🌱 DoF requested MOP&NG to allocate Gas to RFCL.
- 🌱 Equity contribution of INR 67.44 crores made by NFL till date.

Benefits accruing to NFL from RFCL Project

- 🌱 Marketing fee income from undertaking entire marketing of RFCL urea
- 🌱 Operation and Management fee for services to RFCL plant by NFL experts
- 🌱 Dividend income from RFCL

NFL will gain by means of dividend income, marketing fee income and managerial fees (operational & technical)

Performance Highlights 2015-16

- 🌱 **Ever highest urea production of 37.99 Lakh MT (118% capacity utilisation of RAC of 32.31 LMT) and is 2nd largest producer with 15.5% market share**
- 🌱 Urea sale of 36.41 LMT was marginally lower (0.38 LMT) as compared to CPLY* (36.79 LMT) due to poor demand owing to glut like situation. Despite that, **urea sale of 19.16 LMT for Rabi season was ever highest**
- 🌱 Total turnover was INR 7,766 Crs and was lower by INR 754 Crs as compared to INR 8,520 Crs mainly due to lower gas price
- 🌱 **Ever highest sale of nitric acid at 55,199 Mt (100% basis)**
- 🌱 **Ever lowest energy consumption** (GCAL/MT of Urea) at Nangal, Panipat, Bathinda and Vijaipur-II units
- 🌱 **Finance cost decreased** to INR 227.88 Crs as compared to INR 301.36 Crs during CPLY i.e. saving of INR 73.48 Crs
- 🌱 **Highest PBT** of INR 283.49 Crs and PAT of INR 197.09 Crs during the last 10 years
- 🌱 **PAT increased** to INR 197.09 Crs as compared to INR 26.24 Crs in CPLY (increase by 651.11%)
- 🌱 **EBIDTA increased** to INR 591.40 Crs i.e. Increase of INR 172.76 Crs (Increase of 41.27%) as compared to INR 418.64 Crs during CPLY. The increase is mainly attributable to increase in contribution from urea beyond RAC, industrial products and traded goods
- 🌱 **EBIDTA margin increased** from 4.91% to 7.62%
- 🌱 **Return on networth increased** from 1.77% to 12.27%



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Financial Performance - Annual

Particulars (INR Crs)	For the Financial Year		Increase / (Decrease)	% Increase/ (Decrease)
	2015-16	2014-15		
Production quantity of urea (LMT)	37.99	36.39	1.60	4.40%
Sale quantity of urea (LMT)	36.41	36.79	(0.38)	(1.03)%
Sale of urea (Net of Excise Duty)	1,966.37	1,938.25	28.12	1.45%
Subsidy on urea	5,384.14	6,461.14	(1,077.00)	(16.67)%
Net Sales of urea	7,350.51	8,399.39	(1,048.88)	(12.49)%
Sale of other manufactured goods	130.11	105.42	24.69	23.42%
Sale of traded products incl. DAP subsidy (Net of ED)	285.26	14.88	270.38	1,817.07%
Net Sales *	7,765.88	8,519.69	(753.81)*	(8.85)%
Other Income	46.33	37.13	9.20	24.78%
Total Income	7,812.21	8,556.82	(744.61)	(8.70)%
Total Expenses	7,220.81	8,138.18	(917.37)	(11.27)%
EBIDTA	591.40	418.64	172.76	41.27%
Less : Finance cost	227.88	301.36	(73.48)	(24.38)%
Less : Depreciation	80.03	72.56	7.47	10.29%
Profit/ (Loss) before tax (PBT)	283.49	44.72	238.77	533.92%
Tax expense	86.40	18.48	67.92	367.53%
Profit/ (Loss) after tax (PAT)	197.09	26.24	170.85	651.11%
EBIDTA Margin (EBIDTA/Net sales) (%)	7.62%	4.91%	2.71%	55.21%

* Sale has decreased due to lower sale quantity of urea (by 0.38 LMT) and decrease in average gas price by 20% (\$ 9.96 per mmbtu during current year from \$ 12.43 per mmbtu during CPLY).



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Robust marketing network across North India

Single Brand “Kisan” across all Fertilizer Products

Presence in largest fertilizer consuming states, thereby enabling it to get better market share



Fertilizer Products - Brand 'KISAN' a household name

Neem Coated Urea



Kisan DAP



Bio Fertilizers



Kisan BEEJ



Bentonite Sulphur



Kisan Compost



Industrial Products

- Nitric Acid
- Sodium Nitrite
- Sodium Nitrate
- Ammonium Nitrate
- Ammonia

Traded Products

- DAP, MoP, Bentonite Sulphur, Seeds, City Compost Agro chemicals

Dealers across networks

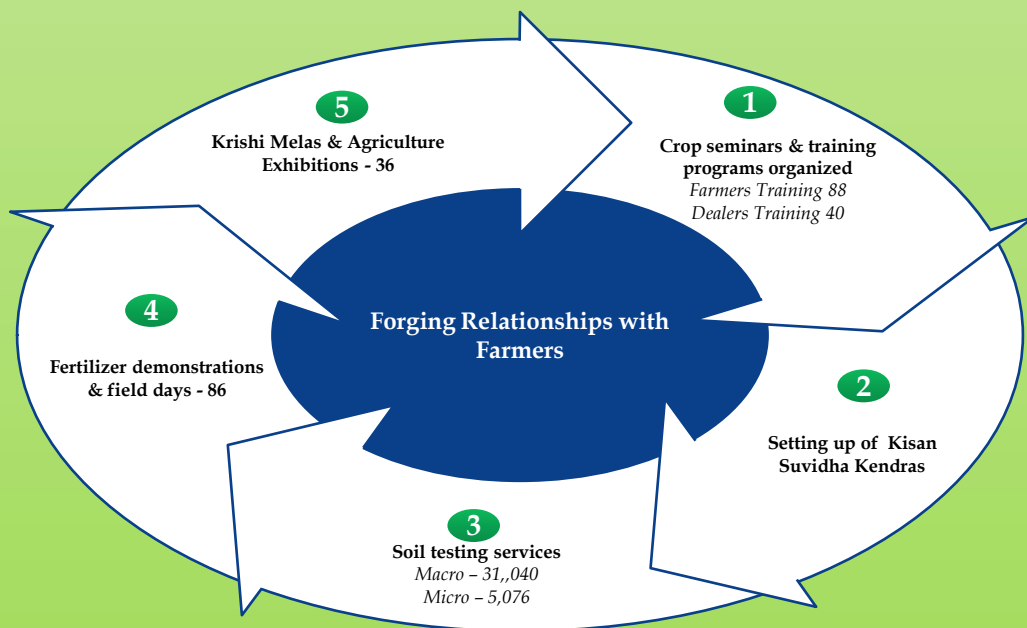
Network	No. of dealers
Total dealers	1,644

- Strong brand association of “Kisan” extended across the non-urea product range
- Well distributed marketing network can be further leveraged



Well maintained relationships with farmers

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1 Crop seminars & training programs organized

- 88 farmer training programs/ crop seminars were organized during 2015-16 benefitting more than 6000 farmers
- This sensitized farmers to issues related to soil fertility status like maximizing yields, increasing fertilizer usage efficiency
- 40 dealer's/ retailer's orientation programmes were conducted thereby facilitating over 2000 dealers/ retailers
- This enabled upgradation of knowledge regarding fertilizer/ agro products and improved crop practices

2 Setting up of Kisan Suvidha Kendras

- NFL has been mandated to set up 100 Kisan Suvidha Kendras by the end of the current financial year

3 Soil testing services

- Free soil testing services provided through:
 - 6 static soil testing laboratories - Nangal, Bhatinda, Panipat, Barabanki, Vijaipur & Indore
 - 4 Mobile soil testing laboratories - Barabanki, Nangal, Vijaipur & Indore
- Samples analysed: Major nutrients: 31,046 samples, Micro nutrients: 5,076 samples

4 Fertilizer demonstrations & field days

- 86 fertilizer demonstrations were carried out at the farmer's fields
- Demonstration of effect of biofertilizers & betonite sulphur on crop growth & yield as compared to practices undertaken by farmers was given

5 Krishi Melas & Agriculture Exhibitions

- NFL participated in 36 krishi melas/ agriculture exhibitions organised by leading agriculture universities & departments in Punjab, Harayana, UP, Uttarakhand, MP & Rajasthan



NFL Stall at Krishi Mela, Pusa Ground, New Delhi



Soil analysis at STL Nangal



Field Day



Farmer Training Programme



Dealer Training Programme in Faizabad, UP



Demonstration on Paddy in vill. Lakhna, Mujaffarnagar



Soil Health Campaign in dist. Sehore, MP



Kisan Suvidha Kendra Panipat

Close ties with farmers and brand acceptability across country in Urea and non-urea business



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Experienced Management Team with members from the Government and Industry

Board of Directors



Shri Manoj
Mishra
*Chairman &
Managing
Director*



Shri M Sagar
Mathews
*Director
(Technical)*



Shri R. K.
Chandiok
*Director
(Finance)*



Shri Dharam
Pal
*Joint Secretary,
DoF*



Sh. Kuntal
Sensarma
Economic Advisor



Shri
Gurinderjit
Singh Sandhu
*Independent
Director*



Smt. Bhavnaben
Kardambhai
Dave
*Independent
Director*

Key Managerial Personnel - Corporate Heads

Department	Name	Designation
Vigilance	Dr. A. K. Padhee	Chief Vigilance Officer
Marketing	A.K. Asija	Executive Director
• Industrial Products, Agri. Business and Imports	N.K. Sharma	General Manager
• Sales & Distribution and FMS	Sohan Lal	General Manager
• Finance and Accounts	N.S. Verma	General Manager
Human Resources	M. K. Agarwal	General Manager
Technical	Anil Goel	General Manager
Finance and Accounts - C.O.	Y. P. Bhola	General Manager
Materials	J. P. Sachdev	General Manager
Internal Audit, Law & MS	R. K. Gogia	General Manager
Information Technology	S.M. Vashisht	General Manager
Company Secretariat	Raj Kumar	Company Secretary

Unit Heads

Name	Designation
S.K. Jindal	Executive Director, <i>Panipat Unit</i>
D. S. Ahuja	Executive Director, <i>Bathinda Unit</i>
R. K. Chopra	Executive Director, <i>Vijaipur Unit</i>
Nirlep Singh Rai	General Manager I/c, <i>Nangal Unit</i>

NFL is guided by senior management with a rich experience

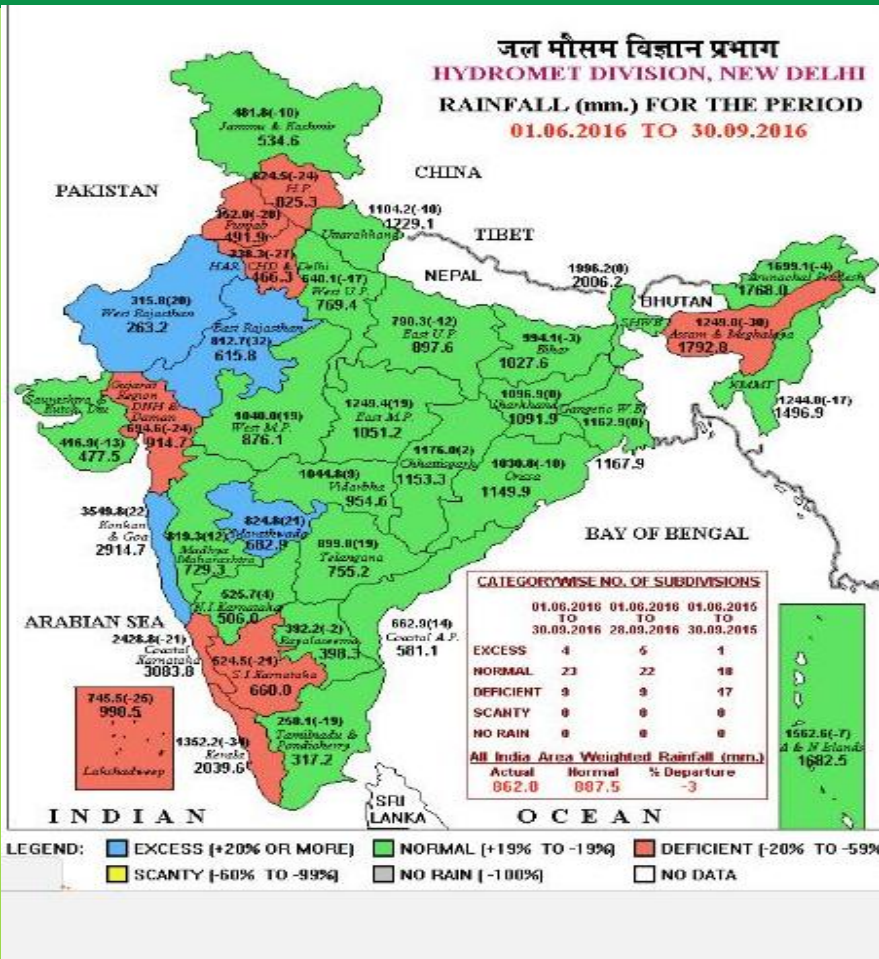


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Better monsoon to drive demand for fertilizers

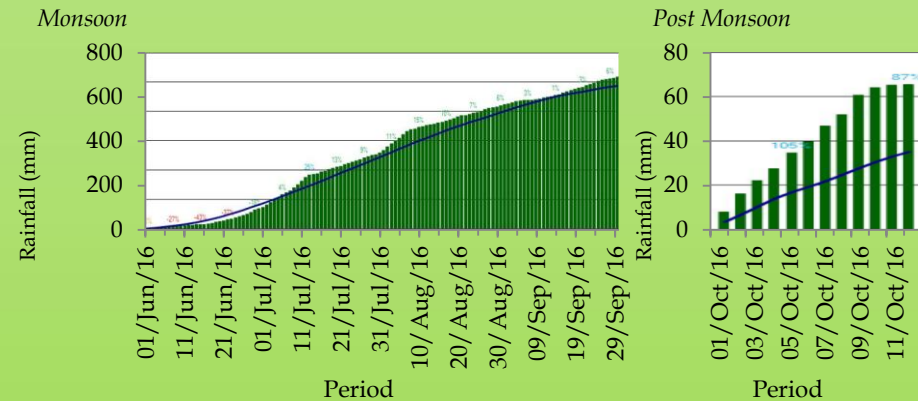
Above average rainfall in NFL's key target markets

State Rainfall Map



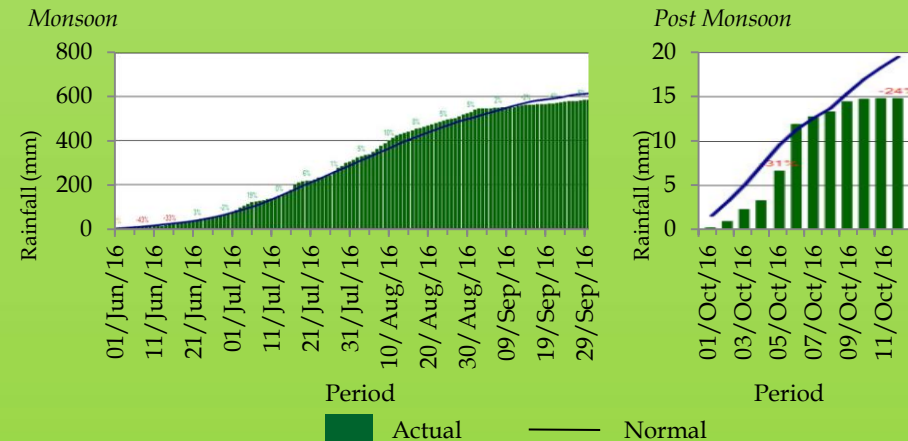
Central India

Actual & Normal Rainfall for the Period: 01-06-2016 to 12-10-2016



North West India

Actual & Normal Rainfall for the Period: 01-06-2016 to 12-10-2016



Source: IMD

NFL's target markets are North West & Central India which have seen positive rainfall trends

Industry Overview

Company Overview

Key Investment Highlights

Financial Highlights

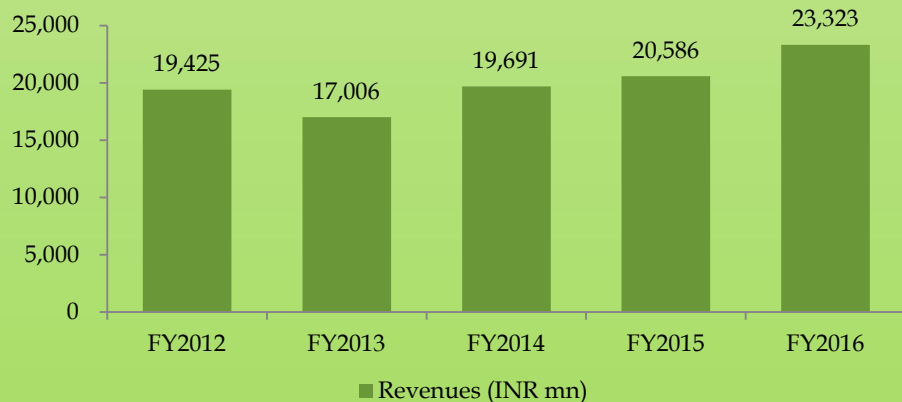
Awards and CSR Initiatives



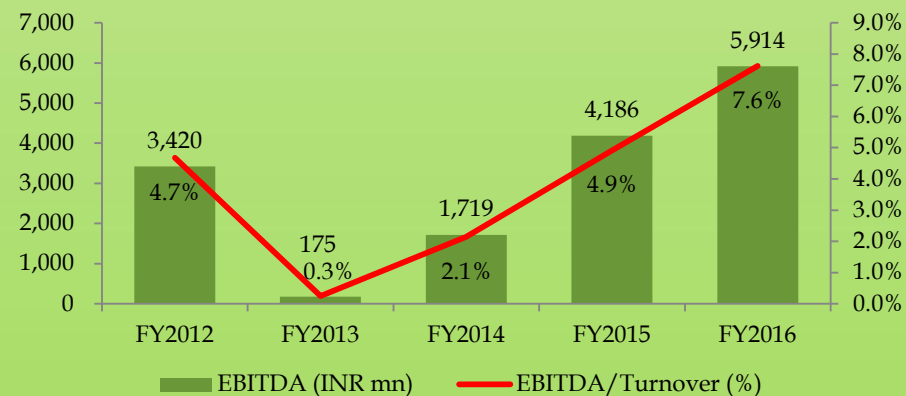


Financial highlights

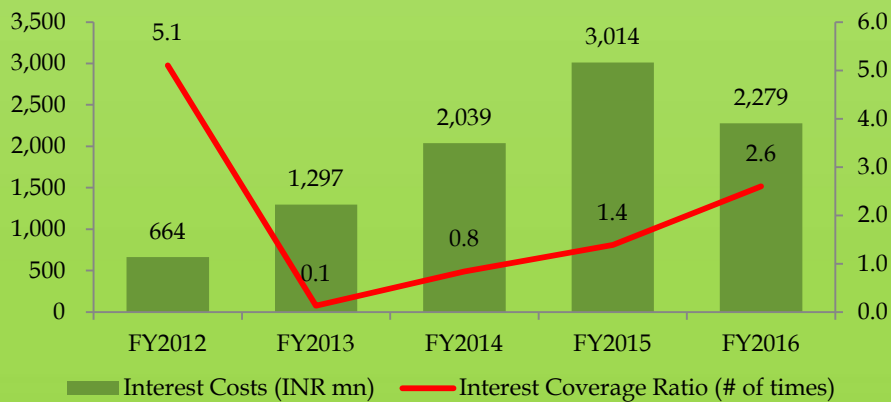
Historical Revenues (net of subsidy)



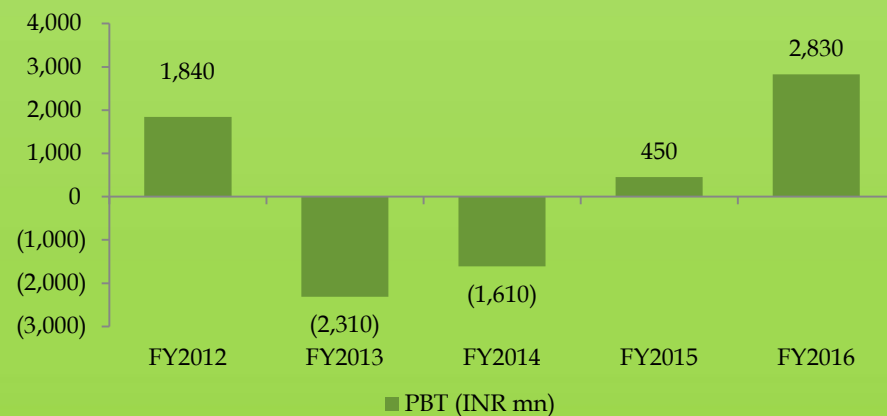
Historical EBITDA



Historical Interest Costs



Steadily growing PBT



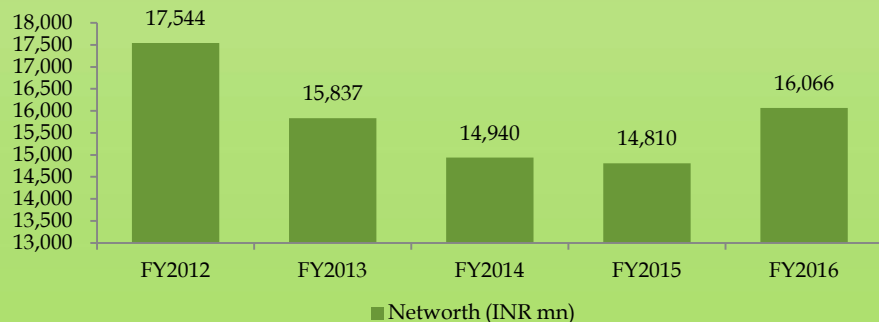
The revenues (net of subsidy) and EBITDA are showing increasing trends and PBT of INR 2,830 mn was the highest during the last 10 years



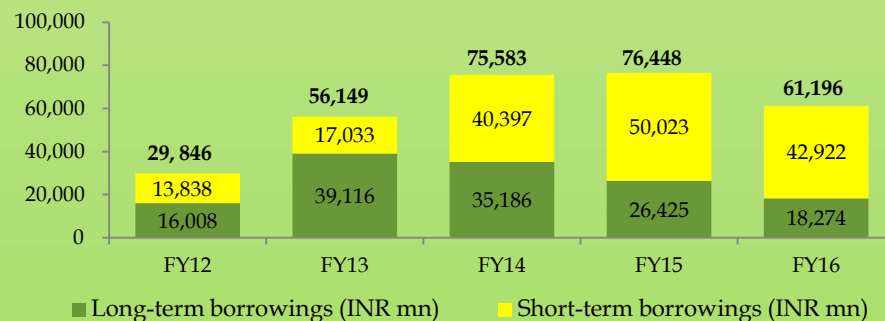
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Financial highlights

Networth



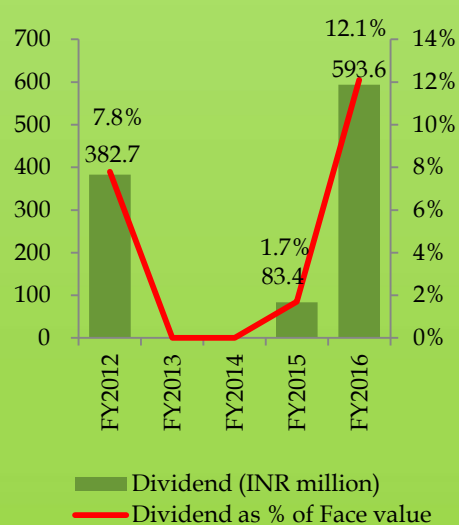
Debt Profile



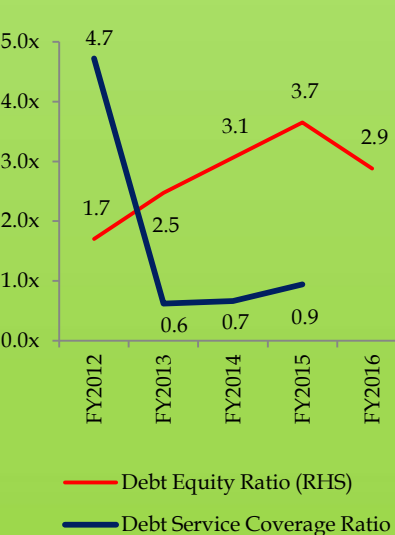
Return Ratios



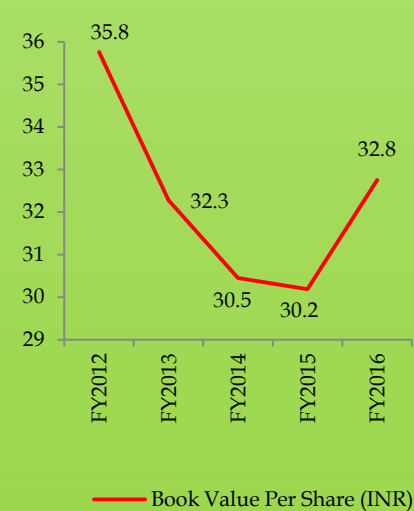
Dividend History



Debt Ratios



Book Value Per Share



Consequent to implementation of Changeover of feedstock projects in FY 2012-13 and FY 2013-14 the profitability was impacted due to lower production and stabilisation.

Short term borrowings are mainly due to subsidy receivables from GoI.

Industry Overview

Company Overview

Key Investment Highlights

Financial Highlights

Awards and CSR Initiatives



Awards & Accolades received

Nangal Unit

- ✦ Skoch Renaissance Award-2014" for Ammonia Feedstock Changeover Project (AFCP) as the best project in the country
- ✦ "Green tech Environment Award 2014" from Green tech Foundation Group (Kolkata)



Panipat Unit

- ✦ Golden trophy along with certificate for "Sarvashreshtha Suraksha Puraskar (top level Award) -2015" from National Safety Council of India (NSCI)
- ✦ Safety Award (First prize) from NSCI, for the year 2013
- ✦ Safety award "Prashansha Patra-2014" from NSCI
- ✦ "National Energy Conservation Award-2014" in Fertilizer sector from Bureau of Energy Efficiency (BEE), Ministry of Power (GoI).
- ✦ Safety Award "Shreshtha Suraksha Puraskar" for 2013, 2012 & 2011 from NSCI
- ✦ FAI Safety Runner Up award for 2014, 2013 & 2012



Vijaipur Unit

- ✦ FAI Best Technical Innovation Runner Up Award-2014



Bathinda Unit

- ✦ Bronze trophy along with certificate for "Suraksha Puraskar (3rd level Award) -2015" from National Safety Council of India (NSCI), Mumbai
- ✦ Punjab State Safety Award" for 2014 & 2013 from Department of Labour, Punjab
- ✦ Safety award "Suraksha Puraskar-2014" from NSCI
- ✦ First Prize for "Largest reduction in accident frequency rate in chemical industry for more than 5 lac man hours" from Punjab Industrial Safety Council
- ✦ Safety Award "Prashansha Patra" for 2013 & 2012 from NSCI
- ✦ Punjab State Safety Award for 2013 & 2014 from Department of Labour, Punjab



Shri M. Sagar Mathews, Director (Technical), Shri D.S. Ahuja, ED, Bathinda Unit, and his team received the safety award for Bathinda Unit from Hon'ble Minister for Labour and Employment (Independent Charge), Shri Bandaru Dattatreya. The award is given by National Safety Council of India.



Shri Manoj Mishra, C&MD receiving Icon of the Year Award given by The Institute of Cost Accountants of India from Shri Arun Jaitley, Hon'ble Union Minister of Finance, Corporate Affairs and Information & Broadcasting



Shri R. K. Chandio, Director (Finance) (Extreme Left), receiving the **Good Performance Award** given by The Institute of Cost Accountants of India to NFL



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Corporate Social Responsibility Initiatives undertaken by NFL

CSR Focus

Skill development & training

Assistance to the disabled

Construction activities for schools

Children's health

Rural development projects

Afforestation

Soil Testing

Women empowerment



Assessment camp for disabled persons organised in Noida & Bathinda



Toilets constructed in schools in Nangal



Trainees attending the Stitching & Tailoring Programme at Nangal Unit



Installation of Solar Lights & Distribution of Solar Lanterns in Tehri Garhwal, Uttarakhand



A cancer awareness & check up camp held in Bathinda



Girls' Toilets constructed in government schools in Guna, M.P.



THANK YOU



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

* 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

Particulars	Quarter June 16	CPLY	Increase/ (Decrease)
Production of urea (Qty. in LMT)	8.75	8.20	0.55
Dispatches of urea (Qty. in lakh MT)	8.17	7.36	0.81
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
Total Expenses	1290.48	1488.23	(197.75)

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)
Total	79	8.75	75	8.20	0.55

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	6.930	7.240
Vijaipur I	5.952	5.904	5.771	5.857
Vijaipur II	5.712	5.569	5.421	5.544
Nangal	7.095	7.095	7.376	7.246
Panipat	7.614	7.614	7.288	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 30th June 2016 with quarter ended 30th June 2015

₹ crore

Profit / (Loss) before tax for the Quarter ended 30 th June 2016		0.17
Profit / (Loss) before tax for the Quarter ended 30 th June 2015		(16.51)
Increase in Profit		16.68
A:	<u>Reasons for increase in Profit</u>	
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
	Sub-total (A)	44.40

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

₹ crore

B :	The above increase in profit has been off-set by the following:	
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
	Sub-total (B)	27.72
	Net increase in profit (A - B)	16.68

DEBT TO EQUITY RATIO

₹ crore

S. No.	Particulars	As on 30 th June 2016	As on 30 th June 2015
1	Long term Borrowings	1640.84	2455.19
2	Short term Borrowings	2552.14	1823.64
3	Total Borrowings	4192.98	4278.83
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
7	Net worth	1676.98	1478.17
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

Particulars	Unit	Qr. June 2016	Qr. June 2015
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