

**FINANCIAL
PERFORMANCE
FOR THE 2nd QUARTER
ENDED ON 30/9/17 /
HALF YEAR
ENDED ON 30/9/17**

Dated: 30/11/17

BRIEF OVERVIEW

Introduction

- Incorporated on 23rd August, 1974.
- Capital Details as on 30/09/2017.
 - a. Authorized capital of ₹ 1000 Crore.
 - b. Paid up capital of ₹ 490.58 Crore.
 - c. Net-worth of ₹ 1868.29 Crore.
 - d. Shareholding Pattern: **74.71%** Government of India and **25.29 %** is held by financial institutions & others.

Vision

- “To be a leading Indian company in fertilizers and beyond with commitment to all stakeholders.”

Mission

- “To be a dynamic organization committed to serve the farming community and other customers to their satisfaction through timely supply of fertilizers and other products & services; continually striving to achieve the highest standards in quality, safety, ethics, professionalism, energy conservation with a concern for ecology and maximizing returns to stakeholders”.



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
Annual Capacity after Urea Capacity Enhancement Projects at Vijaipur-I & II units – 35.68 LMT	10.662	9.999	5.115	5.115	4.785
Capacity utilization for 2017-18 (Upto 30 Sept 17) w.r.t. RAC	119.7%	117.8%	102.2%	114.0%	119.8%
PRODUCTION – 18.67 LMT (116%)					
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 and Ammonia Feedstock Changeover Project (AFCP) at Nangal, Panipat and Bathinda units.	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
Revamp / AFCP	-do-		HTAS & L&T (LSTK)		& PDIL KBR /Technimont
CAPTIVE POWER (111 MW)	3 X 17 MW		2 X 15 MW	2 X 15 MW	GRID POWER

Industrial Products, Bio-Fertilizers , Surplus Ammonia 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	-	900
7.	Bentonite Sulphur Plant	Panipat	NA	25000
8.	Seeds Multiplication Programme	At five locations	NA	*

Traded Goods

1. DAP
2. MoP
3. NPK
4. Bentonite Sulphur
5. Compost
6. Seeds
7. Agro-chemicals

* Target of 35003 quintals under Seeds Multiplication Programme

@ Includes PSB, Azatobacter, Rhizobium in both liquid and powder form.

➤ 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 and Ammonium Nitrate is in operation.

FINANCIAL PERFORMANCE AT A GLANCE

₹ Crore

SL .No.	Particulars	2014-15	2015-16	2016-17
1	Production (Urea) (LMT)	36.39	37.99	38.1
2	Capacity Utilization (Urea %)	112.6	117.6	117.9
3	Turnover	8520	7794	7663
4	Other Income	37	47	45
5	Total Expenses	8138	7237	7108
6	EBITDA	419	604	600
7	Interest	301	228	190
8	Depreciation	73	87	85
9	Profit Before Tax	45	289	325
10	Profit After Tax	26	199	208
11	Net Financial Assets	4487	4291	4109
12	Working Capital	1353	1487	1441
13	Long Term Borrowings	2643	1828	981
14	Short Term Borrowings	5002	4296	3154
15	Net Worth	1509	1691	1827
16	Return on Net Worth (%)	1.77	11.37	11.35
17	EPS (Rupees)	0.53	4.05	4.24
18	Book Value (Rs. per share)	30.19	34.46	37.23

PERFORMANCE HIGHLIGHTS (For 6 months as on 30/09/17)

➤ Ever best achievements during first half year of the financial years:

1. **Ever best Urea production** of 18.67 LMT (capacity utilization of 116% of RAC) during the half year ended as compared to 18.63 Lakh MT (capacity utilization of 115% of RAC) during CPLY#.
2. **Ever best sale for all the fertilizers** of 20.75 Lakh MT during the half year as compared to 17.72 Lakh MT during CPLY i.e. increase of 3.03 LMT i.e. increase of 17%.
3. **Ever best Urea sale** of 19.71 Lakh MT during the half year as compared to 17.27 Lakh MT during CPLY i.e. increase of 2.44 LMT i.e. increase of 14%.
4. **Ever best DAP/MOP/NPK sale** of 1.04 Lakh MT during the half year as compared to 0.45 Lakh MT during CPLY i.e. increase of 0.59 LMT i.e. increase of 130%.

- Increase in turnover from ₹ 3267.19 crore during CPLY to ₹ 4003.58 crore during the half year due to higher sale of urea (by 2.44 LMT), DAP/MOP/NPK (by 0.58 LMT) and increase in gas prices.
- Despite higher import of 3.43 LMT (₹ 782.17 crore), finance cost reduced by ₹ 21.12 crore from ₹ 116.51 crore during CPLY to ₹ 95.39 crore during the half year.
- EBIDTA of ₹ 250.97 crore during the half year as compared to ₹ 222.87 crore during CPLY i.e. increase of ₹ 28.10 crore (13%).
- Profit before tax (PBT) of ₹ 143.13 crore during the half year as compared to ₹ 87.87 crore during CPLY i.e. increase of ₹ 55.26 crore (63%).
- Profit after tax (PAT) of ₹ 92.59 crore during the half year as compared to ₹ 45.91 crore during CPLY i.e. increase of ₹ 46.68 crore (102%).
- Import of 3.43 LMT of DAP/MOP/NPS/BS during the half as compared to 2.18 LMT during CPLY besides trading of seeds, compost, Agro-chemicals.
- Trial run production started at Bentonite Sulphur plant at Panipat having installed capacity of 25000 MT.

CPLY means Corresponding Period of Last Year

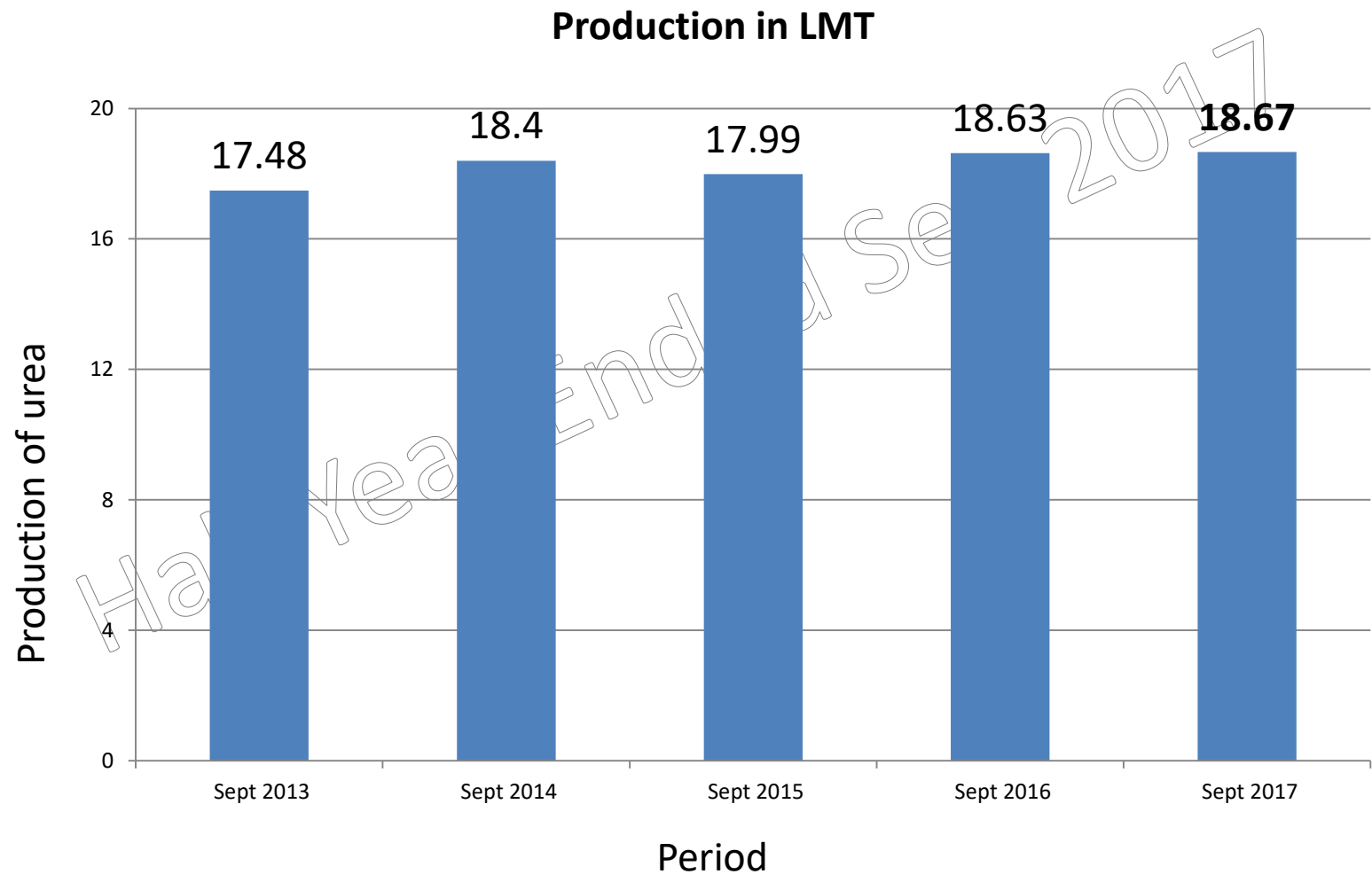
PRODUCTION OF UREA

Lakh MT

Unit	July-Sep 17	CPLY	Apr-Jun 17	CPLY	Apr-Sep 17	CPLY
Nangal	1.49	1.33	1.37	1.06	2.87	2.38
Panipat	1.48	1.32	1.44	1.20	2.92	2.52
Bathinda	1.39	1.42	1.23	1.42	2.61	2.84
Vijaipur I	2.73	2.74	2.36	2.63	5.09	5.37
Vijaipur II	2.18	3.07	2.99	2.44	5.18	5.52
Total	9.27	9.88	9.39	8.75	18.67	18.63

1. Production of urea during the half year was higher at Nangal and Panipat units as compared to CPLY.
2. Production was lower due to annual turnaround of plant at Bathinda unit from 26-03-2017 to 12-04-2017 (18 days), at Vijaipur-I unit from 18.04.2017 to 30.04.2017 (13 days) and at Vijaipur-II unit from 04.09.2017 to 08.10.2017 (34 days).

Production For The First Half (6 months) of Last 5 Years



ON-STREAM DAYS

Unit	July-Sep 17	CPLY	Apr-Jun 17	CPLY	Apr-Sep 17	CPLY
Nangal	91	84	84	67	175	151
Panipat	92	81	88	76	180	157
Bathinda	85	89	76	89	161	178
Vijaipur I	90	91	79	87	169	178
Vijaipur II	65	92	90	74	155	166

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ENERGY CONSUMPTION (GCAL/MT OF UREA)

Units	Energy Norms under NUP-2015	July-Sep 17	CPLY	Apr-Sep 17	CPLY
Nangal	7.095	6.696	7.003	6.826	7.178
Panipat	7.614	6.775	7.122	6.843	7.247
Bathinda	7.479	6.938	6.868	7.121	6.930
Vijaipur-I	5.904	5.748	5.702	5.795	5.734
Vijaipur-II	5.569	5.404	5.306	5.391	5.358

1. Energy consumption during the half year was lower than CPLY at Nangal and Panipat units.
2. Energy consumption was higher at Bathinda and Vijaipur-I & II units due to annual turnaround of plant at Bathinda unit from 26-03-2017 to 12-04-2017 (18 days), at Vijaipur-I unit from 18.04.2017 to 30.04.2017 (13 days) and at Vijaipur-II unit from 04.09.2017 to 08.10.2017 (34 days).

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

Qty. in MT

Sr. No.	Products	July-Sep 17	CPLY	Apr-Jun 17	CPLY	Apr-Sep 17	CPLY
A.	Nangal Unit						
1	Nitric Acid	15915	17697	20145	19463	36060	37160
2	Ammonium Nitrate (Melts)*	1530	2845	2500	609	4030	3454
3	Sodium Nitrate/ Nitrite	703	817	836	866	1539	1683
B.	Vijaipur-I Unit						
1	Bio-Fertilizers	45	43	62	53	107	96

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

- Decrease in production of industrial products was mainly due to decrease in demand due to availability of imported Nitric Acid and Ammonium Nitrate at cheaper rates.
- Operationalization of 2nd stream of Nitric Acid Plant 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	July-Sep 17	CPLY	Apr-Jun 17	CPLY	Apr-Sep 17	CPLY
DAP *	MT	190620	164121	97700	50082	288320	214203
MOP @	MT	-	-	27487	-	27487	-
APS #	MT	-	-	27005	-	27005	-
BS \$	MT	-	3019	-	1000	-	4019
Total	MT	190620	167140	152192	51082	342812	218222
Compost	MT	2273	285	2194	-	4467	285
Agro Chemicals	Nos.	79945	-	327255	-	407200	-
Seeds	Qtls.	1762	14725	466	2520	2228	17335

* Diammonium Phosphate

@ Muriate of Potash

Ammonium Phosphate Sulphate

\$ Bentonite Sulphur

➤ No BS was imported due to uncertain international market/prices and planned start of own manufacturing of BS at Panipat Unit during IIIrd quarter of current year.

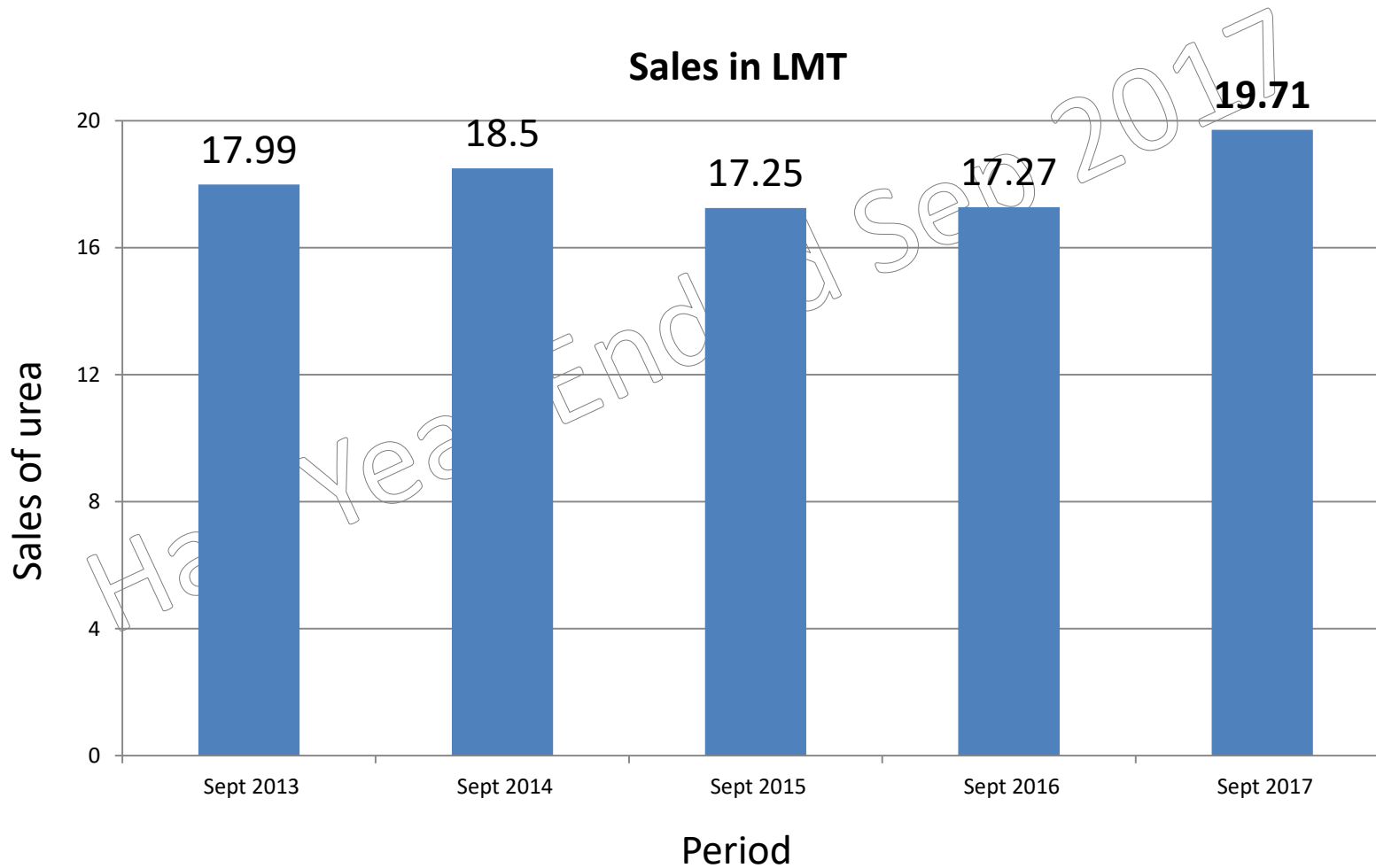
SALE OF UREA

(LAKH MT)

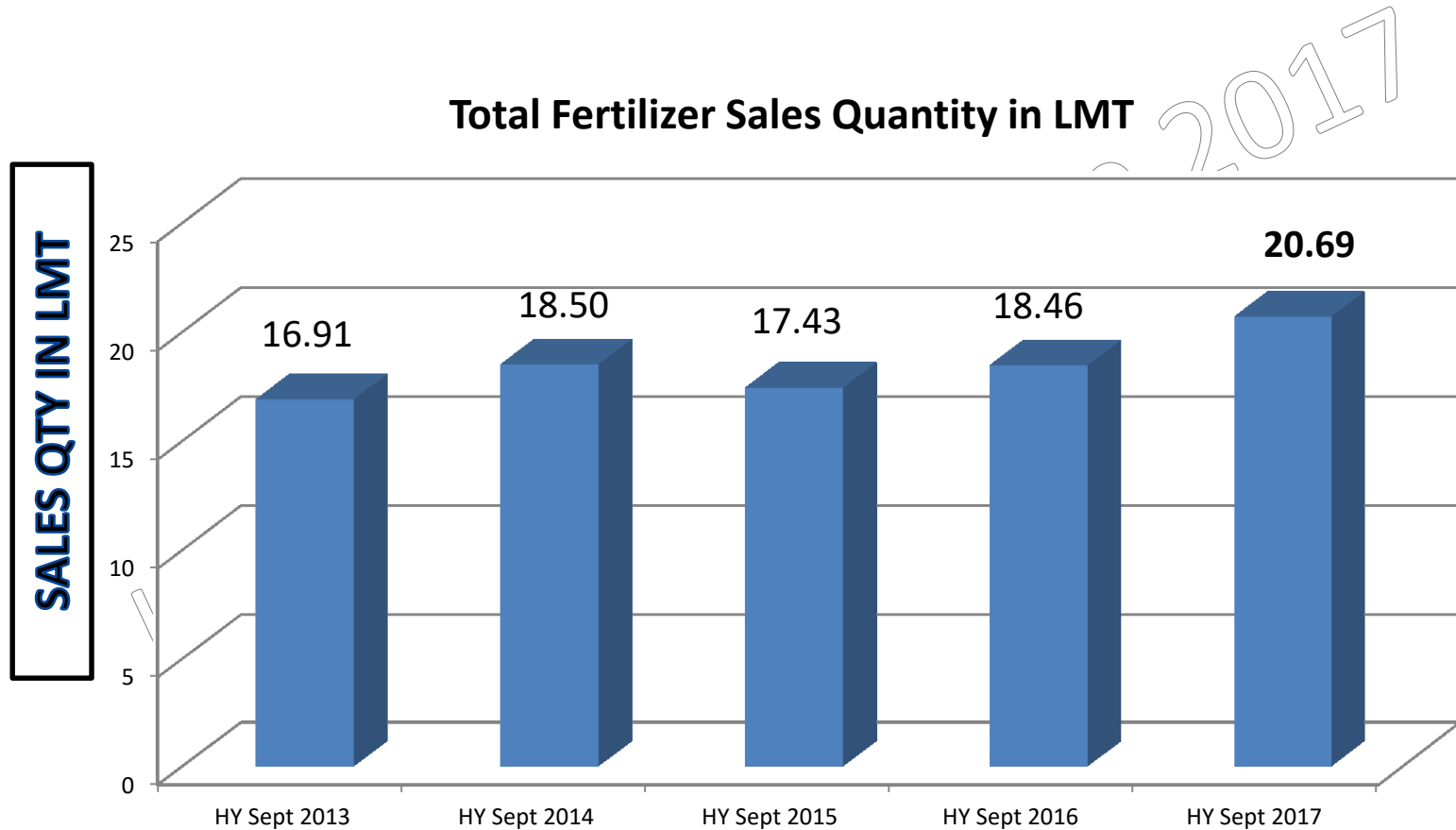
Zonal Offices	July-Sep 17	CPLY	Apr-Jun 17	CPLY	Apr-Sep 17	CPLY
Chandigarh Zone	3.51	3.96	4.61	2.91	8.12	6.87
Bhopal Zone	3.20	2.87	2.27	2.26	5.47	5.13
Lucknow Zone	3.36	2.90	2.77	2.38	6.12	5.27
TOTAL	10.07	9.73	9.65	7.55	19.71	17.27

The above three zones caters to 16 states and NCT of Delhi.

Sale Quantity Of Urea For The First Half (6 months) of Last 5 Years

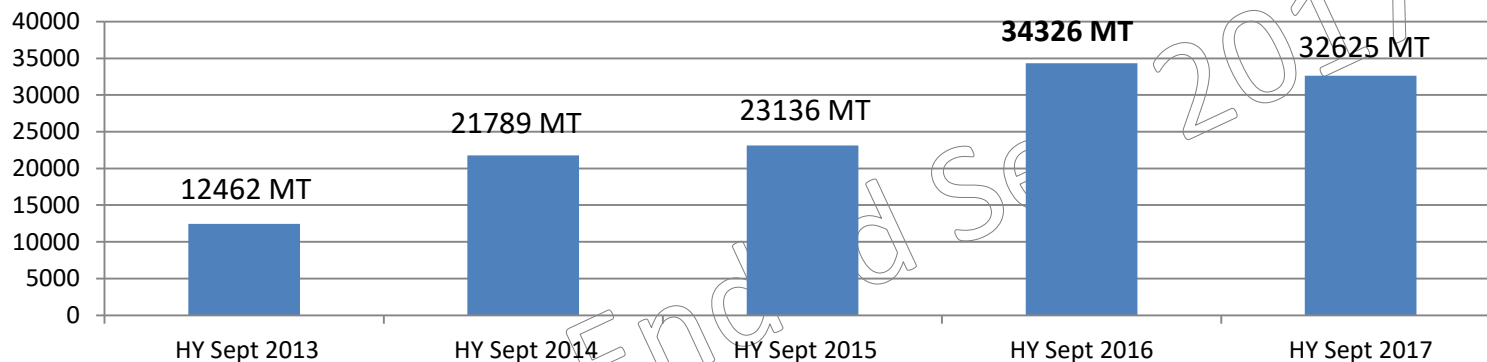


Total Fertilizers Sales Quantity For The First Half (6 months) of Last 5 Years



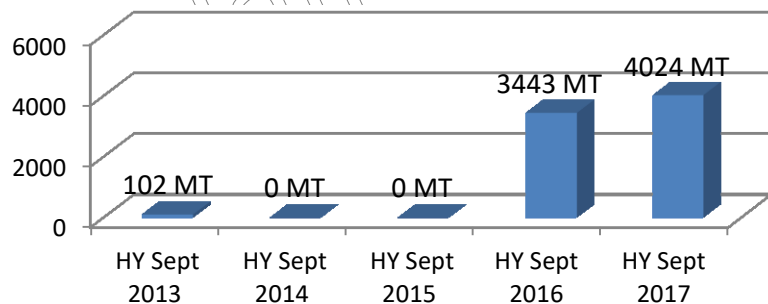
Sale Quantity of Industrial Products For The First Half (6 months) of Last 5 Years

Nitric Acid (100%)

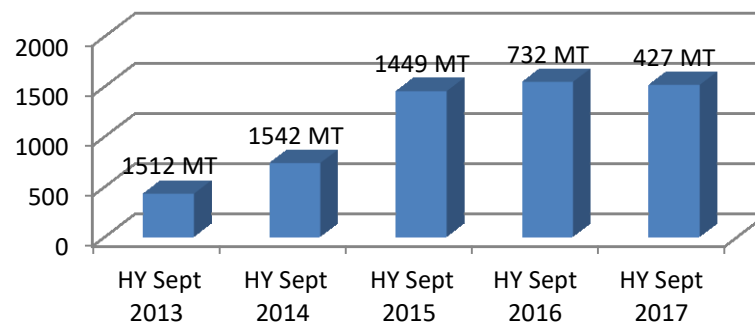


SALES QUANTITY IN MT

Ammonium Nitrate (100%)



Sodium Nitrate + Sodium Nitrite



Ammonium Nitrate became economically viable after reduction in gas price under uniform pool gas pricing mechanism.

SALES QUANTITY AND VALUE ₹ Crore

Particulars	July-Sep 17	CPLY	Apr-Jun 17	CPLY	Apr-Sep 17	CPLY	Inc. / (Dec.) %
Sale quantity of urea (LMT)	10.07	9.73	9.65	7.55	19.71	17.27	14
Sale quantity of DAP/MOP/NPK (LMT)	0.85	0.45	0.16	-	1.04	0.45	125
Total	10.92	10.18	9.81	7.55	20.75	17.72	20
Gross Sales of Urea	1846.75	1691.32	1768.30	1291.50	3610.13	2979.05	21
Sale of Traded Goods (Breakup in Slide 12)	256.41	154.73	58.02	27.88	314.43	181.61	72
Sale of Industrial Products (Breakup in Slide 13)	29.55	49.80	49.47	55.73	79.02	105.53	(25)
Gross Sales	2132.71	1895.85	1875.79	1375.11	4003.58	3267.19	23

- Sale value of urea increased mainly due to higher sale quantity (by 2.44 LMT) and increase in gas price (by 15.07%).
- Sale value of traded goods increased mainly due to increase in sale quantity of DAP/MOP/NPK (0.59 LMT) during the quarter as compared to CPLY.

Contd...

Sale of Traded Goods - Breakup

₹ Crore

Particulars	Jul-Sep 17 Value	CPLY Value	Apr-Jun 17 Value	CPLY Value	Apr-Sep 17 Value	CPLY Value	Value Inc. / (Dec.) %
DAP (MT)	216.07	143.50	49.14	3.85	265.21	147.35	80
MOP (MT)	20.23	-	6.59	-	26.82	-	100
NPK (MT)	17.86	-	-	-	17.86	-	100
BS (MT)	0.16	3.18	-	-	0.16	3.18	(95)
Seeds (Quintals)	0.60	2.31	-	0.93	0.60	3.24	(81)
Compost (MT)	0.22	0.11	0.77	-	0.99	0.11	800
Agro Chemicals (Nos.)	1.27	-	1.52	-	2.79	-	100
Traded goods (excluding gas swapping)	256.41	149.10	58.02	4.78	314.43	153.88	104

- Increase in sale value (by ₹ 160.55 crore i.e. 104%) is due to higher quantity sale of DAP/MOP/NPK/Agro-chemicals.
- Sale of seeds was lower due to non-availability of soya bean seeds due to crop failure in previous year.

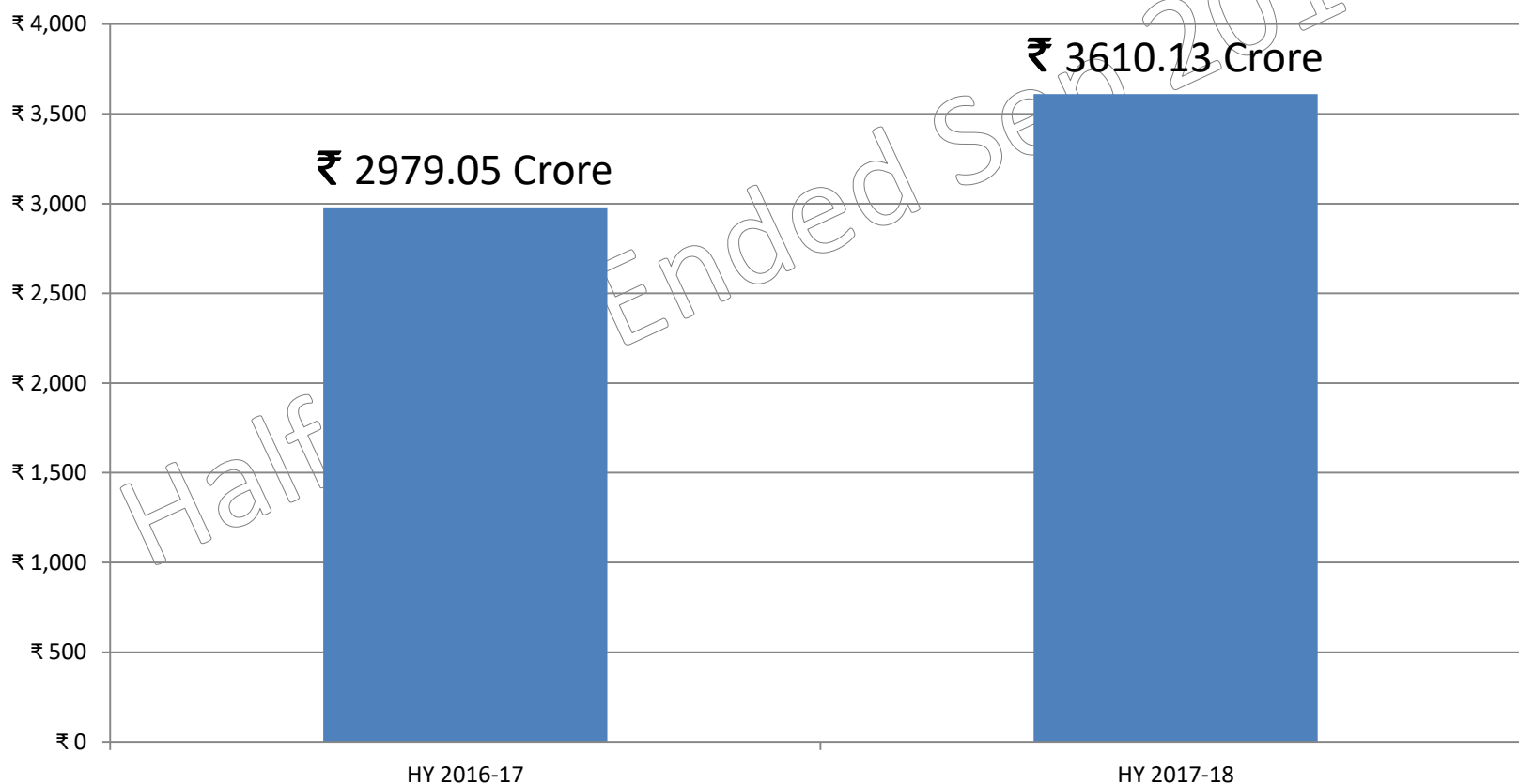
Sale of Industrial Products - Breakup

Particulars	Jul-Sep 17 Value (₹ Crore)	CPLY Value (₹ Crore)	Apr-Jun 17 Value (₹ Crore)	CPLY Value (₹ Crore)	Apr-Sep 17 Value (₹ Crore)	CPLY Value (₹ Crore)	Value Inc. / (Dec.) %
Nitric Acid (MT)	19.69	38.75	39.96	51.07	58.15	89.82	(35)
Ammonium Nitrate (MT)	3.10	6.98	5.67	1.47	8.77	8.45	4
Sodium Nitrate/Nitrite (MT)	2.80	2.90	3.42	3.19	6.22	6.09	2
Bio Fertilizers (MT)	0.26	1.17	0.42	-	0.68	1.17	(42)
Others	3.70	-	-	-	5.20	-	100
Total Industrial Products & Bio-Fertilizers	29.55	49.80	49.47	55.73	79.02	105.53	(25)

*** Sale value of industrial products decreased (by ₹ 26.51 crore i.e. 25%) due to availability of imported Nitric Acid and Ammonium Nitrate at cheaper rates resulting in decrease in sale quantity as well as in sale realization.**

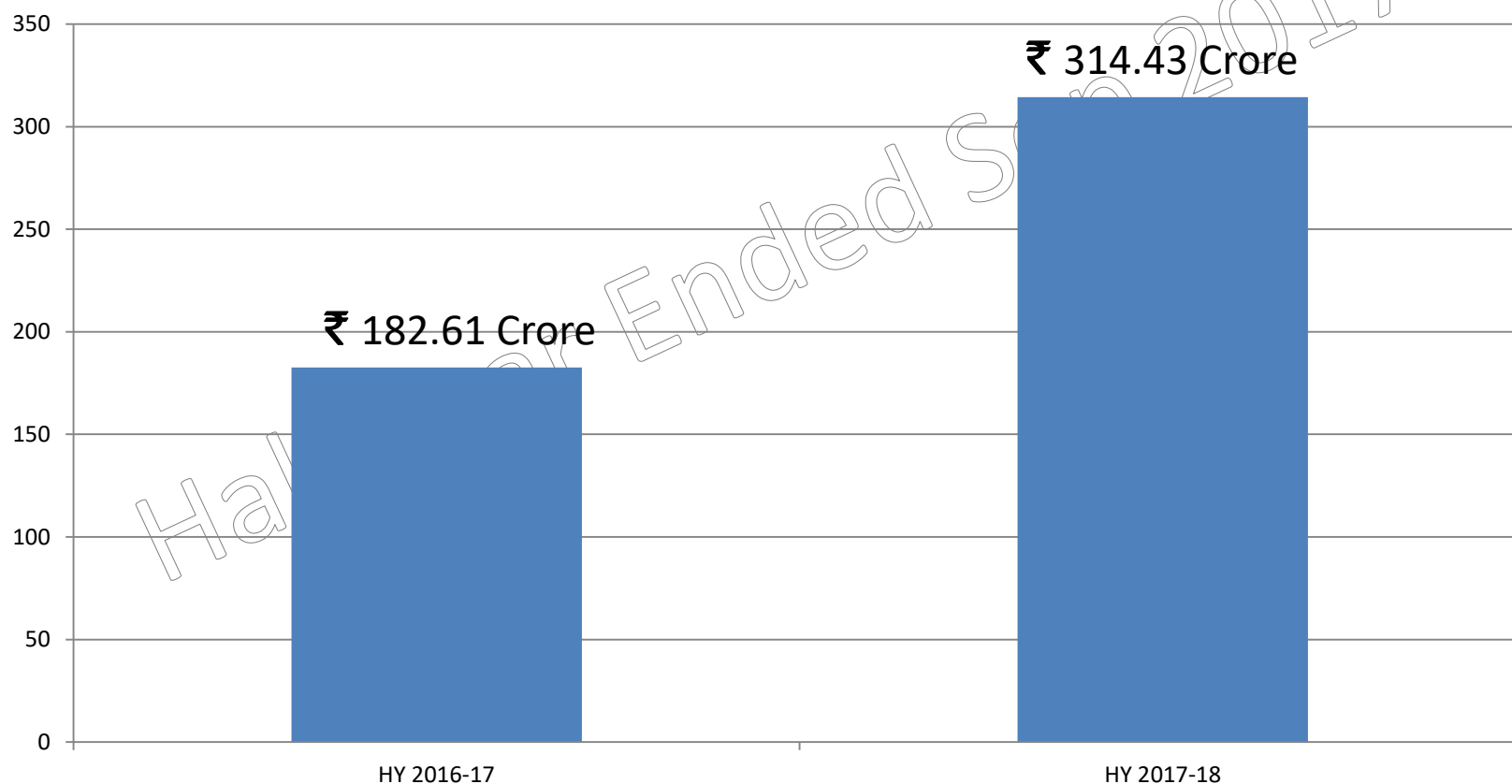
Sale Value of Urea For HY 17-18 and HY 16-17

Urea



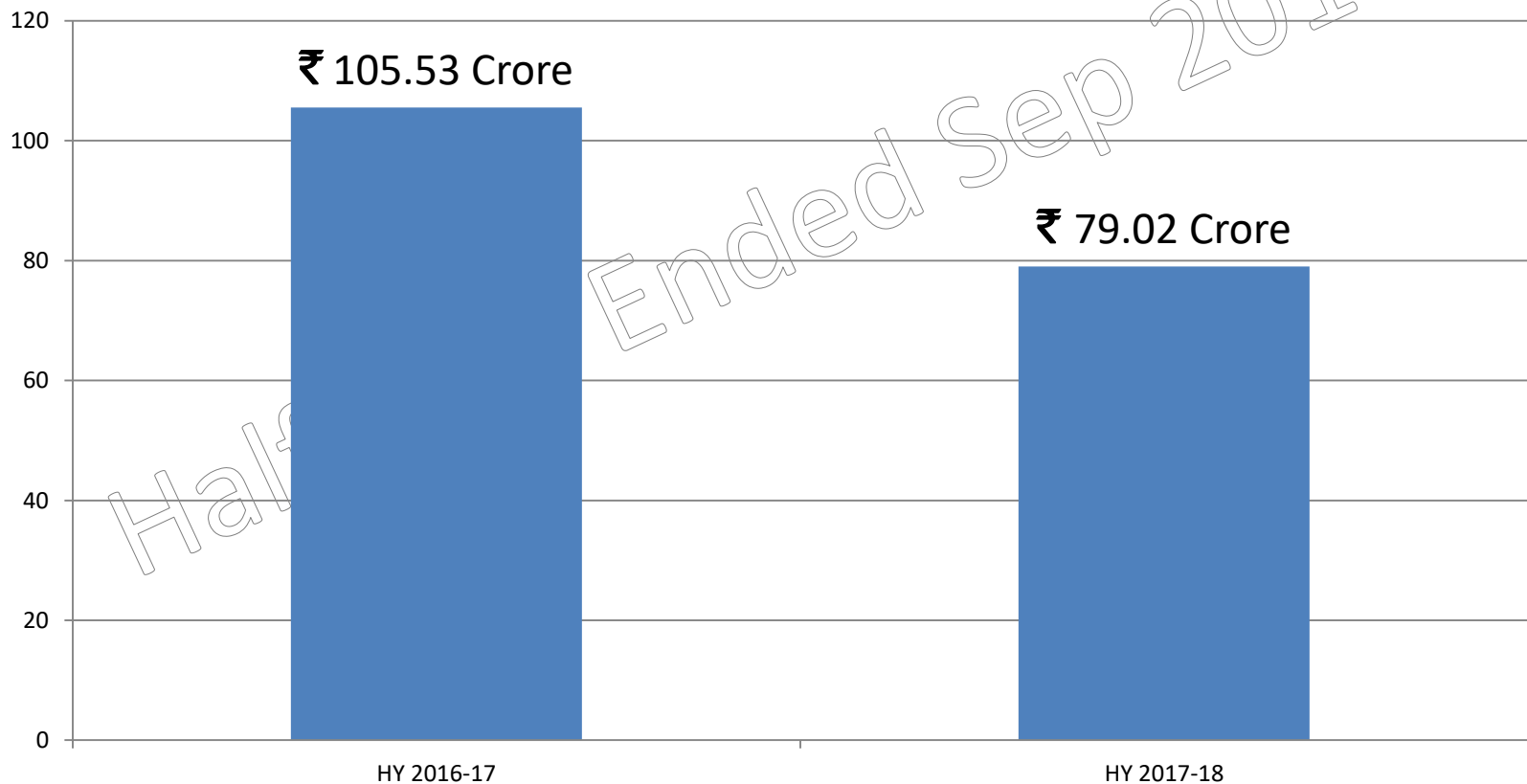
Sale Value of Traded Goods For HY 17-18 and HY 16-17

Traded Goods

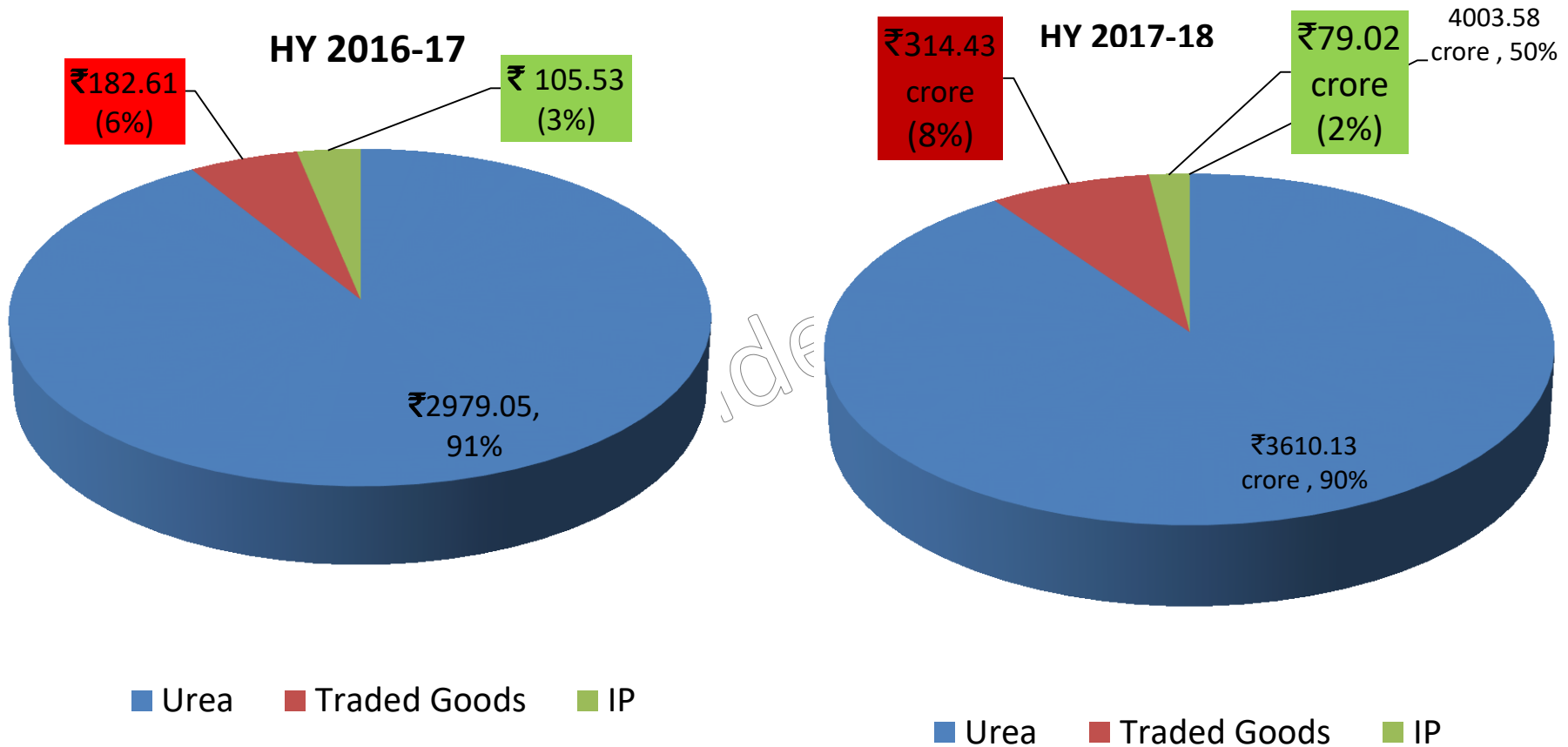


Sale Value of Industrial Product For HY 17-18 and HY 16-17

Industrial Product



Sale Value of Urea and Other Products for HY Ended 17



DETAILS OF STOCK OF FERTILIZERS

(LAKH MT)

Unit	As on 30.09.2017	As on 31.03.2017	As on 30.09.2016
A) UREA			
1. Silo	0.36	1.24	1.75
2. MIT	0.30	0.48	0.37
3. Warehouse	0.75	0.74	1.18
Total stock Of Urea (1+2+3)	1.41	2.46	3.30
Note : Urea stock has reduced from 3.30 LMT as on 31.03.2017 to 1.41 LMT as on 30.09.2017			

B) OTHER FERTILIZERS			
1) DAP	2.05	-	1.69
2) MOP	0.14	-	-
3) NPK	0.20	-	-

OVERALL PERFORMANCE (2nd Quarter ended on 30/9/17)

₹ Crore

Particulars	Qtr. Sep 17	CPLY	Increase / (Decrease)	
			₹ Crore	%
Gross Sales	2132.71	1895.85	236.86	13
Total Expenses (Break up in next slide)	1968.15	1758.46	209.69	12
Earnings before interest, depreciation and tax (EBITDA)	164.56	137.39	27.17	20
Less : Other Income	9.61	12.99	(3.38)	(26)
Less : Finance cost	54.94	45.31	9.63	21
Less : Depreciation	15.76	18.21	(2.45)	(14)
Profit / (Loss) before tax (PBT)	103.47	86.86	16.61	19
Tax expense	36.75	41.19	(4.44)	(11)
Profit/(Loss) after tax (PAT)	66.72	45.67	21.05	46
Other comprehensive income/(loss) net of tax	(0.38)	(1.56)	1.18	(76)
Total Comprehensive income/(loss)	66.34	44.11	22.23	50

Details of Expenses (2nd Quarter ended on 30/9/17)

Particulars	Qtr. Sep 2017	CPLY	Increase/ (Decrease)	Remarks
Production of urea (LMT)	9.27	9.88	(0.61)	Mainly due to annual shutdown at Vijaipur-II unit.
Dispatches of urea (LMT)	9.99	9.66	0.33	Dispatches increased by 3%.
	(₹ Crore)	(₹ Crore)	(₹ Crore)	
Cost of Materials consumed	753.95	781.76	(27.81)	Mainly due to lower production of 0.61 LMT.
Power and Fuel	564.91	557.50	7.41	
Purchase of Traded Goods *	451.32	410.83	40.49	Higher purchase of DAP (by 0.26 LMT) and Agrochemicals (by 0.80 lakh Nos.)
Employee Benefits Expense	129.52	115.45	14.07	Mainly due to provision towards pay revision on adhoc basis.
Freight and Handling	177.75	139.04	38.71	Mainly due to higher sale of DAP (by 0.23 LMT), MOP (by 0.10 LMT), NPK (by 0.07 LMT) and higher dispatches of urea (by 0.33 LMT), .
Repairs and Maintenance	20.06	20.27	(0.21)	Marginal decrease.
Excise duty	0.37	12.59	(12.22)	Mainly due to implementation of Goods & Services Tax (GST) from July-2017 onwards.
Other Expenses	43.06	51.73	(8.67)	Mainly due to lower warehousing expenses, security expenses and favorable exchange rate due to rupee appreciation.
(Incr.)/Dec. in inventories	(172.79)	(330.71)	157.92	Due to decrease in inventory.
Total Expenses	1968.15	1758.46	209.69	Increased by 12%

* Includes cost of fertilizers purchased, custom duty, port charges, GST etc.

FINANCE COST

₹ Crore

Particulars	Qtr. Sep 17	CPLY	Increase/ (Decrease)
Interest on Long Term Loans	1.95	5.38	(3.43)
Interest on working capital Loans	50.63	39.31	11.32
Other borrowing costs	2.36	0.62	1.74
Total finance cost	54.94	45.31	9.63
Less: Interest earned on deposits	1.08	3.18	(2.10)
Net finance cost	53.86	42.13	11.73

- Finance cost has increased due to higher working capital requirements as compared to CPLY. The increase of ₹ 11.32 crore in finance cost also includes estimated interest of ₹ 10.01 crore (₹ 0.37 crore during CPLY) on estimated basis which is attributable to higher working capital borrowings for trading of DAP, MOP and NPK.

Analysis of Interest on Working Capital Loan

Particulars	Qtr. Sep 17	CPLY	Saving/ (Increase)
Average credit utilization (₹ crore)	3151.96	2162.33	(989.63)
Average rate of interest	6.33%	6.85%	0.52%
Interest on working capital loans (₹ crore)	50.63	39.31	11.32
Rate variance - Savings	₹ crore		4.07
Quantity variance (Higher Borrowings)	₹ crore		(15.39)

INTEREST COVERAGE RATIO

Particulars	Unit	Qtr. ended Sep 17	CPLY
EBITDA	₹ crore	174.17	150.38
Finance Cost	₹ crore	54.94	45.31
Loan Repayment	₹ crore	25.23	22.29
Interest Coverage Ratio	Times	3.17	3.32
Debt Service Coverage Ratio	Times	2.17	2.22
<p>➤ Interest Coverage Ratio has decreased from 3.32 times during CPLY to 3.17 times during the current quarter due to increase in finance cost by 21%.</p>			

FINANCIAL PERFORMANCE (Quarter ended 30/9/17)

Company has earned PBT of ₹ 103.47 crore during the quarter ended 30th September, 2017 as against PBT of ₹ 86.86 crore during CPLY i.e. increase in profit by **₹ 16.61 crore**.(19.12%)

PBT has increased mainly due to:

- 1) Lower energy consumption.
- 2) Increase in profit from traded goods.
- 3) Decrease in depreciation and other overheads.
- 4) Higher accountal of past period subsidy arrears.

The increase was partially off-set by:

- 1) Increase in S&W due to impact of provision for pay revision w.e.f. 1.1.2017.
- 2) Decrease in contribution from sale of industrial products.
- 3) Increase in finance cost.
- 4) Under-recovery of freight expenditure.
- 5) Decrease in other income.

OVERALL PERFORMANCE (half year ended on 30/9/17)

₹ Crore

Particulars	HY Sep 17	CPLY	Increase / (Decrease)	
			₹ Crore	%
Gross Sales	4003.58	3267.19	736.39	23
Total Expenses (Break up in next slide)	3752.61	3044.32	708.29	23
Earnings before interest, depreciation and tax (EBITDA)	250.97	222.87	28.10	13
Less : Other Income	17.42	23.53	(6.11)	(26)
Less : Finance cost	95.39	116.51	(21.12)	(18)
Less : Depreciation	29.87	42.02	(12.15)	(29)
Profit / (Loss) before tax (PBT)	143.13	87.87	55.26	63
Tax expense	50.54	41.96	8.58	20
Profit/(Loss) after tax (PAT)	92.59	45.91	46.68	102
Other comprehensive income/(loss) net of tax	(0.75)	(3.16)	2.41	(76)
Total Comprehensive income / (loss)	91.84	42.75	49.09	115

Details of Expenses (half year ended on 30/9/17)

Particulars	HY Sept 2017	CPLY	Increase/ (Decrease)	Remarks
Production of urea (LMT)	18.67	18.63	0.04	Marginally increased
Dispatches of urea (LMT)	19.54	17.83	1.71	Dispatches increased by ~ 10%
	(₹ Crore)	(₹ Crore)	(₹ Crore)	
Cost of Materials consumed	1521.22	1401.12	120.10	Increase in gas price (15.07%)
Power and Fuel	1144.27	1045.50	98.77	
Purchase of Traded Goods *	795.05	560.97	234.08	Higher purchase of DAP (by 0.74 LMT), MOP (by 0.27 LMT), NPK (by 0.27 LMT) and Agrochemicals (by 4.07 lakh Nos.)
Employee Benefits Expense	275.49	228.50	46.99	Mainly due to provision towards pay revision on adhoc basis.
Freight and Handling	316.65	251.52	65.13	Mainly due to higher sale of DAP (by 0.84 LMT), MOP (by 0.13 LMT), NPK (by 0.07 LMT) and higher dispatches of urea (by 1.71 LMT), .
Repairs and Maintenance	41.07	43.17	(2.10)	Marginal decrease.
Excise duty	11.93	24.68	(12.75)	Mainly due to implementation of Goods & Services Tax (GST) from July-2017 onwards.
Other Expenses	85.69	88.71	(3.02)	Marginal decrease.
(Incr.)/Dec. in inventories	(438.76)	(599.85)	161.09	Due to decrease in inventory.
Total Expenses	3752.61	3044.32	708.29	Increase by 23%.

* Includes cost of fertilizers purchased, custom duty, port charges, etc.

FINANCE COST

₹ Crore

Particulars	HY Sep 17	CPLY	Increase/ (Decrease)
Interest on Long Term Loans	4.52	9.34	(4.82)
Interest on working capital Loans	86.66	104.51	(17.85)
Other borrowing costs	4.21	2.66	(1.55)
Total finance cost	95.39	116.51	(21.12)
Less: Interest earned on deposits	1.78	6.42	(4.64)
Net finance cost	93.61	110.09	(16.48)

- Finance cost has decreased due to lower interest rates and efficient borrowings mix adopted by the company despite additional estimated Interest cost amounting to ₹ 15.65 crore (₹ 1.35 crore during CPLY) on account of higher working capital borrowings for trading of DAP, MOP and NPK.
- On overall basis interest cost on working capital borrowings has reduced by ₹ 33.50 crore.

Analysis of Interest on Working Capital Loan

Particulars	HY Sep 17	CPLY	Saving/ (Increase)
Average credit utilization (₹ crore)	2705.94	2749.15	43.21
Average rate of interest	6.29%	7.39%	1.10%
Interest on working capital loans (₹ crore)	86.66	104.51	17.85
Rate variance - Savings	₹ crore		16.25
Quantity variance - savings	₹ crore		1.60

STEPS TAKEN TO REDUCE FINANCE COST

- NFL negotiated with Banks for lower interest rates for short term fund requirements.
- MIBOR Linked, CD rate linked and REPO rate linked STLs availed with interest rate lower than MCLR / CC limit rates.
- Short term borrowings through Inter Corporate Deposit (ICD) availed with lower interest rate.
- Borrowings through cheaper Commercial Papers (CP) increased to 94% (at rate of interest of 6.29% p.a.) against CPLY 92% (at rate of interest of 7.79% p.a.) leading to lower utilization of costly CC Limit & STLs.
- Longer tenor CP borrowings having lower cost.
- The credit period for incremental GAIL gas increased, leading to saving of interest.
- LC arrangement for gas purchased having financial implication substituted with payment facilitation agreement amongst NFL, Gas suppliers and SBI with NIL financial implication.
- Introducing Vendor Financing Scheme through SBI for availing higher credit period from supplier against making available cheaper bank financing at strength of NFL.

OVERALL PERFORMANCE

₹ Crore

Particulars	Q-1 June 17	Q-2 Sep- 17	HY Sep 17	Q-1 June16	Q-2 Sep- 16	CPLY (HY Sept-16)	Inc./(Dec.) HY	
							₹ Crore	%
Gross Sales	1870.87	2132.71	4003.58	1371.34	1895.85	3267.19	736.39	23
Total Expenses	1784.46	1968.15	3752.61	1285.86	1758.46	3044.32	708.29	23
Earnings before interest, depreciation and tax (EBITDA)	86.41	164.56	250.97	85.48	137.39	222.87	28.10	13
Less : Other Income	7.81	9.61	17.42	10.54	12.99	23.53	(6.11)	(26)
Less : Finance cost	40.45	54.94	95.39	71.20	45.31	116.51	(21.12)	(18)
Less : Depreciation	14.11	15.76	29.87	23.81	18.21	42.02	(12.15)	(29)
Profit / (Loss) before tax (PBT)	39.66	103.47	143.13	1.01	86.86	87.87	55.26	63
Tax expense	13.79	36.75	50.54	0.77	41.19	41.96	8.58	20
Profit/(Loss) after tax (PAT)	25.87	66.72	92.59	0.24	45.67	45.91	46.68	102
Other comprehensive income/(loss) net of tax	(0.37)	(0.38)	(0.75)	(1.60)	(1.56)	(3.16)	2.41	(76)
Total Comprehensive income / (loss)	25.50	66.34	91.84	(1.36)	44.11	42.75	49.09	115

SEGMENT RESULTS

₹ Crore

Particulars	Qtr. ended Sep 17	CPLY	HY ended Sep 17	CPLY
Segment Revenue				
Urea	1846.75 86.59%	1691.32 89.21%	3610.13 90.17%	2979.05 91.18%
Other Products (Industrial Products, Traded Goods and Bio-Fertilizers)	285.96 13.41%	204.53 10.79%	393.45 9.83%	288.14 8.82%
Total	2132.71	1895.85	4003.58	3267.19
Segment Results				
Urea	142.09 83.88%	116.15 83.30%	224.23 85.43%	172.04 79.69%
Other Products (Industrial Products, Traded Goods and Bio-Fertilizers)	27.30 16.12%	23.28 16.70%	38.25 14.57%	43.85 20.31%
Total	169.39	139.43	262.48	215.89

INTEREST COVERAGE RATIO

Particulars	Unit	HY ended Sep 17	CPLY
EBITDA	₹ crore	268.39	246.40
Finance Cost	₹ crore	95.39	116.51
Loan Repayment	₹ crore	31.50	28.56
Interest Coverage Ratio	Times	2.81	2.11
Debt Service Coverage Ratio	Times	2.11	1.66
<p>➤ Interest Coverage Ratio has increased from 2.11 times during CPLY to 2.81 times during the half year due to decrease in finance cost by 18%.</p>			

FINANCIAL PERFORMANCE (Half-Year ended 30/9/17)

Company has earned profit before tax of ₹ 143.13 crore during the half year ended 30th September, 2017 as against profit before tax of ₹ 87.87 crore during CPLY i.e. increase in profit by **₹ 55.26 crore** (62.89%).

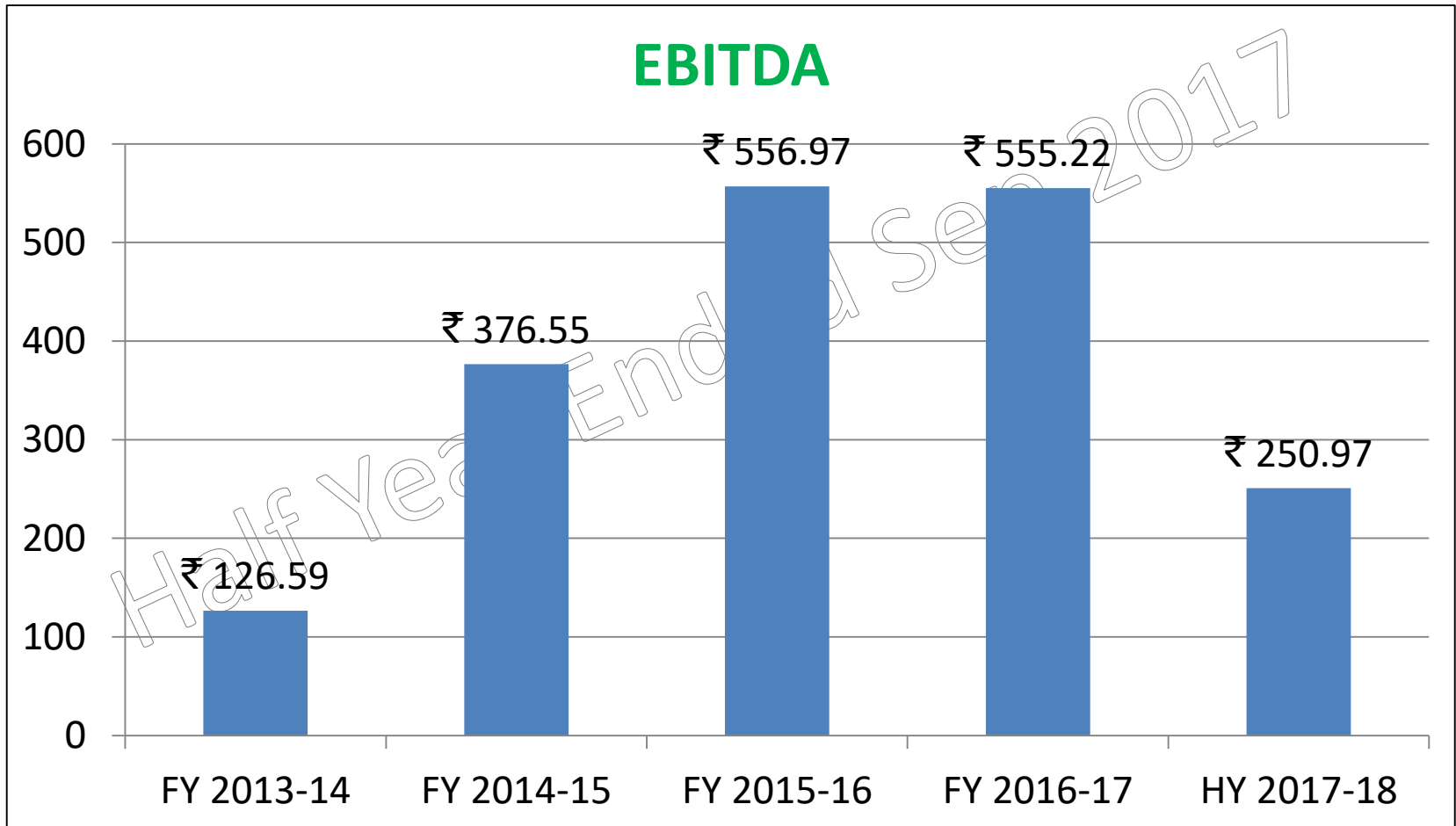
PBT has increased mainly due to:

- 1) Lower energy consumption.
- 2) Increase in profit from traded goods.
- 3) Increase in contribution from urea due to higher sale.
- 4) Decrease in depreciation, finance charges, R&M and other overheads.
- 5) Higher accountal of past period subsidy arrears.

Increase in PBT was partially off-set by:

- 1) Increase in S&W due to impact of provision for pay revision w.e.f. 1.1.2017
- 2) Decrease in contribution from sale of industrial products.
- 3) Increase in under-recovery of freight expenditure and marketing expenses
- 4) Decrease in other income.

EBITDA For The Last 5 Financial Year Including HY 2017-18



DEBT TO EQUITY RATIO

₹ Crore

S. No.	Particulars	As on 30 th Sep 17	CPLY
1	Long term Borrowings	575.39	1387.87
2	Short term Borrowings	3318.19	2221.47
3	Total Borrowings	3893.58	3609.34
4	Borrowings pertaining to AFCP (Urea) excluded being reimbursed by Govt	372.39	1118.66
5	Net Borrowings	3521.19	2490.68
6	Net worth	1868.29	1675.10
7	Debt : Equity ratio (5 divided by 6)	1.88 : 1	1.49 : 1

➤ The Net Borrowing to Net worth ratio has increased to 1.88 as on 30th Sep 2017 as compared to 1.49 as on 30th Sep 2016.

KEY FINANCIAL INDICATORS

₹ Crore

S. No.	Particulars	HY Sep 17	CPLY
1	Gross Sales (including subsidy)	4003.58	3267.19
2	EBDITA	268.39	246.40
3	Profit Before Tax	143.13	87.87
4	Profit After Tax	92.59	45.91
5	Total Comprehensive Income	91.84	42.75
6	Net Worth	1868.29	1675.10
7	Debt (for D:E ratio calculation)	3044.49	2893.09
8	Average Capital Employed	8883.84	9243.51
9	Finance Cost	95.39	116.51
10	Finance cost including repayment of loan (for DSCR)	127.32	148.39

KEY FINANCIAL RATIOS

S. No.	Particulars	HY Sep 17	CPLY
1	Earning Per Share (₹ 10/- each)	1.89	0.94
2	Earning Per Share (₹ 10/- each) (after considering OCI)	1.87	0.87
3	Return (Total Comprehensive Income) on Net Worth	4.92	2.55
4	Return (Total Comprehensive Income) on Average Net Worth	4.97	2.54
5	EBITDA/Gross Sales	6.70	7.54
6	EBITDA/Average Capital Employed	3.02	2.67
7	Current Ratio	1.23	1.27
8	Debt : Equity ratio	1.88	1.49
9	Debt Service Coverage Ratio (DSCR)	2.11	1.66
10	Interest Coverage Ratio	2.81	2.11

- **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 (being 26% of total equity of RFCL) is ₹ 342 crore. (Detail in slide 44).
- 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 ₹ 697 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. Trail run production has started.

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

➤ Detail of the project

- Equity contribution NFL - 26%, EIL - 26%, FCIL - 11%, State Government of Telangana 11%
- Zero Date - 25th September 2015
- Project time schedule – 36 months from zero date i.e. 25/9/15
- Project Capital Cost - ₹ 5254 crore (US \$ 809.60 Million)
- Debt Equity of 75 : 25
- Installed Capacity (Urea) – 12.71 LMT

➤ Current Status

- Gas Supply agreement signed with M/s GAIL on 17/11/17.
- Gas Transportation agreement signed with M/s GTIL on 8/7/16.
- Debt of ₹ 3940 crore has been arranged from consortium of six banks and disbursement of loan has begun and loan of ₹ 322.70 crore has been drawn as on 30/9/17 .
- NFL has contributed equity of ₹ 218.69 crore till 30/9/17.

➤ Manpower Management consultancy agreement with NFL.

➤ Marketing of urea will be done by NFL.

THANK YOU