NATIONAL FERTILIZERS LIMITED

FINANCIAL PERFORMANCE
FOR THE
FINANCIAL YEAR
2016-17

BRIEF ON PLANTS AND TRADING ACTIVITIES

UREA	Vijaipur-II	Vijaipur-I	Bathinda	Panipat	Nangal
CAPACITY (LMT)– 32.31 LMT After Revamp – 35.68 LMT Capacity utilization (2016-17) w.r.t. RAC	8.646 10.662 131.7%	8.646 9.999 122.4%	5.115 5.115 111.1%	5.115 5.115 106.2%	4.785 4.785 104.9%
COMM. PRODUCTION After Revamp at Vijaipur / AFCP	31st Mar 97 31st Jul 12	1st July 88 24th Apr.12	1st Oct 79 11th Mar. 13	1st Sep 79 28th Mar. 13	1st Nov. 78 18th Jul. 13
ENGINEERING CONTRACTOR (Main plant) Revamp / AFCP	HTAS (DENMARK), SNAM (ITALY) & PDIL -do-		M/s Toyo Engineering Corp. (Japan) & EIL HTAS & L&T (LSTK)		Technimont, UHDE & PDIL 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	91410
2.	Sodium Nitrate	Nangal	1	1980
3.	Sodium Nitrite	Nangal	1	2970
4.	Ammonium Nitrate	Nangal	2	118800
5.	Ammonia (Technical Surplus)	All units		
6.	Bio-Fertilizers (Solid & Liquid)	Vijaipur	-	600

Traded Goods

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

- All manufacturing units are ISO 9001-2008, ISO 14001-2004 and OHSAS-18001 certified indicating NFL's commitment to quality, environment & occupational health & safety

PERFORMANCE HIGHLIGHTS

- Ever highest production of urea of 38.10 LMT with an overall capacity utilization of 117.9% against previous best of 37.99 LMT with an overall capacity utilization of 117.6% during CPLY#.
- Ever lowest energy consumption at Panipat, Bathinda, & Vijaipur-II units. Energy consumption at all the plants was within the NUP 2015 norms.
- Ever best sale of :-
  - Urea - 37.58 LMT
  - Imported DAP - 2.14 LMT
  - Bentonite Sulphur – 3356 MT
  - Nitric Acid - 67949 MT
- Composition of revenue from urea sale has improved to 88% (CPLY 94%) and non-urea to 12% (CPLY 6%).
- Revival of production of Ammonium Nitrate after 2.5 years and sold 8969 MT during the year.
- Highest ever Profit Before Tax and Profit After Tax in last 14 years.
- Highest Earning per Share in last 14 years.

CPLY means Corresponding Period of Last Year

PRODUCTION OF UREA

Unit	Urea Production in LMT		On stream Days	
	2016-17	2015-16	2016-17	2015-16
Nangal	5.02	5.47	316	342
Panipat	5.43	5.67	334	348
Bathinda	**5.68**	5.48	349	336
Vijaipur I	**10.58**	9.92	349	328
Vijaipur II	11.39	11.45	338	347
Total	**38.10**	**37.99**		

- Company achieved ever best production of 38.10 LMT of Urea.
- Production of urea during the year was higher at Bathinda and Vijaipur-I units as compared to CPLY.
- The production was lower at Nangal and Bathinda unit due to lower on-stream days due to gas limitation and annual shutdown.

PRODUCTION OF INDUSTRIAL PRODUCTS

(with one stream in operation)

QTY IN MT

Products	2016-17	CPLY	Increase/ (Decrease)
Nitric Acid	75479	53804	21675
Ammonium Nitrate (Melts)*	8989	-	8989
Sodium Nitrate/ Nitrite	3151	2641	510

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

- **Increase in production of industrial products was driven by higher demand**
- **Revival of production of Ammonium Nitrate after 2.5 years and sold 8969 MT during the year.**
- **Operationalization of 2nd stream of Nitric Acid with equal capacity is under consideration.**

PURCHASE OF OTHER FERTILIZERS

Particulars	Unit	2016-17	CPLY	Increase/ (Decrease)
DAP @	MT	214203	50770	163433
BS #	MT	3419	1481	1939
Compost	MT	2690	-	2690
Agro Chemicals	Nos.	39250	-	39250
Seeds (details in next slide)	Qtls.	54298	62876	(8578)

1. **Higher quantity of DAP & BS was purchased for trading.**
2. **Compost and Agro-Chemicals (As of now 20 Molecules) was added to the trading list.**

@ Diammonium Phosphate

 # Bentonite Sulphur

PURCHASE OF SEEDS

In Quintals

Particulars	2016-17	CPLY	Increase/ (Decrease)
Breeder Seeds	58	-	58
Foundation Seeds	2184	1964	220
Certified Seeds *	8228	-	8228
Seeds (Third Party certified)	43828	60912	(17084)
Total	**54298**	**62876**	**(8578)**
* **Soya Bean, Paddy and Wheat**			

ENERGY CONSUMPTION (GCAL/MT OF UREA)

Units	Energy Norms	FY 2016-17	FY 2015-16
Nangal	7.095	7.012	7.012
Panipat	7.614	**7.112**	7.259
Bathinda	7.479	**6.925**	7.003
Vijaipur I	5.904	5.783	5.750
Vijaipur II	5.569	**5.364**	5.410

- **Ever lowest energy consumption at Panipat, Bathinda, & Vijaipur-II units.**
- Energy consumption was lower than CPLY at Panipat, Bathinda and Vijaipur-II units.
- At Nangal unit, energy consumption was at par with CPLY.
- Energy consumption was higher at Vijaipur-I due to higher un-productive energy consumption owing to production interruptions.

SALES – ALL PRODUCTS

Items	Unit	FY 2016-17	FY 2015-16	Variance with CPLY (%age)	FY 2014-15
Sale of UREA	LMT	37.58	36.41	3	36.87
SALE OF DAP	LMT	2.14	0.51	321	-
SALE OF BS	MT	3356	1481	127	866
Seeds	Qtls.	53032	62876	(16)	44062
Compost	MT	2660	-	100	-
Agro-Chemicals	Nos.	25350	-	100	-
Nitric Acid	MT	67949	54559	25	47408
Ammonium Nitrate	MT	8969	-	100	-
Sodium Nitrate/Nitrite	MT	3160	2644	19	2135
Bio-fertilizers	MT	545	530	3	565

OVERALL PERFORMANCE FY 2016-17

₹Crore

Particulars	2016-17	CPLY	Increase/ (Decrease)	Remarks
	Actual	Actual	With CPLY	
Sale quantity of urea (LMT)	**37.58**	**36.41**	**1.17**	➢ Gross Sale of urea is lower due to reduction in gas price by 19% and accordingly gas purchase expenses reduced. ➢ Sale value of Other Products (excluding gas swap) has increased by ₹ 532.20 crore i.e. by 159% mainly on account of higher sales of DAP, BS and industrial products. ➢ The increase in PBT is mainly due to lower finance cost by ₹38.67 crore. ➢ Tax expense during the year is ₹116.72 crore (CPLY ₹ 89.80 crore) due to higher taxable profits and deferred tax liability. ➢ PBT & PAT increased by 12.64% & 4.80% respectively
Gross Sales of urea	**6767.12**	**7364.41**	**(597.29)**	
Sale of other products (incl. ED but excluding Gas Swap)	867.37	335.17	532.20	
Sale of other products (incl. ED & Gas Swap)	896.10	429.50	466.60	
Gross Sales	**7663.22**	**7793.91**	**(130.69)**	
Other Income	44.59	46.53	(1.94)	
Total Income	**7707.81**	**7840.44**	**(132.63)**	
Total Expenses	7108.01	7236.94	(128.93)	
Earnings before interest, depreciation and tax	**599.80**	**603.50**	**(3.70)**	
Less : Finance cost	189.75	228.42	(38.67)	
Less : Depreciation	85.17	86.66	(1.49)	
Profit / (Loss) before tax (PBT)	**324.88**	**288.42**	**36.46**	
Current Tax	76.71	64.83	11.88	
Deferred Tax	40.01	24.97	15.04	
Profit/(Loss) after tax (PAT)	**208.16**	**198.62**	**9.54**	
Other comprehensive income/(loss) net of tax	(0.83)	(6.42)	5.59	
Total Comprehensive income/(loss)	**207.33**	**192.20**	**15.13**	

*Earning Before Interest, Taxes, Depreciation and Amortization

DETAIL OF EXPENSES

₹Crore

Particulars	FY 2016-17	CPLY	Increase/ (Decrease)	Remarks
Production of urea (Qty. in LMT)	38.10	37.99	0.11	Increase by 0.29%
Dispatches of urea (Qty. in lakh MT)	37.81	37.15	0.66	Increase by 1.78%
Sale of Urea (Qty. in Lakh MT)	37.58	36.41	1.17	Increase by 3.21%
Cost of Materials consumed	3015.06	3636.43	(621.37)	Due to fall in gas price by 19%
Purchase of Traded Goods	550.30	169.76	380.54	Due to higher purchase of DAP for trading
Gas Swapping	28.73	94.33	(65.60)	Discontinued w.e.f. 1.08.2016
(Increase)/Decrease in inventories	(49.57)	(246.30)	196.73	Mainly due to increase in urea stock in 2016-17
Power and Fuel	2213.12	2423.93	(210.81)	Mainly due to fall in gas price
Employee Benefits Expense	488.08	457.18	30.90	Includes ₹ 25 crore provision for arrears of pay revision.
Freight and Handling	544.79	435.81	108.98	Higher despatches of Urea and DAP
Repairs and Maintenance	82.19	81.59	0.60	-
Excise duty (Urea and IP)	43.28	36.67	6.61	Higher sale of Urea and Industrial Products
Other Expenses*	192.03	147.54	44.49	Mainly due to higher Godown rent, security expenses, neem coated campaign, and higher rebate to dealers etc.
Total Expenses	**7108.01**	**7236.94**	**(128.93)**	

FINANCE COST

₹ Crore

Particulars	FY 2016-17	CPLY	Increase/ (Decrease)
Interest on Long Term Loans	13.80	22.97	(9.17)
Interest on working capital Loans	163.33	192.52	(29.19)
Other borrowing costs*	12.62	12.93	(0.31)
Total finance cost	**189.75**	**228.42**	**(38.67)**
Less: Interest earned on deposits	7.10	5.40	1.70
Net finance cost	**182.65**	**223.02**	**(40.37)**

- Interest on long term loans have decreased by ₹ 9.17 crore during the year (₹13.80 crore) as compared to CPLY (₹ 22.97 crore), mainly due to refinancing of ECB (LIBOR+ margin of 3.05%) with new cheaper ECB from DBS Bank (LIBOR+1.49%) and repayment of Bonds and two installment of ECB.
- Interest on working capital loans has decreased due to lower interest rates, efficient borrowings and loan at concessional rate through Special Banking Arrangement (SBA) against subsidy outstanding.

* Other Borrowing cost includes stamp duty & other charges on commercial papers, interest on securities deposited by Dealers and hedging cost for imports etc.

- **The net Finance cost has decreased by 18.10%.**

Variance Analysis- Interest on working capital loans

Particulars	2016-17		2015-16	
	Average Utilization (₹ Crore)	Rate	Average Utilization (₹ Crore)	Rate
CP	2122.68	6.91%	2074.39	7.81%
CC	121.35	8.94%	206.70	9.70%
STL	40.39	8.08%	109.40	9.55%
SBA	140.43	1.75%	-	0.00%
Average	**2424.85**	**6.74%**	**2390.49**	**8.05%**
Total interest (₹ crore)		**163.33**		**192.52**

Total variance	29.19	Favourable
- Rate variance	31.95	Favourable
- Mix variance	9.86	Favourable
- Volume variance	(12.63)	Higher Fund requirement

STEPS TAKEN TO REDUCE INTEREST COST

- NFL negotiated with many banks for lowering interest rate on borrowings.
- New Banks such as The Bank of Nova Scotia, CTBC Bank and Shinhan Bank were also introduced having low interest rate on STL.
- Pursued with DoF rigorously since Jan 2016 for STL through Special Banking Arrangement (SBA) and received loan at concessional rate of interest of 1.75% p.a. in Feb 2017.
- Borrowings through Commercial Papers (CP) was 88% and balance 12% through other instruments.
- Borrowings through CC limit, carrying high rate of interest are reduced.
- Credit period for gas payment to GAIL got increased to 15 days (for incremental gas) resulting in saving in interest cost by around ₹ 2.40 crore on annual basis.
- Borrowings through Inter-Corporate deposits (ICD) at lower rate introduced (average rate 6.70% in comparison to the then prevailing CP average rate of 7.20% and STL interest of 8.50%).
- In addition to the FDs, higher yield on surplus funds is generated by investing in PSU Debt mutual funds upto 30% in line with policy.

Due to above as well as downtrend in interest rates, there has been overall reduction in interest cost by ₹ 29.19 crore in FY16-17.

PRODUCT WISE PROFITABILITY

Particulars	FY 2016-17		CPLY	
	₹ crore	% of PBT	₹ crore	% of PBT
Urea	234.86	72.3%	264.25	91.6%
Industrial Products (IP)	39.11	12.0%	19.06	6.6%
Traded Goods etc.	50.91	15.7%	5.11	1.8%
Total	**324.88**	**100%**	**288.42**	**100%**

PROFIT VARIANCE ANALYSIS

₹ Crore

Profit / (Loss) before tax for the year ended 31st March 2017	324.88
Profit / (Loss) before tax for the year ended 31st March 2016	288.42
Increase in Profit	**36.46**
Profit has increased due to various reasons (A)	172.52
Profit has decreased due to various reasons (B)	136.06
Net increase in profit	**36.46**

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PROFIT VARIANCE ANALYSIS

₹ crore

A:	Reasons for increase in Profit	
1	Increase in contribution from urea *	45.75
2	Increase in profit from traded goods (due to higher sale of DAP and improvement in the margins)	46.09
3	Decrease in net Finance cost	40.37
4	Increase in contribution from sale of Industrial Products due to higher sale quantity	20.78
5	Decrease in energy consumption	18.04
6	Decrease in depreciation charge	1.49
	Sub-total (A)	**172.52**

* Increase in contribution from urea was mainly due to higher sale of urea by 1.17 LMT beyond RAC & increase in contribution from sale beyond RAC due to revision in NUP-2015 by including Central levies in the Import Parity Price (by ₹ 31 crore approx.) and higher sale of Neem Coated urea (₹ 12 crore approx.) as compared to CPLY.

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PROFIT VARIANCE ANALYSIS

₹ crore

B :	**The above increase in profit has been off-set by the following:**	
1	Increase in marketing expenses	37.79
2	Increase in salary and wages	30.90
3	Higher receipt/ accountal of past period subsidy arrears in CPLY	30.31
4	Increase in Security expenses (CISF)	9.30
5	Increase in under-recovery of freight expenditure	8.42
6	Increase in promotion and publicity	6.16
7	Decrease in saving in energy due to fall in gas rates	4.84
8	Decrease in other income, higher impact of Mark to Market valuation of forex liabilities as compared to CPLY and increase in repairs and maintenance expenses etc.	8.34
	Sub Total (B)	**136.06**

UNIT WISE PROFIT/ (LOSS) BEFORE TAX (PBT)

₹ Crore

Unit	2016-17	2015-16
Nangal	**7.89**	(10.31)
Panipat	**49.89**	36.04
Bathinda	**57.14**	26.72
Vijaipur-I	37.34	60.66
Vijaipur-I	121.71	170.20
Traded Goods and CO	50.91	5.11
Total	**324.88**	**288.42**

Profit at Nangal unit after a gap of 4 years.

- **Profit at Nangal Unit is mainly due to higher sale and consequently higher contribution (by ₹ 20.78 crore) from Industrial Products as compared to CPLY.**
- **Profit at Vijaipur-I & II unit is lower due to receipt of higher past period subsidy (₹ 55.42 crore) during CPLY, increase in under-recovery of freight expenditure, increase in salary and wages, increase in selling expenses etc. which was partially off-set by increase in contribution from higher sale of urea and decrease in finance cost etc.**

DEBT TO EQUITY RATIO

₹ Crore

S. No.	Particulars	As on 31st March 2017	As on 31st March 2016
1	Long term Borrowings	980.88	1828.30
2	Short term Borrowings *	3153.73	4295.32
3	**Total Borrowings**	**4134.61**	**6123.62**
4	Borrowings pertaining to AFCP (Urea) excluded being reimbursed by GoI	744.76	1490.77
5	Net Borrowings	3389.85	4632.85
6	**Net worth**	**1826.64**	**1690.75**
7	Debt : Equity ratio excluding AFCP borrowings (5 divided by 6)	1.86	2.74

*** Includes STL of ₹ 1164.90 crore (1.75%) received against outstanding subsidy under SBA. The same has been repaid by GOI to SBI on 06.04.2017.**

*** ST borrowings are of permanent nature and thus considered for D:E ratio.**

KEY FINANCIAL RATIOS

S. No.	Particulars	2016-17	CPLY
1	Earning Per Share (₹10/- each)	4.24	4.05
2	Earning Per Share (₹10/- each) (after considering OCI)	4.23	3.92
3	Return (Total Comprehensive Income) on Net Worth	11.35	11.37
4	EBITDA/Gross Sales	7.83	7.74
5	EBITDA/Average Capital Employed	6.20	5.61
6	Debt : Equity ratio	1.86	2.74
7	Debt Service Coverage Ratio (DSCR)	2.39	2.13
8	Interest Coverage Ratio	3.16	2.64

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}.

KEY FINANCIAL INDICATORS

₹ crore

S. No.	Particulars	2016-17	CPLY
1	Gross sales (including subsidy)	7663.22	7793.91
2	EBDITA	599.80	603.50
3	Profit before tax	324.88	288.42
4	Profit after tax	208.16	198.62
5	Total comprehensive income	207.33	192.20
6	Net worth	1826.64	1690.75
7	Debt (for D:E ratio calculation)	3389.85	4632.85
8	Average capital employed	9674.88	10756.38
9	Finance cost	189.75	228.42
10	Finance cost including repayment of loan (for DSCR)	250.96	282.76

NATIONAL FERTILIZERS LIMITED

- ✓ **PBT ₹ 324.88 crore and PAT ₹ 208.16 crore is highest during the last 14 years.**
- ✓ **Moreover, in terms of Ind AS 8, opening Reserves has been increased by ₹ 33.77 crore during the year ended 31st March,2017.**

  (i.e. increase ₹ 58.66 crore on account of adjustment relating to actuarial valuation of Post Retirement Medical Benefit Scheme and decrease by ₹ 24.89 crore on account of freight subsidy pertaining to earlier years).

- ✓ **Tax impact of ₹ 11.69 crore on the same has also been adjusted through opening reserves.**

Comparative analysis of EBDITA of top Four years of High Financial Performance since 1978-79

₹ Crore

PARTICULARS	FY 2016-17	FY 2015-16	FY 2002-03	FY 1993-94
EBDITA	599.80	603.50	687.02	525.52
Adjustment of OCI	(1.27)	(9.82)		
(-) Depreciation written back included in above		`		268.00
(-)Arrears of Subsidy received for 6 years (7th/8th pricing period)			475.78	
EBDITA (normalized)	**598.53**	**593.68**	**211.24**	**257.52**

After normalizing EBDITA with major exceptional items, it is seen that NFL has achieved highest EBDITA (normalized) of ₹ 598.53 crore in FY 2016-17.

- During FY 2002-03 special dividend of ₹ 300.00 crore was paid.
- Information for 2016-17 and 2015-16 is as per Ind AS and for other years is as per IGAAP

Reconciliation of PAT and Total Comprehensive Income under IGAPP and Ind AS

₹ Crore

Sr.	Particulars	2016-17	CPLY
1	**Net Profit/(Loss) after tax as per previous GAAP (Indian GAAP)**	**206.73**	**197.09**
2	Add/(Less) adjustments for Ind AS:		
2.1	Actuarial gain/(loss) on defined benefit plans recognized in Other Comprehensive Income	1.27	9.83
2.2	Recognition of financial assets/liabilities at amortized cost	(1.10)	(4.88)
2.3	Deferred Tax impact	0.44	(3.40)
	Sub-total (2)	**0.61**	**1.54**
3	**Net Profit/(Loss) as per Ind AS (1+2)**	**207.34**	**198.63**
4	Other comprehensive income / (loss) - net of tax		
4.1	Actuarial gain/(loss) on defined benefit plans	(0.01)	(6.43)
5	**Total comprehensive income as per Ind AS (3+4)**	**207.33**	**192.20**

FINANCIAL PERFORMANCE FOR THE QUARTER ENDED MAR-17

PRODUCTION OF UREA

Unit	Urea Production in LMT		On stream Days	
	Jan – Mar 2017	CPLY	Jan – Mar 2017	CPLY
Nangal	1.19	1.27	75	79
Panipat	**1.44**	1.43	83	86
Bathinda	1.38	1.49	83	89
Vijaipur I	2.56	2.59	85	83
Vijaipur II	2.72	2.98	80	91
Total	**9.29**	**9.76**		

PRODUCTION OF INDUSTRIAL PRODUCTS

QTY IN MT

Unit	JAN – MAR 17	CPLY	Increase/ (Decrease)
Nitric Acid	19003	17716	1287
Ammonium Nitrate	2500	-	2500
Sodium Nitrate/ Nitrite	614	548	66
➢ **Increase in production of industrial products was driven by higher demand.**			

PURCHASE OF OTHER FERTILIZERS

Particulars	Unit	JAN – MAR 17	CPLY	Increase/ (Decrease)
DAP @	LMT	-	-	-
BS #	MT	-	150	(150)
Seeds	Qtls.	17638	471	17167
Compost	MT	184	-	184
Agro Chemicals	Nos.	39250	-	39250

Compost and Agro Chemicals (As of now 20 Molecules) was added to the trading list.

@ Diammonium Phosphate

 # Bentonite Sulphur

ENERGY CONSUMPTION (GCAL/MT of UREA)

Units	Energy Norms	Jan – Mar 2017	CPLY
Nangal	7.095	**6.813**	7.112
Panipat	7.614	**6.978**	7.240
Bathinda	7.479	**6.928**	6.977
Vijaipur I	5.904	5.884	5.691
Vijaipur II	5.569	5.445	5.357

- Energy consumption at all the Units was within Energy norms fixed under NUP-2015.
- Energy consumption was lower than CPLY at Nangal, Panipat and Bathinda units as compared to CPLY.
- Energy consumption was higher at Vijaipur-I & II units due to higher un-productive energy consumption owing to production interruptions.

SALES – ALL PRODUCTS

Items	Unit	Jan – Mar 2017	CPLY	Variance with CPLY (in %age)
UREA	LMT	8.71	8.59	1
DAP	LMT	0.09	0.02	323
Seeds	Qtls.	16372	545	2904
Compost	MT	1350	-	100
Agro-Chemicals	Nos	25350	-	100
Nitric Acid	MT	17510	17737	(1)
Ammonium Nitrate	MT	2485	-	100
Sodium Nitrate/Nitrite	MT	720	565	27
Bio-fertilizers	MT	217	29	648

OVERALL PERFORMANCE

₹ Crore

Particulars	For the quarter 31.03.2017 Actual	CPLY Actual	Increase/ (Decrease) With CPLY	Remarks
Sale quantity of urea (LMT)	**8.71**	**8.59**	**0.12**	➢ Sale of urea (qty.) increase by 1.40% ➢ Gross Sale of urea is higher due to higher sale quantity and higher subsidy receipt. ➢ Sale of other products is lower due to decrease in sale of DAP, BS and industrial products etc. ➢ Overall sale increase by 13.41% ➢ Expenses has increased mainly due to rise in the gas price under the gas pooling mechanism. ➢ The increase in PBT is mainly due to increase in contribution from urea beyond RAC , increase in rate of saving in energy, lower finance and depreciation expense. ➢ Tax expense was ₹33.05 crore (CPLY ₹ 19.64 crore) is higher due to higher taxable profits and deferred tax ➢ PBT and PAT increased by 159.59% and 224.97% respectively.
Gross Sales of urea	**1787.72**	**1553.87**	**233.85**	
Sale of other products (incl. ED but excluding Gas Swap)	75.41	55.67	20.50	
Sale of other products (incl. ED & Gas Swap)	75.41	88.96	(13.55)	
Gross Sales	**1863.13**	**1642.83**	**220.30**	
Other Income	11.86	13.53	(1.67)	
Total Income	**1874.99**	**1656.36**	**218.63**	
Total Expenses	**1698.24**	**1510.21**	**188.03**	
EBDITA*	**176.75**	**146.15**	**30.60**	
Less : Finance cost	36.41	73.59	(37.18)	
Less : Depreciation	18.28	25.54	(7.26)	
Profit / (Loss) before tax (PBT)	**122.06**	**47.02**	**75.04**	
Current Tax	24.29	14.09	10.20	
Deferred Tax	8.76	5.54	3.22	
Profit/(Loss) after tax (PAT)	**89.01**	**27.39**	**61.62**	
OCI/(loss) net of tax	5.18	(5.54)	10.72	
Total Comprehensive Income/(loss)	**94.19**	**21.85**	**72.34**	

***Earning Before Depreciation, Interest, Taxes and Amortization.**

Details of Expenses

Amount in ₹Crore

Particulars	Jan – Mar 2017	CPLY	Increase/ (Decrease)	Remarks
Production of urea (Qty. in LMT)	9.29	9.76	(0.47)	Lower stream days
Dispatches of urea (Qty. in LMT)	8.81	9.22	(0.41)	-
Sale of Urea (Qty. in LMT)	8.71	8.59	0.12	-
Cost of Materials consumed	838.98	799.39	39.59	**Due to increase in gas price by 9%**
Purchase of Traded Goods	8.54	17.20	(8.66)	**Due to nil trading in gas as compared to CPLY**
(Increase)/Decrease in inventories	(86.20)	(184.05)	97.85	**Mainly due to decrease in DAP stock**
Power and Fuel	603.77	558.35	45.42	**Due to increase in gas price by 9%**
Employee Benefits Expense	132.22	117.80	14.42	**₹ 25 crore provision for arrears of pay revision net of positive actuarial valuation.**
Freight and Handling	126.35	132.62	(6.27)	**Lower despatches of Urea**
Repairs and Maintenance	23.12	20.50	2.62	-
Excise duty (Urea and IP)	5.08	10.43	(5.35)	**Lower sale of Industrial Products**
Other Expenses*	46.38	37.97	8.41	*** Due to Higher Godown rent, security expenses, neem coated campaign, and higher rebate to dealers etc.**
Total Expenses	**1698.24**	**1510.21**	**188.03**	

FINANCE COST

₹ crore

Particulars	Jan – Mar 2017	CPLY	Increase/ (Decrease)
Interest on Long Term Loans	2.14	5.53	(3.39)
Interest on working capital Loans	30.36	60.66	(30.30)
Other borrowing costs	3.91	7.40	(3.49)
Total finance cost	**36.41**	**73.59**	**(37.18)**
Less: Interest earned on deposits	0.23	0.74	(0.51)
Net finance cost	**36.18**	**72.85**	**(36.67)**

- Interest on long term loans have decreased by ₹ 3.39 crore during the year (₹ 2.14 crore) as compared to CPLY (₹5.53 crore), mainly due to repayment of Bonds and two installment of ECB.
- Interest on working capital loans has decreased due to lower interest rates, efficient borrowings and loan at concessional rate through Special Banking Arrangement (SBA) against subsidy outstanding.

PROFIT VARIANCE ANALYSIS

₹ Crore

Profit / (Loss) before tax for the quarter ended 31st March 2017	122.06
Profit / (Loss) before tax for the quarter ended 31st March 2016	47.02
Increase in Profit	**75.04**
Profit has increased due to various reasons (A)	112.16
Profit has decreased due to various reasons (B)	37.12
Net increase in profit	**75.04**

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PROFIT VARIANCE ANALYSIS

₹ Crore

A:	**Reasons for increase in Profit**	
1	Increase in contribution from urea *	44.12
2	Decrease in net finance charges (net of impact of earned from deposits) mainly due to lower interest cost under Special Banking Arrangement in the March -17 quarter.	36.67
3	Increase in saving in energy due to increase in gas rates	21.12
4	Decrease in depreciation charge	7.26
5	Decrease in energy consumption	2.83
6	Lower impact of Mark to Market valuation of forex liabilities as compared to CPLY	0.16
	Sub-total (A)	**112.16**

* During CPLY sale of urea beyond RAC was considered in last quarter on attaining of annual RAC however, the same was considered on proportionate basis in current year and thus the contribution was lower during CPLY quarter (₹ 34 crore approx.). Increase in contribution from sale beyond RAC due to revision in NUP-2015 by including Central levies in the Import Parity Price for annual quantity in the current quarter (₹ 10 crore approx.)

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PROFIT VARIANCE ANALYSIS

₹ Crore

B :	**The above increase in profit has been off-set by the following:**	
1	Increase in salary and wages	14.43
2	Increase in marketing expenses	9.03
3	Decrease in contribution from sale of Industrial Products	4.81
4	Increase in repairs and maintenance expenses	2.62
5	Increase in promotion and publicity	2.48
6	Increase in under-recovery of freight expenditure	1.44
7	Increase in Security expenses (mainly due to impact of 7th pay commission on CISF salaries)	0.91
8	Decrease in profit from traded goods	0.19
9	Decrease in other income including other interest income	1.16
10	Higher receipt/ accountal of past period subsidy arrears in CPLY	0.05
	Sub Total (B)	**37.12**

INDIAN ACCOUNTING STANDARD (Ind AS)

First Time adoption of Ind AS

The notified Indian Accounting Standards (Ind-AS), includes Ind AS-101 relating to "First-time adoption of Indian Accounting Standards", wherein the principles / detailed guidelines has been given for transition from Indian GAAP to Ind-AS. The requirements under **Ind-AS 101** are summarized below: -

a) Entities to prepare and present its opening Ind AS balance sheet as at 1st April, 2015;

b) Preparing and presenting balance sheet as at March 31, 2017 (including comparative amounts for March 31, 2016 and April 1, 2015), statement of profit and loss account, statement of changes in equity and cash flow statement and disclosures for the year ended March 31, 2017 (including comparative information for the year ended March 31, 2016).

c) A first time adopter needs to use the same accounting policies in its opening Ind AS balance sheet as those used in all periods presented in its first Ind-AS financial statements.

d) The Ind AS 101 require full retrospective application of the standards in force at an entity's reporting date except for the exemption given in the Ind-AS 101.

e) Entity shall explain how the transition from Indian GAAP to Ind-AS affected its reported financial position, financial performance and cash flows.

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INDIAN ACCOUNTING STANDARD (Ind AS)

For transition from IGAAP to Ind AS, Ind AS-101 allows certain optional exemption to ease out the transition and the Company has considered these optional exemptions available and used the **below optional exemption in preparation of standalone and consolidated financial statements**:

1. Deemed Cost of Property, Plant and Equipment

The standard provides an option to carry the Property, Plant and Equipment and Intangible Assets either at fair value or at the same costs at which these assets were carried under previous standards (considered as deemed cost). **The Company has opted for the deemed cost exemption**.

2. Deemed cost of Investment in Joint Ventures

The standard provides an option to carry the investment in joint venture either at cost or fair value. **The Company has opted for the cost option under the Ind AS.**

3. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS is required to be consistent with estimates made for the same date in accordance with previous GAAP(after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Impact of Ind AS on Financial Statements

Property, Plant and Equipment (Ind AS 16)

It 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). Accordingly, stores and spares which meet the above criteria has been adjusted to PPE and net impact of these adjustment resulted in additional expenses of ₹ 0.19 crore and ₹ 0.45 crore for the year ended March 2017 and March 2016 respectively.

Financial Instruments (Ind AS 109)

Ind AS 109 requires to recognize the financial assets and liabilities at their fair value at the time of initial recognition and later on based on the amortized cost and at fair value depending upon the nature of the assets. Following items of the financial statement have an impact on account of this standard:

- Security deposits from its vendors and deposit from employees under Employees' Family Economic Rehabilitation Scheme (EEFRS) have been discounted at their present value and differential of ₹ 0.62 crore for March 2017 and ₹ 0.30 crore March 2016 has been accounted as expense in the Statement of Profit and Loss account.
- Financial liabilities (Loans etc.) are to be taken at their fair value less transaction cost at the time of initial recognition and subsequently carry the balance at amortized cost and it has resulted an additional interest expense amounting to ₹ 0.79 crore and ₹ 0.11 crore respectively in March 2017 and March 2016.

<u>Revenue (Ind As 108)</u>

Company has reduced certain discounts and other related expense amounting to ₹ 11.90 crore directly from the revenue.

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Impact of Ind AS on Financial Statements

Income Taxes

Ind AS 12 requires recognition of deferred tax asset or liability based on the Balance Sheet approach and allows recognition of deferred tax on all the temporary differences between the Book base and Income Tax base. Accordingly, the deferred tax impact has been considered based on the balance sheet approach.

Proposed Dividend

Under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, the liability for proposed dividend of ₹ 71.44 crore as at March 31, 2016 and ₹ 10.04 crore as at April 1, 2015 included under the provision has been reversed with corresponding adjustment to retained earnings.

Excise Duty

Total revenue and total expenses for the period ended March 31, 2017 and March 31, 2016 are by ₹ 43.28 crore and ₹ 36.67 crore respectively.

Re-measurement of Post-employment benefit obligations

Under Ind AS, re-measurement i.e. actuarial gains and losses are recognized in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 and March 31, 2017 increased by ₹ 1.27 crore and ₹ 9.82 crore respectively.

Errors rectified in the Opening balance sheet under provisions of Ind AS, wherever required.

THANK YOU