

36th Annual Report

2009 - 2010

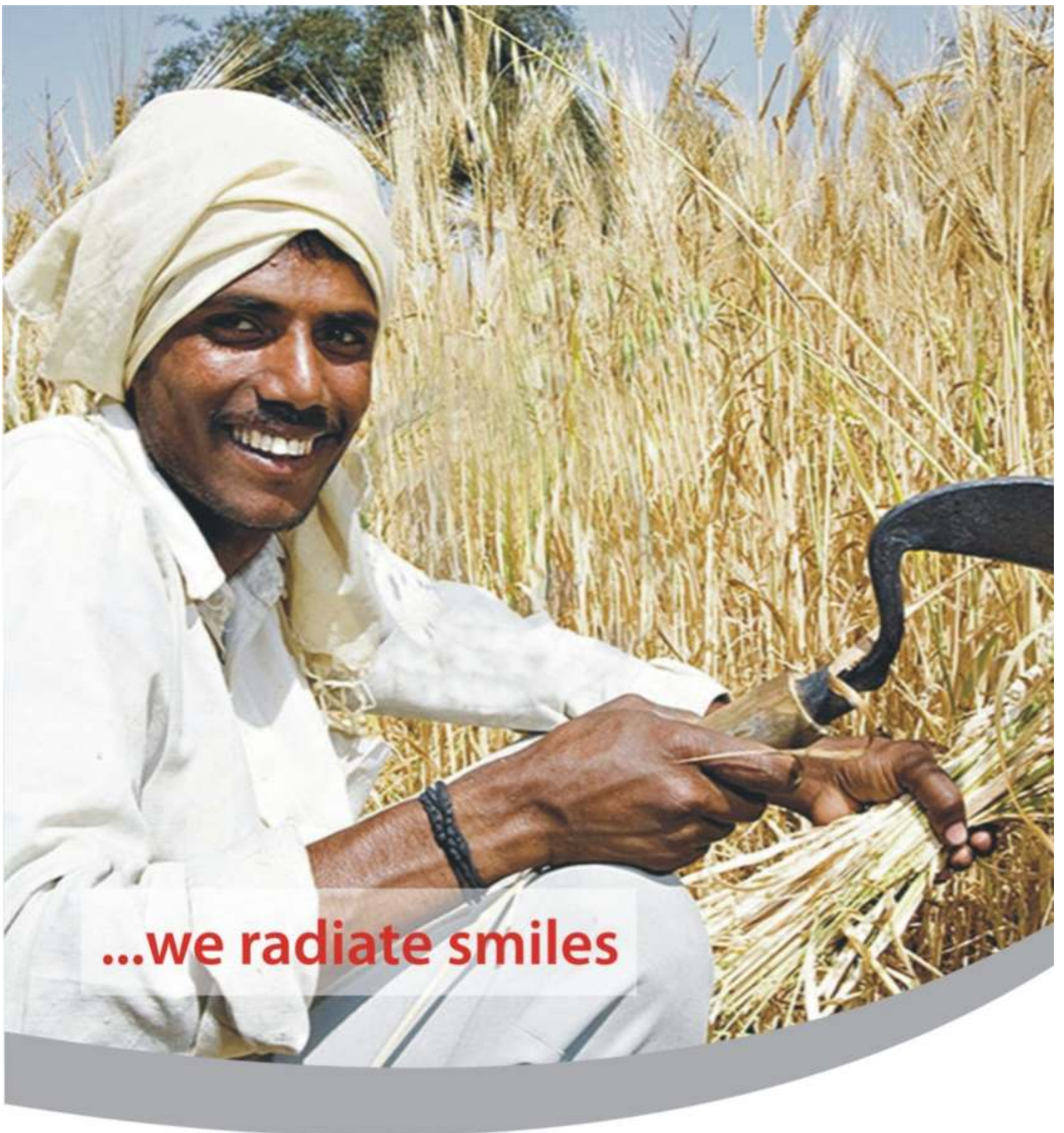


नेशनल फर्टिलाइजर्स लिमिटेड
एन. एफ. एल.
NATIONAL FERTILIZERS LIMITED



NATIONAL FERTILIZERS LIMITED

Farmers' friend, Nation's pride



...we radiate smiles

OUR MISSION

NFL's mission to be a market leader in fertilizers and a significant player in all its other busin
satisfaction, reasonable reward to shareholders, ethics, professionalism and concern for ecc



More than fertilizing crops ...

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ology & the community

Management Team

BOARD LEVEL

V. K. Sharma

Chairman & Managing Director

Neeru Abrol

Director (Finance)

R. K. Aggarwal

Director (Technical)

CORPORATE HEADS

Vigilance
Finance & Accounts
Corporate Planning & Technical
Human Resource & Public Relations
Materials Management
Internal Audit
Marketing
Management Services
Company Sectt. & Legal

Ajoy Kumar
Rakesh Sahai
R. K. Bhatia
S. N. Mahey
Rajiv Johri
P. K. Kataria
S. K. Ghai
N. R. Satyapalan
Tek Chand

Chief Vigilance Officer
Executive Director
Executive Director
Chief General Manager (HR)
Chief General Manager
General Manager
General Manager (Incharge)
General Manager
Company Secretary

UNIT HEADS

Nangal
Panipat
Bathinda
Vijaipur I & II

B. G. Singh
P. C. Jain
K. B. Verma
S. M. H. Rizvi

General Manager (Incharge)
Chief General Manager
Executive Director
Executive Director

BANKERS

State Bank of India • State Bank of Hyderabad • State Bank of Patiala • Bank of India
• Punjab National Bank • Union Bank of India • Oriental Bank of Commerce

AUDITORS

S. P. Chopra & Co., New Delhi • KPMC & Associates, Ghaziabad

REGISTRAR & TRANSFER AGENTS

Mas Services Limited : T-34, IIInd Floor, Okhla Industrial Area-II, New Delhi-110020

Board of Directors



Shri V. K. Sharma
Chairman & Managing Director



Ms. Neeru Abrol
Director (Finance)



Shri R. K. Aggarwal
Director (Technical)



Shri Deepak Singhal
Joint Secy., Dept. of Fertilizers



Shri Satish Chandra
Joint Secy., Dept. of Fertilizers



Shri S. A. T. Rizvi
Director



Shri N. K. Goyal
Director



Dr. S. K. Bhattacharya
Director

Highlights



Shri V.K. Sharma, C&MD exchanging MOU : 2010-11 document with Shri S. Krishnan, Secretary (Fertilizer)



Ms. Neeru Abrol, Director (Finance) receiving ICWA for NFL Bathinda Unit from Shri Salman Khurshid, Hon'ble Union Minister of State for Corporate Affairs

Performance at a Glance

Financial Highlights

Particulars	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Sales (Net)	1695	1683	1623	1649	1634	1726	1731	1594	1532	1462
Subsidy	3396	3444	2518	2217	1957	1748	1657	2060	1418	1347
TURNOVER (incl.Subsidy)	5091	5127	4141	3866	3591	3474	3388	3654	2950	2809
TOTAL INCOME	5148	5207	4206	3894	3627	3507	3418	3685	2978	2838
Earnings before depreciation, interest and tax (EBDITA)	365	293	262	387	312	357	329	688	270	246
Interest and Finance Charges	11	41	17	17	8	22	34	72	110	122
Depreciation	94	96	89	106	125	120	176	168	112	104
Profit before Taxation	260	156	156	264	179	215	119	448	48	20
Profit after Taxation	172	97	109	176	116	161	85	286	41	27
Gross Fixed assets	2924	2906	2925	2903	2897	2862	2846	2839	2692	2687
Net Fixed Assets	666	734	809	871	963	1050	1153	1322	1342	1448
Current Assets, Loans and Advances	2086	1524	1443	1693	1272	1007	1147	1476	1432	1618
Current Liabilities and Provisions	798	885	816	692	553	601	372	746	614	758
Working Capital	1288	639	627	1001	719	406	775	730	818	860
Borrowings	403	265	525	327	227	60	618	754	818	903
Net Worth	1582	1471	1408	1371	1256	1186	1080	1027	1093	1407
Capital Employed	1954	1373	1436	1872	1682	1456	1928	2052	2160	2308
Production (Urea) (Lakh MT)	33.30	33.44	32.68	33.51	33.44	34.32	32.50	32.12	31.91	29.36
Capacity Utilisation (Urea) (%)	103.1	103.5	101.1	103.7	103.5	106.2	100.6	99.4	99.5	93.6
Sales (Urea) (Lakh MT)	33.78	33.77	32.38	33.54	33.63	34.73	33.87	32.89	32.92	30.50
Employees (Nos.)	4760	4868	4786	4736	4769	4853	4940	5404	5751	6602

Key Indicators

Particulars	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Debt/Equity	0.25:1	0.18:1	0.37:1	0.24:1	0.18:1	0.05:1	0.57:1	0.74:1	0.77:1	0.68:1
Current Assets to Net Assets	0.72:1	0.56:1	0.50:1	0.65:1	0.56:1	0.48:1	0.49:1	0.52:1	0.57:1	0.53:1
Current Ratio	2.61:1	1.72:1	1.76:1	2.45:1	2.30:1	1.67:1	3.09:1	1.98:1	2.33:1	2.14:1
Acid Test Ratio	2.15:1	1.30:1	1.27:1	1.90:1	1.69:1	1.06:1	1.97:1	1.22:1	0.90:1	0.98:1
Return on Capital Employed (%)	8.78	7.10	7.56	9.41	6.92	11.06	4.41	13.95	1.88	1.18
Return on Equity (%)	34.96	19.87	22.15	35.90	23.73	32.80	17.33	58.35	8.28	5.57
Return on Net Worth (%)	10.87	6.59	7.74	12.84	9.24	13.58	7.87	27.85	3.75	1.92
Value Added per Employee (Rs. in Crores)	0.23	0.20	0.19	0.19	0.17	0.18	0.17	0.24	0.15	0.12
Earning per Share (EPS) (Rs.)	3.50	1.99	2.21	3.59	2.37	3.28	1.73	5.84	0.83	0.56
EBDITA / Turnover (%)	7.17	5.71	6.33	10.01	8.69	10.28	9.71	18.83	9.15	8.76

DIRECTORS' REPORT (2009-2010)

To,

Dear Members,

The Directors are pleased to present the 36th Annual Report on the business and operations of the company together with the audited accounts for the year ended March 31, 2010.

Financial Performance

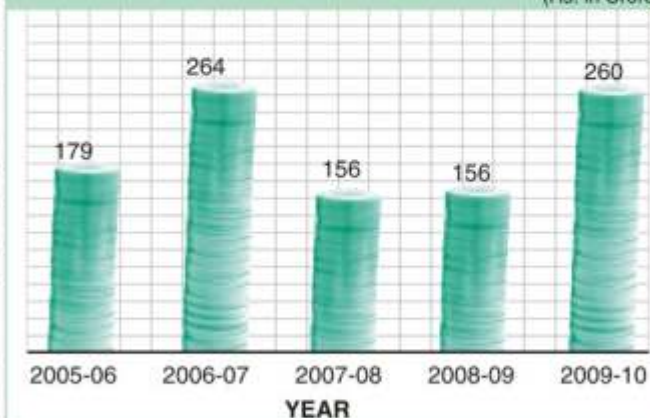
(Rs. In crore)

Particulars	2009-10	2008-09
Turnover (Net)	5091.34	5127.10
EBIDTA	364.66	292.91
Interest	10.96	40.89
Depreciation	93.75	96.41
Profit Before Tax (PBT)	259.95	155.61
Provision for Taxation	88.44	58.15
Profit After Tax	171.51	97.46
Appropriations :		
Proposed Dividend	51.51	29.43
Tax on Proposed Dividend	8.56	5.00
Amount transferred to General Reserve	17.15	9.75
Financial Ratios :		
EBIDTA/Net sales (%)	7.17	5.71
Return (PAT) on Net worth (%)	10.87	6.59
Earning per share (Rupees 10/- each)	3.50	1.99
Debt-Equity ratio	0.25:1	0.18:1
Current ratio	2.16:1	1.72:1

During the year, the Company achieved turnover of Rs.5091.34 crore (previous year Rs. 5127.10 crore). The profit before tax is Rs. 259.95 crore (previous year Rs.155.61 crore) and profit after tax is Rs.171.51 crore (previous year Rs.97.46 crore). The increase in net profit by 76% over previous year is mainly due to improvement in the energy efficiency at Panipat unit and reduction in interest expenses. The total borrowings of the company as at 31st March, 2010, stood at Rs. 403.16 crore (Rs.264.87 crore as at 31st March, 2009). However, it had short term deposits with scheduled banks of Rs.678.28 crore as on 31st March, 2010 (Rs.90 crore as at 31st March, 2009), thus virtually a debt free company. During the year, fertilizer bonds issued in lieu of cash subsidy of face value of Rs.371.19 crore were

PROFIT BEFORE TAX

(Rs. in Crore)



sold at a loss of Rs.33.17 crore. At the year end, bonds of the face value of Rs.125 crore were held.

Dividend

The Directors have recommended a dividend of Rs.1.05 per share (previous year Rs.0.60 per share) subject to approval of the members. The total dividend pay-out is Rs.60.07 crore (including dividend tax of Rs. 8.56 crore) and accounts for 30% of profit after tax. A sum of Rs. 17.15 crore has been transferred to the general reserve during the year (previous year Rs. 9.75 crore)



Shri V.K. Sharma, Chairman & Managing Director and Ms. Neeru Abrol, Director (Finance) presenting dividend cheque to the Hon'ble Minister (Chemicals & Fertilizers).

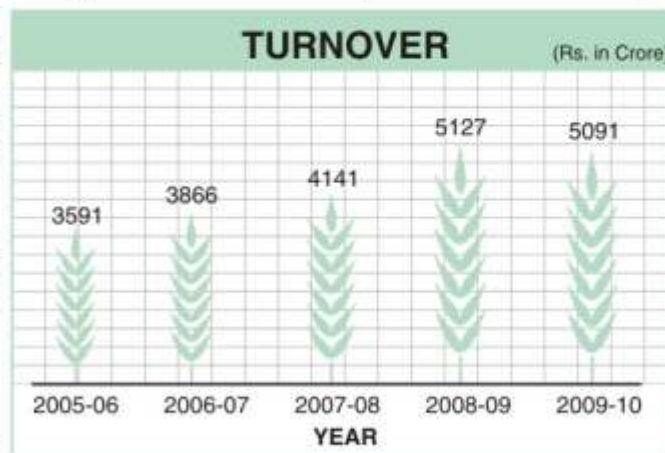
Operations

During the year, your company produced 33.30 lakh tonnes of Urea (103.07% of installed capacity) compared to 33.44 lakh tonnes in the previous year. The marginal reduction in production is due to additional production of 0.39 lakh tonnes at fuel-based Nangal and Bathinda Units in previous year being economically viable considering the prevalent import parity price of urea. The production includes 0.99 lakh tonnes of additional production of urea from Vijaipur unit. Marginal shortfall of 0.04 lakh MT at Nangal unit was made up by producing additional Urea at Panipat and Bathinda. Company achieved ever best production of 226 tonnes of Bio-fertilizers and 37648 tonnes of Neem-coated urea. The percentage share of NFL in urea production in the country has been estimated at 15.8. Company has also started the production of foundation and certified seeds under a pilot project.

During the year, with availability of additional 0.6 mmscmd (million metric standard cubic meter per day), RIL natural gas from 1st May, 2009, naphtha consumption has been substituted at Vijaipur unit with low cost gas.

Sales & Marketing

Company sold 33.78 lakh tonnes of Urea against 33.77 lakh tonnes in the previous year. The sales turnover



including subsidy for the year was Rs. 5091.34 crore against Rs.5127.10 crore in the previous year. The reduction in Sales turnover is due to decrease in the subsidy rate pursuant to decrease in prices of FO/LSHS and substitution of Naphtha with Natural Gas, which has been largely off-set by sale of imported Murate of Potash (MoP) of Rs 146.91 crore. Company achieved ever-best bio-fertilizer sales of 196 tonnes. It also sold 3468 tonnes of seeds during the year (previous year 1632 tonnes).

Company is also dealing in various industrial products including nitric acid, ammonium nitrate, sodium nitrate/nitrite, sulphur, liquid argon, methanol, etc. Company has also started the sale of ammonia from its Vijaipur Unit. During the year sales turnover for industrial products is Rs.98.35 crore. Company also sold Compost, Micorhizza and seeds of the value of Rs.7.31 crore.

Modernization and Expansion Projects

The year 2009-10 was a landmark year for the Company. Consequent upon notification of remunerative investment policies by Government of India in urea sector, the Company has undertaken a number of projects as follows:-

- **Revamp of fuel-oil based plants at Panipat, Bathinda & Nangal**

Company has undertaken revamp of fuel-oil based plants at Panipat, Bathinda & Nangal for change over of feedstock from FO/LSHS to NG/RLNG. Zero date of these projects has been fixed as 29th January 2010. These projects involve a total investment of Rs.4066 crore and gestation period of 36 months from the zero date i.e. 29th January 2010. Contract for revamp of Panipat and Bathinda units has been signed with M/s Larsen & Toubro (L&T) on 10th March 2010 and for Nangal unit with consortium of M/s Tecnimont ICB (TICB) on 12th May 2010. M/s. Project & Development India Limited (PDIL) has been engaged as Project Management Consultant for all the projects.

- **Capacity Augmentation & Energy Saving Project (ESP) at Vijaipur**

Company has undertaken Capacity augmentation of urea plants at Vijaipur-I & II by 16% and 23% respectively including installation of Carbon Dioxide Recovery plant at an investment of around Rs.900 crore. The total urea capacity after completion of Energy Saving project at Vijaipur-I and Capacity Enhancement Project at Vijaipur-II is expected to be 6261 MTPD. Basic engineering for Ammonia-I, Ammonia-II, Urea-I and Urea-II has been completed. Procurement of equipment is in progress. The projects are expected to be commissioned by 2011-2012.

Human Resource Management

To achieve sustainable growth and to foster motivational climate, several initiatives were taken up in Human Resources area during the year. This was accomplished through meeting training needs at various levels, providing opportunities for employees participation in Management and rewarding suitably for innovative ideas. Company achieved 2.98 mandays training per employee.

The total employee strength of the Company stands at 4760 as on 31st March, 2010 against 4868 as on 31st March, 2009. Of the total strength 1902 are executives and 2858 non-executives.

During the year, Company implemented the revised pay scales for employees w.e.f. 1st January, 2007. Keeping in view the welfare of the employees, Company has initiated the process to introduce a Contributory Pension Scheme for all the regular employees.



Employees working on digital control system (DCS) in Vijaipur Plant