



Our Economic Performance

Being one of the biggest private sector organisations its economic sustainability is surely going to impact the national economy and also that of its operating areas. In the reporting period, extensive capital exchange took place in the form of various payments, dividends, taxes, donations / grants etc. (Annexure AN-02).

Finance and Value-Based Management:

In the year 2008-09 total income increased by Rs. 3872.67 Crores (and income from operations by Rs. 4326.39 crores). The year 2009-10 was a very challenging year for the company, in view of the overall economic downturn during the year. Total income decreased by Rs. (2880.04) Crores (and income from operations by Rs.(2950.44) crores). The Project ADAPT (Action for Downturn Alleviation for Profit in Turbulent Times) initiated by the company with objectives of conserving cash, EBITDA improvement and meeting debt covenants was highly successful and delivered its objective.

Sales in 2008-09 rose by 107 percent compared with the previous year to Rs. 8,362.70 crores and during 2009-10 due to the economic downturn fell by (35.3) percent compared with the previous year to Rs. 5,412.26 crores. (1crore = 10 million)

Income before taxes:

Compared with the previous year, income before taxes fell by Rs. (496.83) crores to Rs. 660.27 crores in 2008-09 and fell again by Rs. (72.14) crores to Rs. 588.13 crores in 2009-10. Beside this, the return on capital employed as a percentage of profit before tax (plus interest) was 11.1% (2008-09) and 10.7% (2009-10) compared with 18.9% in the previous year

Earnings per share:

Earnings per share (basic) in 2008-09 were Rs. 19.25 and in 2009-10 were Rs. 18.38 compared with Rs. 42.82 in the previous year(2007-08).

Appropriation of profit:

In the year 2008-09 we achieved a net profit after tax of Rs. 452.05 crores (lesser by 52.37% as compared to PY). Including profit carried forward from 2007-08 of Rs. 1,574.1 crores, profit retained was Rs. 2,026.15 crores. At the 70th Annual Meeting on July 30, 2009 the shareholders approved a dividend payment of Rs. 9 per qualifying share. The total dividend payable (including dividend tax) on qualifying shares, as of March 31, 2009 for the financial year 2008-09 was Rs. 247.62 crores.

In the year 2009-10 we achieved a net profit after tax of Rs. 434.78 crores (lesser by 3.8% as compared to PY). Including profit carried forward from 2008-09 of Rs. 1,733.32 crores, profit retained was Rs. 2,168.1 crores. At the 71th Annual Meeting on August 09, 2010 the shareholders approved a dividend payment of Rs. 9 per qualifying share. The total dividend payable (including dividend tax) on qualifying shares, as of March 31, 2010 for the financial year 2009-10 was Rs. 255.29 crores.

Balance sheet structure:

In the year 2008-09 our total assets increased by Rs. 1443.23 crores due to increase in investments and current assets as compared to PY. Inventories increased by Rs. 312.16 crores to Rs. 969.8 crores as a result of the expansion of business. Trade accounts receivable was Rs. 1001.73 crores (as compared to PY of Rs. 639.50 crores). On liability side, share capital is increased by Rs.1.17 Crores due to conversion of FCCB

loan into ordinary shares. Loan liabilities also increased by Rs. 1330.82 crores to Rs. 3676.1 crores. The increase in financial indebtedness is a result of External Commercial Borrowing.

However, in the year 2009-10 Our total assets decreased by Rs. (218.73) crores due to decrease current assets as compared to PY. Inventories decreased by Rs. 358.61 crores to Rs. 611.19 crores. Trade accounts receivable was Rs. 581.6crores (as compared to PY of Rs. 1001.73 crores). On liability side, share capital increased by Rs.8.09 Crores due to conversion of FCCB loan into ordinary shares. Loan liabilities also decreased by Rs. (729.59) crores to Rs. 2946.51 crores.

Net cash from operating activities at Rs 584.22 crores has increased in 2008-09 significantly as a result of the expansion of business and again increased in 2009-10 at Rs 843.07 crores because of decrease in inventory level and trade receivable.

Statement of cash flows:

In 2008-09, net cash used in financing activities was Rs. 487.91 crores compared with Rs. 1499.29 crores in 2007-08, decrease is on account of External Commercial Borrowing and increase in repayment of borrowings. Further decrease in investing activities is **due to investments in subsidiary and acquisition of fixed assets.**

In 2009-10, net cash used in financing activities was Rs. (706.42), which decreased on account of External Commercial Borrowing and increase in repayment of borrowings.

Employment Benefits:

An employee relies on future benefits such as the pension plans of the organization in which they work. 100% of our employees are covered through a well-planned pension plans that includes provident fund, pension schemes, gratuity; superannuation etc. For the reporting period, total expenditure towards employees' pension plans was 10.29 crores for year 2008-09 and was 14.36 crores for year 2009-10. Other benefits provided to employees are detailed in "Our People" section.

Wages to be offered to an employee are

mentioned in respective State Factory Rules. We have fixed minimum entry-level wage as the full time wage offered to an employee in the lowest permanent employee category. During the year 2008-09 Rs.199.02 Crores were incurred over payment and provision for employees (17% higher as compared to PY) and year 2009-10 Rs.204.66 Crores were incurred over payment and provision for employees (3% higher as compared to PY).

Local Supplier and employment:

Being an equal opportunity provider, organisation has a diverse workforce in the management cadre and there is no specific practice of preferring local residents for the management cadre in specific locations of operations. Same principle of equal opportunity is applicable to selection of suppliers too irrespective of local or not. Here local supplier is the one where there is no trans-national payment involved. All suppliers of material or services are selected based on selection criteria defined in the Vendor Qualification Form. Key selection criteria are confirmation of regulatory, legal compliance, availability, cost and quality of materials supplied, OEM Suppliers, and ISO Certifications etc. However in both the cases preference is given to the local candidate, all other criteria being equal.

Government Subsidy:

In the year 08-09 & 09-10, total sum of 4683.58 crores & 2059.69 Crores respectively received from the government in the form of subsidies for our fertiliser business.

Indirect Impact:

Besides direct employment generation in our areas of operations, we also indirectly impact opportunities for income generation. Ancillary activities such as: civil and other contract workmen, transporters, goods and services that service these people etc. provide livelihoods to thousands of people.

We are also equally concerned with the overall upliftment of the nearby community especially the underprivileged. The same has been detailed in the community section. For further information please refer the Annual report and the website .www.tcsrd.org