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Q *How would you describe your journey as a CFO of world's leading fertilizer and chemical manufacturing company - Rashtriya Chemicals and Fertilizers (RCF) Limited, a "Mini-Ratna"?*

A. The last 3 years at RCF has been extremely challenging, though satisfying. However, the Company has grown from strength to strength in this period. The Plants at Trombay & Thal have grown older and with strengthening of energy norms of Urea, the various capex plans for energy efficiency have either been implemented or in advanced stage, since there have been delays due to the lockdown imposed in the wake of recent pandemic. However, the results of the capex decisions taken in earlier years are fructifying now, since the operations at both the Plants have become energy efficient which is likely to improve further in the next 2 years.

Q *What is your perspective on the overall performance of RCF Ltd. in the past one year?*

A. There has been a tremendous improvement in the financial performance of the Company in the last one year despite huge outstanding Subsidy dues from Department of Fertilizers (DoF) putting pressure

on working capital position. Further, Company was appointed as STE for import of Urea on behalf of GoI and Company has imported 61.26 LMT under the MoU Since November 2019. The notification under Modified New Policy Scheme (MNPS) - III towards revision of fixed cost on Urea with effect from 1.4.2014 helped the Company to post decent results for the year 2019-20. The quarterly results for the previous 2 quarters bears witness to the improvement despite the challenges posed by the onset of the pandemic. Energy efficiencies are better; though turnover was lower due to lower subsidy on Urea on account of lower gas prices, profitability improved due to impact of the same on non-Urea operations as well as better realisations of Industrial products. Trading activity also yielded better results due to faster evacuation of material despite lower volumes. The Company is poised for better all-round performance by the year end.

Q *What are the key concern areas that need to be addressed in the New Normal to ensure selling fertilizers and chemicals in a reliable, ethical and socially responsible manner?*

A. Covid is the biggest setback to mankind in the recent history post World War-II. Entire world economy was on

the verge of collapse. However Indian agriculture showed resilience and stood out in this difficult time. In fact, it absorbed lakhs of migrants from commercial capitals of India.

In new normal it is time to take agriculture in India to new heights by taking advanced agriculture techniques to the farmers and giving opportunity to farmers to get fair value of their produce.

Key area that needs to be addressed to ensure selling fertilizers in reliable, ethical & socially responsible manner is to remove bottlenecks in logistics for faster evacuation of fertilizers from plants & ports to ensure ample supply to farmers so that manipulation due to black marketing in case of shortage is checked. Making timely availability of quality fertilizers and complementing them with organic manures like city compost which enriches the soil and finally educating farmers to undertake advanced farming technologies and find better markets for their produce shall be achieved.

Q *Growth usually is accompanied by some discomfited stumbles. What was your most unexpected lesson in leading for growth?*

A. Our plants of Trombay are situated in the heart of biggest metropolitan city of Mumbai and Thal in Alibag, 100 kms from Mumbai continued production and distribution of fertilizers & chemicals during lock down & thereafter, providing essential fertilizers & chemicals to farmers and chemical industry. Our IPD division is making record sales and supply of our fertilizers continues unhindered.

Stumbles or setbacks give opportunity to review the course of action towards growth and amend accordingly.

However, our plants are of old vintage and have experienced unexpected breakdowns. This, I view as early signals and would like to ensure steps for reliability in operations by phased replacements.

Shri Umesh Dongre is presently working as Director

(Finance) in the board of Rashtriya Chemicals and Fertilizers Limited since 8th February 2018. He is a distinction holder in Master of Commerce (M. Com) from Osmania University and Cost and Management Accountant. Shri Dongre started his career with National Bank for Agriculture and Rural Development (NABARD). Post qualification he worked with BHEL. During his tenure at BHEL, he was exposed to plant level costing, overhead absorptions, variance analysis, aberration analysis of mega projects etc.

He joined Indian Cost Accounts Service (ICoAS) in the year 1991 at India Government Mint at Hyderabad and actively participated in 3-Mints' modernization involving capital outlay of around Rs. 350 crores during 1991 to 1997. He was on deputation to Security Paper Mill, now under SPMCIL, from 1997 to 2001. Shri Dongre introduced highest level of internal control and updated financial modules in the organisation. He also implemented a Court decision involving a financial implication of Rs. 70 Crore in a record timeline.

Shri Umesh Dongre was on deputation in Department of Fertilizers and worked with Fertilizer

Industry Co-ordination Committee (FICC) from 2005 to 2011. He has formulated and implemented various Fertilizers subsidy policies during his tenure, which were duly accepted and appreciated by Government as well as by Industry. He has been associated with Department of Public Enterprises from 2011 to 2014, where he has interacted with all the CPSEs' in the country and got in-depth knowledge of CPSEs' working culture. During his tenure, he had formulated, modified and updated various guidelines and policies related to CPSEs.

Prior to joining RCF, Shri Dongre joined Office of Chief Advisor (Cost) (CAC) popularly known as Cost Account Branch under Department of Expenditure as Advisor (Cost) in the rank of Joint Secretary to GoI. He was on several committees and boards, few being NPPA, Interlinking of Rivers, Market Intervention Scheme for Food Grains etc. Shri Umesh Dongre has rich experience of over 35 years in various Ministries, Departments and CPSEs at various capacities and has expertise in Cost - Pricing studies, project finance, project management, corporate finance, budgetary control, statutory and management reporting, project funding to name a few. During the entire career his services have been recognised and appreciated.

Q *Do you see any impact in terms of product pricing mechanism on account of sudden outbreak of pandemic Coronavirus?*

A. The impact is mixed one. On one hand there appears to be a big rush at farmers' level to buy and store fertilizers, may be due to perceived uncertainty about future, and on the other, land under cultivation has increased partly due to reverse migration of labour. In general Fertilizers sale has increased. The prices are largely administered ones.

Q *Can you throw light on the response from the stakeholders post starting a Methanol Plant at Trombay Unit, Mumbai recently providing alternate to import and thus contributing towards Government's ambitious 'Atmanirbhar Bharat' Abhiyaan.*

A. Drawing inspiration from the Hon'ble Prime Minister's 'Atmanirbhar Bharat Abhiyaan', RCF has successfully resumed Methanol production at its Trombay Plant. This plant has been restarted after a gap of about two years. The plant had been stopped due to financial non-viability owing to high cost of imported RLNG (Raw material for Methanol) and cheap import prices of Methanol.

RCF Methanol plant has production capacity of around 220 MTPD. Around 60 MTPD of the Methanol produced is consumed in-house. 160 MTPD of methanol is available for sale. Though part of it, average 100 MTPD, is sold to the customers, around 60 MTPD of Methanol is excess.

NITI Aayog has plans for Implementation of M15 program (i.e. 15% Blending of Methanol in Petrol) in India. RCF proposes to be a partner in the implementation of this initiative in the western region. We have already intimated to NITI Aayog and sought intervention in facilitating a long term off-take agreement for Methanol between RCF and adjacent Oil companies. RCF has also intimated its willingness to supply methanol to HPCL and BPCL

refineries, which are adjacent to our Trombay Plant, on long term basis.

Q *"With continued government focus on MSMEs, recently with Atmanirbhar package the sector is expected to continue being the growth engine of the Indian economy and provide employment to millions of unskilled and semi-skilled people across the country". Elucidate your views regarding to what extent it will be successful for the MSME sector.*

A. Government's Atmanirbhar package definitely will be a growth engine of Indian Economy and help in employment of skilled and semi-skilled labourers.

As per MSE policy, purchase preference and other benefits are applicable to Micro and Small Enterprises only, for which enterprises with turnover up to Rs.50 crores stand to benefit. Therefore, only some enterprises are getting benefitted. MSEs in other industries like manufacture of HDPE bags have turnover of more than Rs.50 crores and hence will not get MSE benefit. Hence the scope in terms of turnover and also reserved items needs to be widened.

Government should also focus on quality offered by MSEs. They may be encouraged to take certifications like ISO. Their rating based on quality shall also be considered for financial benefits to MSE.

Similarly, MSEs should be trained to sensitise them on various contract laws and meeting contractual commitments. They often falter in fulfilling them like delay in supplies, incomplete deliveries etc.

At the national perspective, MSE policies have already started showing the visible results. Even during the lean financial patch, the nation has been passing through, at present, the share of MSEs, which stood at 30.95% at the end of the fiscal year 2019-20, (₹124,021.62 Cr. total procurement / ₹38,386.09 Cr. from MSEs) has gone up to 33.31% till the end of October, 2020 (₹47,031.54 Cr. total procurement / ₹15,620.91 Cr. from MSEs), as far as the

procurements from Central Public Sector Enterprises is concerned. It is likely to go still up by the end of this financial year. With the more business and with better cash flow/speedy payment realisations through the financial tool of TReDS (Trade Receivables electronic Discounting System), the business of the MSEs is expected to grow and so is the employment scenario leading to more even distribution of wealth.

Q *According to you, what more improvement required in this arena?*

A. Latest Technology, ability to handle external environment and the financial support are the major ingredients for success of every business. With doing away of Global Tendering for procurements below ₹200 crores, the Government of India has already made its intent clear about the support to MSEs for handling external environment. More thrust is needed on part of the Government of India, in facilitating the MSEs an access to the Green Technology, which is the need of the hour. The Government can also step in by providing more and more Cluster Developments so that the latest machinery and Equipments are collectively available and already scarce resources of the MSEs are not blocked in getting these facilities individually. Any help on working capital and credit facilities and a due reasonable protection from predatory pricings by the industry big brothers is always welcome for any entrepreneurship and more so in case of the MSEs. I may suggest (although, it may sound presumptuous) that the list of 358 items exclusively reserved for the procurements from MSEs is grossly insufficient and the perimeter of this procurement may be expanded by including many more items, which are not of much critical nature to the industry. These measures will go a long way in strengthening the growth of MSE sector and thereby facilitating the Government of India's endeavour to generate the employment in general.

Q *What is your outlook for the Fertilizers industry in the near medium and long term?*

A. The general age of Fertilizer Plants across the country is very old. To ensure food security uninterrupted ensured fertilizer supply is essential. This is possible only when Industry as a whole resort to upgradation or replacement of their plants with state of art technology plants of high energy efficiency. Some State assistance in financial terms may be necessary to ensure viability as Government is ultimate beneficiary. The focus need to shift away from chemical fertilizers. Use of Organic, Bio and Nano fertilizers need to be encouraged to stop erosion of soil health.

Q *"In consonance with the PM's mission and Vision 2022, RCF endeavours to be one of the main driving forces behind India's sustainable agriculture." Which innovative projects are there in your pipeline for the next couple of years to promote Indian fertilizer and industrial products?*

A. With the notification of New Urea policy with reduced norms for RCF Trombay and Thal units, RCF in the past few years had focussed primarily on energy saving features to ensure viability/profitability of the existing operations.

Presently, in addition to energy saving schemes, RCF as an equal partner along with GAIL and CIL is implementing Coal based Fertilizer plant at Talcher Orissa. The project is of strategic importance to the country and its success shall be a game changer considering use of Coal as feedstock as an alternate to the ever depleting source of Natural gas.

RCF is currently exploring following projects for the overall growth of the company:

SN	Project	Present Status
1	City Compost, Trombay	Bidder identified Awaiting MDA confirmation
2	New AN melt plant at Trombay	Feasibility stage
3	New CNA (concentrated Nitric Acid) Plant based at Trombay	Feasibility stage
4	Water Soluble Fertilizer manufacturing plant at Thal	Feasibility stage
5	DAP / NPK plant at Thal	Feasibility stage
6	ISO Propyl Alcohol (IPA) manufacturing plant (Thal/ Trombay)	Feasibility stage
7	New Methylamines	Prefeasibility stage
8	New Ammonium Bicarbonate	Prefeasibility stage
9	New AN Melt and Nitric Acid Plant at Thal using excess available Ammonia.	Prefeasibility stage

Q *What more eco-friendly and cost-effective measures are you planning to make our Nation proud? Please suggest in what ways Cost and Management Accountants (CMAs) may offer their expertise more effectively in this quest.*

A. The Company has taken various initiatives to support the Atma Nirbhar Bharat campaign of the GoI. It has restarted Methanol Plant, which had been shut down due to economic viability in the past few years. The country is heavily dependent on imports of Methanol. It has ensured continuous production at its production facilities; keep the emission levels well within the prescribed limits and taking due care of the environment. The Company is committed to ensure continuous supply of fertilizers to maintain food security of the country. Further, the Company has ably imported Urea on behalf of GoI to fill the gap between supply and demand.

Ensuring optimal product mix and timely pricing and procurement decisions have ensured that optimum results are achieved. At the same time, facilitating capex decisions to improve the operating and financial performance of plants have been a key improvement area in which CMAs can and have contributed in the quest for posting better results.

Ensuring all statutory and financial compliances is another area where CMAs have offered their expertise. Ensuring fiscal discipline and efficient treasury management have also gone a long way in long term sustenance of the Company.

Q *What are the various ways your organization can integrate with our Institute for the diverse avenues in professional development matters?*

A. RCF has continuous engagement with the Institute in various ways, starting from participations in various programs, award competitions to professional involvement. We look towards the Institute for professional guidance in the matters such as GST, impairment losses, past period expenses etc. Also Institute's guidance is valuable in costing matters of complicated nature.

30 CMAs are a part of RCF Finance Team. We can form a Study circle of these CMAs and programmes can be arranged for them in the company itself under guidance of the Institute. This will be of great help to group members for their professional development.

RCF is already imparting practical trainings to the students and scope for the same can be extended always.