

Government invites merchant bankers to divest stake in NFL, Rashtriya Chemicals

To sell 20% in NFL, 10% in RCF through offer-for-sale route

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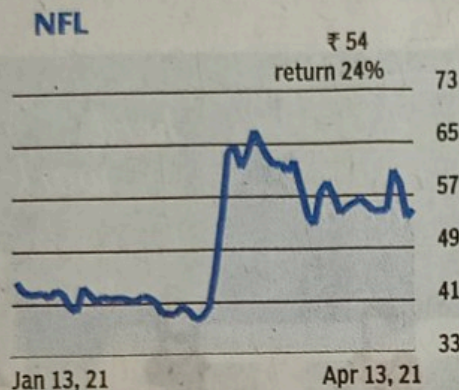
New Delhi, April 13

The government has invited bids to appoint merchant bankers and 'selling brokers' to divest part of its stake in two fertiliser companies - National Fertilizers (NFL) and Rashtriya Chemicals and Fertilizers (RCFL). According to the proposal floated by the Department of Investment and Public Asset Management (DIPAM), the government proposes to sell 20 per cent stake in NFL and 10 per cent in RCF.

Shares of RCF closed 3.4 per cent up at ₹74.25 on the BSE while NFL shares closed 2.25 per cent higher at ₹54.45.

NFL stake sale

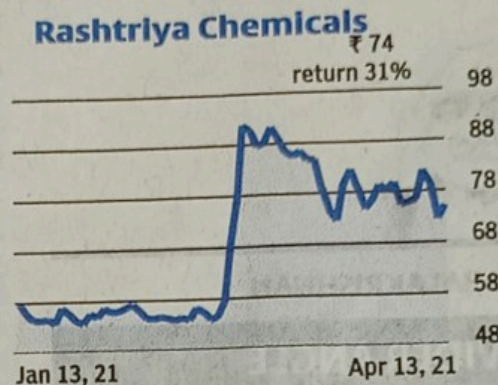
The central government holds a



74.71 per cent stake in NFL. Disinvestment of 20 per cent stake will take place through the Offer-for-Sale (OFS) method. The government is also considering allotting shares to eligible and willing employees of NFL at a discount on the issue/discovered price (lowest cut-off price).

NFL has an authorised capital of ₹1,000 crore, and a paid-up capital of ₹490.58 crore.

The company has five gas-based ammonia-urea plants with a total annual installed capacity of 35.68



LMT. NFL is the second-largest producer of urea with a share of about 15 per cent of total production in the country.

RCF's disinvestment

The government has a little over 75 per cent stake in the company. Around, 10 per cent of this holding will be offloaded through OFS. Here too, employees will be offered shares at a discounted price.

The authorised share capital of the company is ₹800 crore, and the paid-up equity capital is

₹551.69 crore as on March 31, 2020. The company earned a net profit of ₹208.15 crore during FY2019-20. It has a net worth of ₹3,186.27 crore.

Production capacity

The company has two operating units, one at Trombay in Mumbai and the other at Thal, Raigad district, about 100 km from Mumbai. It manufactures urea, complex fertilisers, bio-fertilisers, micro-nutrients, 100 per cent water soluble fertilisers, soil conditioners and a wide range of industrial chemicals. The firm produces around 25 Lakh MT Urea, 4.75 LMT complex fertilisers and 4.5 LMT of industrial chemicals every year.

Besides fertiliser products, RCF also produces a large number of industrial chemicals that are important for manufacturing dyes, solvents, leather, pharmaceuticals and a host of other industrial products.