नेशनल फर्टिलाइज़र्स लिमिटेड
(भारत सरकार का उपक्रम)
कॉरपोरेट कार्यालय : ए-11, सैक्टर 24, नोएडा - 201301
जिला गौतम बुद्ध नगर (उ.प्र.),
दूरभाष : 0120 2012294, 2412445, फैक्स : 0120-2412397

एन एफ एल
NFL

NATIONAL FERTILIZERS LIMITED
(A Govt. Of India Undertaking)
Corportate Office : A-11, Sector 24, Noida 201301,
Distt. Gautam Budh Nagar (U.P.)
Ph.: 0120-2412294, 2412445, Fax : 0120-2412397

No. NFL/SEC/SE/ 1368 **Dated: 26.08.2019**

Dy. General Manager (Corp. Relations) **Bombay Stock Exchange Limited,** **Floor 25, Phiroze-Jeejeebhoy Towers,** **Dalal Street,** **Mumbai – 400001.**	**Asstt. Vice President (Listing),** **National Stock Exchange of India Limited,** **Registered Office (Exchange Plaza),** **C-1, Block-G, Bandra Kurla Complex,** **Bandra (E), Mumbai - 400051**

Sub: 45th Annual General Meeting Notice & Annual Report for FY 2018-19.

Dear Sir,

This is to inform that the 45th Annual General Meeting (AGM) of the Shareholders of the Company is scheduled to be held on **Wednesday, 18th September, 2019 at 2:30 PM** at Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi – 110003. We are enclosing herewith the Notice of 45th Annual General Meeting & Annual Report for the year 2018- 19.

The Annual Report 2018-19 along with AGM Notice is also available on the website of the Company at www.nationalfertilizers.com.

This is submitted for your intimation and records.

Thanking you,

Yours faithfully,
For National Fertilizers Limited

R. Kumar

(Raj Kumar)
Company Secretary

NATIONAL FERTILIZERS LIMITED

CIN: L74899DL1974GOI007417
Registered Office: Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi – 110 003.
Website: www.nationalfertilizers.com | Email: investor@nfl.co.in
Tel: 011-24360066, 24361252 Fax: 011-24361553

NOTICE OF 45th ANNUAL GENERAL MEETING

Notice is hereby given that the 45th Annual General Meeting of the Members of National Fertilizers Limited will be held on Wednesday, the 18th day of September, 2019 at 2:30 PM at Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi – 110003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended March 31st, 2019 together with the Board's Report and the Auditors' Report thereon and comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013.
2. To declare final dividend of ₹0.77 per equity share for the financial year ended March 31st, 2019 and to confirm the interim dividend of ₹1.09 per equity share, already paid in the month of February, 2019.
3. To appoint a director in place of Shri Devinder Singh Ahuja (DIN: 07687173), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri Dharam Pal (DIN: 02354549), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
5. To authorize Board of Directors of the Company to fix remuneration of the Statutory Auditor(s) of the Company in terms of the provisions of Section 142(1) of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

   "**RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditor(s) of the Company appointed/to be appointed by Comptroller and Auditor General of India for the Financial Year 2019-20 as may be deemed fit by the Board."

SPECIAL BUSINESS

6. To appoint Shri Virendra Nath Datt (DIN: 07823778), as Director (Marketing) of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

   "**RESOLVED THAT** pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder, Shri Virendra Nath Datt (DIN: 07823778), who was appointed as Director (Marketing), by the President of India through Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide Order No. 82/01/2018-HR-I dated 09.10.2018 and subsequently designated as KMP under Section 203 of the Companies Act, 2013 by the Board of Directors with effect from 11th October, 2018 and holds office upto the date of 45th Annual General Meeting and in respect of whom the Company has received a notice under Section 160 of Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as Director (Marketing) of the Company, liable to retire by rotation, on such terms & conditions as may be fixed by the Government of India."
7. To appoint Shri Partha Sarthi Sen Sharma (DIN: 03210350) as Government Nominee Director on the Board of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, read with Rules made thereunder, Shri Partha Sarthi Sen Sharma (DIN: 03210350), who was appointed as Government Nominee Director, by the President of India through Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide Order No. 130/8/2003-HR-I dated 21.12.2018, and subsequently appointed as an Additional Director in terms of Section 161 of the Companies Act, 2013 under the category Non-Executive Director (Government Nominee) by the Board of Directors with effect from 28th December 2018 to hold office upto the date of 45th Annual General Meeting, and in respect of whom the Company has received a notice under Section 160 of Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as Government Nominee Director of the Company, liable to retire by rotation, on such terms & conditions as may be fixed by the Government of India.**"**
8. To ratify the remuneration of the Cost Auditors for the financial year ending March 31st 2020, and in this regard to consider and if thought fit, to pass with or without modification(s), following resolution as an Ordinary Resolution:-

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014 (including any statutory modification or re-enactment thereof), the remuneration

payable to Cost Auditors M/s. R. K. Patel & Co., M/s. Ravi Sahni & Co., M/s. K. L. Jaisingh & Co. and M/s. Musib & Co., who have been appointed by the Board as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31.03.2020 amounting to ₹1,00,000/-, ₹50,000/-,₹50,000/-, ₹50,000/- respectively and additional fee of ₹15,000/- payable to M/s. R. K. Patel & Co. as lead Cost Auditor, as also payment of TA/DA, GST and out of pocket expenses incurred by the Cost Auditors during the course of Cost Audit of the Units, as per the Company Rules, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, to give effect to this resolution."

9. To increase the borrowing limits of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, consent of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company or Committee thereof (Board) to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any body corporate/ entity/entities and/or authority/authorities, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, bonds, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding ₹13000 Crores (Rupees Thirteen Thousand Crore only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

10. To approve the creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a) of the Companies Act, 2013 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, consent of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof constituted for this purpose) to create such charges, mortgages and hypothecations in addition to existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future and in such form and manner as the Board may deem fit in favour of Banks/ Financial Institutions/ Agents/ Trustees/ foreign lender(s) / anybody corporate/ entity/entities/ authority/authorities, etc. (hereinafter referred to as "Lenders") for securing the borrowings availed/to be availed by way of rupee/foreign currency loans, other external commercial borrowings, issue of debentures / Bonds/any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time on such terms and conditions as may be mutually agreed with the Lenders of the Company towards security for borrowing of funds within the limits approved u/s 180(1)(c) of the Companies Act, 2013, for the purposes of business of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute agreements, deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

Registered Office:
Scope Complex, Core III,
7, Institutional Area, Lodhi Road, New Delhi-110 003.
Date: 02nd August, 2019

By Order of the Board of Directors
For National Fertilizers Limited

Raj Kumar
Company Secretary
A-11914

NOTES:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts in respect of Special Business (Item No. 6 to 10) is annexed hereto. The relevant details as required under Regulations 36 (3) of SEBI (LODR) Regulations, 2015, of the persons seeking appointment / re-appointment as directors under Item no. 3, 4, 6 and 7 are also annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
3. Every member entitled to vote at a meeting of the company or on any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the company, provided not less than three days' notice in writing of the intention to inspect is given to the company.
4. Attendance Slip, proxy form and route map of venue of Annual General Meeting are available separately in the notice.
5. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. The Board of Directors, in its meeting held on February 01, 2019, had declared an interim dividend @ 10.90 % (₹1.09 per share) on the paid-up equity share capital of the company. Members who have not encashed or not received their dividend warrants may approach RTA of the Company. The Board of Directors, in its Meeting held on June 04, 2019, has recommended a final dividend @ 7.70% (₹ 0.77 per share) on the paid-up equity share capital of the company.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 12.09.2019 to 18.09.2019 (both days inclusive).
8. Board has recommended a final dividend of ₹0.77 per equity share of ₹10 each. The dividend, if declared by the members at the said Annual General Meeting, will be paid within a period of 30 days from the date of declaration, to the members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before Wednesday, 11th September, 2019 and to the respective Beneficial Owner as at close of business hours on Wednesday, 11th September, 2019, as per details thereof to be furnished by the depository.
9. Members holding shares in electronic form may please note that the bank account details and 9-digit MICR Code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through Electronic Clearing Service (ECS), or for printing on dividend warrants, wherever applicable. Members are, therefore, requested to update their bank account particulars, change of address and other details with their respective Depository Participants for shares held in demat mode and with the RTA for shares held in physical form.
10. Reserve Bank of India (RBI) is providing ECS/NECS facility for payment of dividend in select cities. Members holding shares in physical form are advised to submit particulars of their bank account, viz, names and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by Wednesday, 11th September, 2019 to the RTA.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of copy of PAN card to the Company/Depository Participant as the case may be. Members holding shares in physical form should submit their PAN details to the Company/RTA (M/s. MAS Services Limited, T-34, IInd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020, e-mail ID: info@masserv.com).
12. Members holding shares in physical form should notify change in their addresses, if any, to the Registrar & Transfer Agent specifying full address in block letters with code of their post offices. Members holding shares in electronic form (demat), should inform the change of address to their depository participant.
13. Members are requested to bring their Client ID and DP ID or Folio Numbers, as may be applicable, for easy identification of attendance at the meeting.
14. Electronic copy of the Notice of the 45th Annual General Meeting together with Annual Report for 2018-19 of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For Members who have not registered their email address, physical copy of the Notice alongwith Annual Report for 2018-19 indicating process and manner of e-voting along with attendance slip and proxy form are being sent in the permitted mode.

Members may also note that Notice of 45th Annual General Meeting together with Annual Report for 2018-19 are also available on the Company's website www.nationalfertilizers.com for their download. The physical copies of the aforesaid documents are also available at the Company's Registered Office.

15. Members who hold shares in identical names or joint holding in the same order of names are requested to write to the Registrar & Transfer Agent enclosing their share certificates to enable the Company to consolidate their holdings in one Folio.

16. **Unpaid/Unclaimed Dividend :**

The Company has transferred the unpaid or unclaimed dividends declared upto financial year 2010-11, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company, as on 27.09.2018 (date of previous AGM) on the website of the Company (www.nationalfertilizers.com) as also on the website of the IEPF Authority and the same can be accessed through the link https://www.iepf.gov.in.

Members, who have not so far encashed or not received the dividend, are requested to seek issue of duplicate warrant(s) by writing to the Registrar and Transfer Agents, M/s. MAS Services Limited. Members are requested to note that no claims shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first become due for payment. Due date for transfer of unclaimed dividend to IEPF for the financial year 2011-12 is 18th October, 2019.

Transfer of shares to IEPF

The Members may kindly note that pursuant to the provisions of Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ("IEPF Rules"), all shares in respect of which dividend has remained unclaimed/unpaid for seven consecutive years or more shall be transferred by the Company in favour of IEPF.

In pursuance of the IEPF Rules, the Company has communicated individually to the concerned shareholders whose shares are liable to be transferred to IEPF. The Company has also uploaded full details of such shareholders and shares due for transfer to IEPF on its website at www.nationalfertilizers.com under the section "Investors Desk".

17. **Members holding shares in physical mode:**

(i) are required to submit their Permanent Account Number (PAN) and bank account details to the RTA/Company, if not registered with the Company as mandated by SEBI vide their circular dated 20th April, 2018.

(ii) are advised to register the nomination in respect of their shareholding in the Company. Nomination Form (SH-13) is uploaded in the Company's website and can be accessed at link: http://www.nationalfertilizers.com.

(iii) are requested to register/update their e-mail address for receiving all communications from the Company electronically. Members are requested to send the required information along with relevant documents to the RTA.

18. **Members holding shares in electronic mode:**

(i) are requested to submit their PAN and Bank account details to their respective DPs with whom they are maintaining their demat accounts as mandated by SEBI vide their circular dated 20th April, 2018.

(ii) are advised to contact their respective DPs for registering the nominations.

(iii) are requested to register/update their e-mail address with their respective DPs for receiving all communications from the Company electronically.

Separate communication has already been sent to all the members by the RTA who have not registered their PAN/Bank Account details.

19. In accordance with the amendments to Regulation 40 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, to be made effective from 05th December, 2018, Securities and Exchange Board of India has revised the provisions relating to transfer of listed securities and decided that except for transmission and transposition cases, requests for effecting transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a depository. The measure is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Transfer of securities only in demat form will improve ease, convenience and safety in transactions for investors.

In view of the above, members holding shares in physical form are requested to convert their shares to dematerialized form to eliminate all associated risks.

20. Pursuant to Section 143(5) of the Act, the Auditors of a Government Company have been appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of sub-section (1) of Section 142 of the Act, their remuneration has to be fixed by the Company in the meeting or in such manner as the Company in General Meeting may determine. Accordingly, resolution at

Agenda Item No. 5 under the head of ordinary business has been proposed.

21. **Dispatch of documents through electronic mode / Registration of E-mail addresses**

    In pursuance of the provisions of the Companies Act, 2013 and the Rules made thereunder, the Company proposes to send documents like notice of general meeting, annual report, etc. to the shareholders through electronic mode. The members who have not registered their e-mail address so far, are requested to register their email address (or change therein, if any) with their Depository Participants (where the shares are held in dematerialized form) or Company's Registrar and Share Transfer Agent (where the shares are held in physical form) by submitting the E-communication Registration Form attached herewith.

22. All documents referred to in the accompanying Notice are open for inspection at the registered office of the Company on all working days between 10.30 am to 03.30 pm prior to Annual General Meeting.

23. Annual listing fee for the year 2018-19 has been paid to all Stock Exchanges wherein shares of the Company are listed. Also, the Annual Custodian Fee for the year 2018-19 was paid to both Depositories i.e. Central Depository Services (India) Limited and National Securities Depository Limited.

24. None of the Directors of the Company is in any way related with each other.

25. **Shareholders may kindly note that no gifts/refreshment boxes/coupons will be distributed at the Annual General Meeting.**

26. Shareholders are requested to bring their copy of Annual Report to the meeting.

27. In case Members have any query relating to the Financial Statements or about the operations of the Company, they may send the same to the Company Secretary at the Registered Office of the Company at least seven days in advance of the Meeting so that the information called for can be made available at the meeting.

28. For the convenience of the shareholders, attendance slip-cum-entry pass is annexed, Shareholders/Proxy holders/Authorized Representatives are requested to fill and sign at the space provided therein and surrender the same at the venue. Proxy/Authorized Representatives of shareholders should state on their attendance slip-cum-entry pass as 'Proxy' or 'Authorized Representative' as the case may be.

29. Only members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered Folios wherein the name of the sole holder/first joint-holder is same, only the first joint-holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting.

30. Due to strict security reasons, no eatables, helmet, briefcase or bag, mobile phone, etc. will be allowed inside the Auditorium. Persons attending the meeting are, therefore, requested to make their own arrangement for safe custody of such articles.

31. E-voting in compliance with provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members with facility to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means. The members whose names appear in the Register of Members / List of Beneficial Owners as on 11.09.2019 i.e. the date prior to commencement of Book Closure are entitled to vote on the resolutions set forth in this Notice. The members may cast their vote on electronic voting system from place other than the venue of the meeting (Remote E-voting) as detailed below:-

1.	Date and time of commencement of Remote E-voting	15th September, 2019 (9.00 AM)
2.	Date and time of ending of Remote E-voting	17th September, 2019 (5.00 PM)
3.	The Remote E-voting shall not be allowed beyond the said date and time. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.	
4.	Website details of the Company / Agency, where the Notice of AGM is displayed	www.nationalfertilizers.com www.evoting.nsdl.com
5.	Website for Remote E-voting	https://www.evoting.nsdl.com

The instructions for members for voting electronically are as under:-

I. In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):

a. Open e-mail and open PDF file viz."NFL-remote e-voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.

b. Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

c. Click on Shareholder-Login.

d. Put user ID and password as initial password noted in step (a) above. Click Login.

1. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

2. Your password details are given below:

a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

3. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

4. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

5. Now, you will have to click on "Login" button.

6. After you click on the "Login" button, Home page of e-Voting will open.

e. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com to reset the password.

f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

g. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

h. Select "EVEN" of "National Fertilizers Limited".

I. Now you are ready for remote e-voting as Cast Vote page opens.

j. Cast your vote by selecting appropriate option i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

k. Upon confirmation, the message "Vote cast successfully" will be displayed.

l. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

m. Once you have voted on the resolution, you will not be allowed to modify your vote.

n. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sachin@companylawworld.com with a copy marked to evoting@nsdl.co.in.

II. In case of Members receiving Physical copy of Notice of 45th Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy).

a. Initial password is provided in the box overleaf.

b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.

A. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free No.: 1800-222-990 or send a request at evoting@nsdl.co.in

B. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

C. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 11.09.2019.

D. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 11.09.2019, may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or info@masserv.com.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

E. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

F. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

G. Shri Sachin Agarwal, Practicing Company Secretary of M/s. Agarwal S. & Associates (CP No. 5910), Company Secretaries has been appointed as Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

H. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

I. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

J. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.nationalfertilizers.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE/NSE.

Registered Office:
Scope Complex, Core III,
7, Institutional Area, Lodhi Road, New Delhi 110 003.
Date: 02nd August, 2019

By Order of the Board of Directors
For National Fertilizers Limited

Raj Kumar
Company Secretary
A-11914

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 6: Appointment of Shri Virendra Nath Datt (DIN: 07823778) as Director (Marketing)

Shri Virendra Nath Datt (DIN: 07823778), was appointed as Director (Marketing) of the Company by the President of India vide Order No. 82/01/2018-HR-I dated 9.10.2018 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India, for a period of five years from the date of assumption of charge of the post or till the date of superannuation or until further orders, whichever is earliest and was subsequently designated as KMP by the Board of Directors w.e.f. 11th October, 2018 to hold office up to this Annual General Meeting.

The Company has received requisite notice, pursuant to the provisions of Section 160 of the Act, proposing the candidature of Shri Virendra Nath Datt for appointment as Director (Marketing) of the Company at ensuing AGM. Nomination and Remuneration Committee has recommended the appointment of Shri Virendra Nath Datt as Director (Marketing) of the Company liable to retire by rotation in terms of Section 152 of the Act.

The remuneration, tenure and other terms and conditions of appointment shall be determined by the Government of India from time to time.

The details regarding his qualification, expertise, date of first appointment on the Board and other information are attached herewith which forms part of the Notice.

Shri Virendra Nath Datt is not disqualified from being appointed as a Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as a Director of the Company. Brief profile of Shri Virendra Nath Datt, nature of his expertise are also provided in the Directors' Profile annexed to Corporate Governance Report forming part of the Annual Report.

The Board of Directors is of the opinion that Shri Virendra Nath Datt fulfills the conditions of his appointment as Director (Marketing) of the Company. Keeping in view his vast experience and knowledge, it will be in the interest of the Company to appoint Shri Virendra Nath Datt as Director (Marketing).

Save and except Shri Virendra Nath Datt and his relatives, to the extent of their shareholding, interest, if any, in the Company, none of the Directors, Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.6 of the Notice for approval of the shareholders.

Item No. 7: Appointment of Shri Partha Sarthi Sen Sharma (DIN: 03210350) as Director

Shri Partha Sarthi Sen Sharma (DIN: 03210350), was appointed as Government Nominee Director of the Company by the President of India vide Order No. 130/8/2003-HR-I dated 21st December, 2018 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India and was accordingly appointed as Additional Director under the category Non-Executive Director (Government Nominee) w.e.f. 28th December, 2018, to hold office up to this Annual General Meeting.

The Company has received requisite notice, pursuant to the provisions of Section 160 of the Act, proposing the candidature of Shri Partha Sarthi Sen Sharma for appointment as director of the Company at ensuing AGM. Nomination and Remuneration Committee has recommended the appointment of Shri Partha Sarthi Sen Sharma as director of the Company liable to retire by rotation in terms of Section 152 of the Act.

The remuneration, tenure and other terms and conditions of appointment shall be determined by the Government of India from time to time.

The details regarding his qualification, expertise, date of first appointment on the Board and other information are attached herewith which forms part of the Notice.

Shri Partha Sarthi Sen Sharma is not disqualified from being appointed as a Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as a Director of the Company. Brief profile of Shri Partha Sarthi Sen Sharma, nature of his expertise are also provided in the Directors' Profile annexed to Corporate Governance Report forming part of the Annual Report.

The Board of Directors is of the opinion that Shri Partha Sarthi Sen Sharma fulfills the conditions of his appointment as Director of the Company. Keeping in view his vast experience and knowledge, it will be in the interest of the Company to appoint him as Director of the Company.

Save and except Shri Partha Sarthi Sen Sharma and his relatives, to the extent of their shareholding, interest, if any, in the Company, none of the Directors, Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.7 of the Notice for approval of the shareholders.

Item No. 8: To ratify the remuneration of the Cost Auditors for the financial year ending March 31st, 2020

Pursuant to the recommendation of the Audit Committee, Board of Directors in its meeting held on 02.08.2019 have approved the appointment of Cost Auditors and fixed their remuneration to conduct Audit of Cost records of the Company for the financial year 2019-20 as per the following details:-

Unit	Name of the Firm for Cost Audit	Fees (₹) (Excluding GST)
Vijaipur I & II	M/s R. K. Patel & Co., New Delhi	100000.00
Nangal	M/s Ravi Sahni & Co., New Delhi	50000.00
Bathinda	M/s K.L. Jaisingh & Co., Noida	50000.00
Panipat	M/s Musib & Co., New Delhi	50000.00
Consolidation of Cost Audit reports of all Units	M/s R. K. Patel & Co., New Delhi	15000.00

In accordance with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, requires ratification by the shareholders and hence, this resolution is put for consideration of the shareholders of the Company.

Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out at Item No.8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 2019-20.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.8 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.8 of the Notice for approval of the shareholders.

Item No. 9: To increase the borrowing limits of the Company

In the 40th AGM held on 05.09.2014, shareholders through a Special Resolution under Section 180(1)(c) of the Companies Act, 2013 had authorized the Board of Directors of the Company to borrow upto ₹5000 crore to meet the Capex requirements for 5 years. This Special Resolution is valid upto 4th September, 2019.

Net worth of the Company as on 31.03.2019 was ₹2,219.02 crore Long term borrowings of the Company as on 31.3.2019 were ₹341.49 crore including ECBs of ₹123.09 crore, which is well within net worth of the Company.

The stringent energy norms, which were to be implemented w.e.f. 01.04.2018 under New Urea Policy (NUP) have been deferred by the GoI for two years upto 31.03.2020 in respect of Nangal, Panipat, Bathinda and Vijaipur-I Units of the Company. In order to implement the revised energy norms w.e.f. 01.04.2020 company has already placed Work Order for setting up of Gas Turbine Generators alongwith Heat Recovery Steam Generation Unit at Panipat, Bathinda and Nangal Units at a cost of ₹696.74 crore.

Further, Energy Norms beyond 31.03.2025 may further be reviewed by Government for urea producing units. Considering the same, Company has plans for implementation of urea revamp alongwith installation of New Natural Draft Prilling Tower at Bathinda and Panipat Unit.

All the Units of the Company are old and may need major revamp in near future entailing huge capital expenditure. In addition to that Company may need funds for funding future capital projects.

Board has accorded its consent for enhanced fund based limit from ₹6000 crore to ₹8000 crore and increase in non-fund based limit of ₹3000 crore for LC and BG to ₹5000 crore keeping in view requirement of funds to finance imports and other working capital requirements. RBI Guidelines dated 05.12.2018 on Loan System for delivery of bank credit provide that in respect of borrowers having aggregate fund based working capital limit of ₹1500 million (₹150 crore) and above from the banking system, a minimum level of 'loan component' (Working Capital Loan) of 60 per cent shall be effective from 1st July, 2019. Drawings in excess of minimum loan component may be allowed in the form of cash credit facility. As a consequence, Company will have to maintain 60% as loan of the fund based working capital availed at any point of time.

As per explanation provided to Section 180(1)(c) of the Companies Act, 2013. temporary loans repayable after six months from the date of loan such as short term loan, cash credit arrangements, etc. fall in the category of long term loans.

In view of the above, the approval of shareholders is sought under Section 180(1)(c) of the Companies Act, 2013 for passing a Special Resolution as set out at Item No. 9 of the Notice. This resolution enables the Board of Directors of the Company to meet the present and future capital requirements of the Company.

The Board of Directors of the Company, in its 437th Meeting held on 2nd August, 2019, had approved the above proposal and recommended the proposal for approval of shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval of the shareholders.

Item No. 10: To approve the creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company

In terms of the provisions of Section 180(1)(a) of the Companies Act, 2013, a Company can sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking or undertakings of the Company with the consent of shareholders by way of a Special Resolution.

The consent of the shareholders through Special Resolution is proposed under section 180(1)(a) of the Companies Act, 2013 for creating charges, mortgages and hypothecations on movable and immovable properties, in favour of Banks/ Financial Institutions/ Agents/ Trustees/ foreign lender(s) / any body corporate/ entity/entities/ authority/authorities etc. (hereinafter referred to as "Lenders") for securing the borrowings availed/to be availed by the Company within the limits approved under Section 180(1)(c) of the Companies Act, 2013.

Accordingly, the approval of shareholders is sought under Section 180(1)(a) of Companies Act, 2013 for passing a Special Resolution as set out at Item No. 10 of the Notice, to create charges, mortgages and hypothecations on movable and immovable properties, in favour of Lenders for securing the borrowings availed / to be availed by the Company.

The Board of Directors of the Company, in its 437th Meeting held on 2nd August, 2019, had approved the above proposal and recommended the proposal for approval of shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of the Notice.

The Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval of the shareholders.

Registered Office:
Scope Complex, Core III,
7, Institutional Area, Lodhi Road, New Delhi 110 003.
Date: 02nd August, 2019

By Order of the Board of Directors
For National Fertilizers Limited

Raj Kumar
Company Secretary
A-11914

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Name	Shri Devinder Singh Ahuja (DIN: 07687173)	Shri Dharam Pal (DIN: 02354549)	Shri Virendra Nath Datt (DIN: 07823778)	Shri Partha Sarthi Sen Sharma (DIN: 03210350)
Date of Birth & Age	18.03.1960 (59 years)	25.10.1963 (55 Years)	20.02.1962 (57 Years)	30.06.1970 (49 Years)
Date of First Appointment	06.02. 2017	09.02.2016	11.10.2018	28.12.2018
Qualification	B.Sc. (Chemical) with Hons., Post Graduate Diploma in Project Management	BE (Electronics & Telecommunications), Master of Technology (Computer Controls & Instrumentation), PG Diploma in Disaster Management	MBA from Maharshi Dayanand University	Engineering graduate in Mechanical Engineering from Delhi College of Engineering (now Delhi Technological University), MBA from University of Ljubljana , Slovenia.
Expertise in specific functional area	Shri Devinder Singh Ahuja has worked across entire spectrum of a project cycle starting from concept development to front end engineering, asset construction, commissioning, operation, etc. He has 38 years long experience spanning across production, technical services and other departments at different Units of NFL. He has been responsible for commissioning of Ammonia plants in India and abroad and implementing various retrofits and energy saving schemes flawlessly. Shri Ahuja is also Director of Ramagundam Fertilizers and Chemicals Limited.	Shri Dharam Pal is a senior IAS Officer. He is presently holding the position of Additional Secretary, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. He has held many senior positions with the Central Government, Government of NCT of Delhi and UTs. He has also been conferred with National e-Governance Award. Shri Dharam Pal is also Managing Director of Fertilizer Corporation of India Limited and Hindustan Fertilizer Corporation Limited.	Prior to NFL, Shri. Virendra Nath Datt was Executive Director (Corporate Strategy, Planning & Advocacy) with GAIL (India) Limited. He was also on the board of Mahanagar Gas Ltd., Mumbai. Shri Datt has a rich marketing experience of over 33 years in the Natural Gas industry in India. He started his career with ONGC in 1985 and then moved to GAIL in 1995. Shri Datt has handled many important assignments in the Natural Gas business including import & marketing of regasified LNG in India, pooling of gas price for urea plants and numerous policy initiatives of the Government.	Prior to his appointment as Joint Secretary in Department of Fertilizers (DoF), Ministry of Chemicals & Fertilizers, Government of India in September 2018, Shri Partha Sarthi Sen Sharma has held various significant posts in UP State bureaucracy such as CEO Greater Noida Industrial Development Authority (GNIDA); Commissioner of Rural Development, Uttar Pradesh and Project Director-Community Project, Rural Development; Secretary in UP Chief Minister Office, Uttar Pradesh; Secretary Uttar Pradesh Secondary Education; Secretary Additional Sources of Energy etc. He has also worked in Corporate Sector with TELCO, Jamshedpur before becoming an IAS Officer. Presently, he is also holding the additional charge of the post of Chairman & Managing Director of Projects and Development India Limited and FCI Aravali Gypsum and Minerals India Limited.

Name	Shri Devinder Singh Ahuja (DIN: 07687173)	Shri Dharam Pal (DIN: 02354549)	Shri Virendra Nath Datt (DIN: 07823778)	Shri Partha Sarthi Sen Sharma (DIN: 03210350)
Number of Meetings of the Board held during the year and number of Board Meetings attended	9/10	7/10	5/5	1/3
Relationship with any other Director, Manager and other KMP of the Company	-	-	-	-
Directorship held in other companies	Ramagundam Fertilizers and Chemicals Limited	Fertilizer Corporation of India Limited, Hindustan Fertilizer Corporation Limited	Ramagundam Fertilizers and Chemicals Limited	FCI Aravali Gypsum and Minerals India Limited, Projects and Development India Limited
Membership/ Chairmanship of Committees across all Public Companies* held	**Audit Committee:** National Fertilizers Limited- Member **Stakeholders Relationship Committee:** National Fertilizers Limited- Member	-	**Audit Committee:** National Fertilizers Limited- Member (upto 19.07.2019) **Stakeholders Relationship Committee:** National Fertilizers Limited- Member (w.e.f. 02.08.2019)	-
No. of Shares Held	-	-	-	-

*** In line with Regulation 26 of SEBI Listing Regulations, 2015, membership of only Audit committee and Stakeholders Relationship Committee has been considered.**

Route Map - Venue of 45th Annual General Meeting



NATIONAL FERTILIZERS LIMITED

CIN: L74899DL1974GOI007417
Registered Office: Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi – 110 003.
Website: www.nationalfertilizers.com | Email: investor@nfl.co.in
Tel: 011-24360066, 24361252 Fax: 011-24361553

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)		E-Mail ID:
Registered Address:		Folio No./* DP & Client Id.

I/We, being the members(s) of_____ shares of the above named Company, hereby appoint:-

(1) Name:_____ Address: _____
E-Mail Id:_____ Signature:_____, or falling him/her;

(2) Name:_____ Address: _____
E-Mail Id: _____ Signature:_____, or falling him/her;

(3) Name:_____ Address: _____
E-Mail Id:_____ Signature:_____

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 45th Annual General Meeting of the Company to be held on **Wednesday, 18th September, 2019 at 2:30 PM** at Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi – 110003 and at any adjournment thereof in respect of such resolutions as are indicated below:-

Resolution No.	Description	**For	**Against
ORDINARY BUSINESS			
1.	To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended March 31st, 2019, together with the Board's Report and the Auditors' Report thereon and comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013.		
2.	To declare final dividend of ₹0.77 per equity share for the financial year ended March 31st, 2019 and to confirm the interim dividend of ₹1.09 per equity share, already paid in the month of Feb., 2019.		
3.	To appoint Shri Devinder Singh Ahuja (DIN: 07687173), as Director (Technical).		
4.	To appoint Shri Dharam Pal (DIN: 02354549), as Director.		
5.	To fix remuneration of Statutory Auditors for the Financial Year 2019-20.		
SPECIAL BUSINESS			
6.	To appoint Shri Virendra Nath Datt (DIN: 07823778), as Director (Marketing).		
7.	To appoint Shri Partha Sarthi Sen Sharma (DIN: 03210350), as Director.		
8.	To ratify the remuneration of the Cost Auditors for the financial year ending March 31st, 2020.		
9.	To increase the borrowing limits of the Company		
10.	To approve the creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company.		

Signed this _____day of _____, 2019.

Signature of the Shareholder

_____ _____ _____

Signature of first Proxy holder Signature of second Proxy holder Signature of third Proxy holder

Affix Revenue Stamp

Cut the Revenue Stamp

Note: Please read instructions given overleaf carefully.

***Instruction for Shareholders.**

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. A Proxy need not be a member of the Company.
3. For Resolutions, Statement pursuant to Section 102 of the Companies Act, 2013 and Notes, please refer to the Notice of 45th Annual General Meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. ****This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.**
6. This form of proxy shall be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.
7. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
8. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
9. If Company receives multiple proxies for the same holdings of a member, the proxy which is dated last will be considered valid; if they are not dated or bear the same date without specific mention of time, all such multiple proxies will be treated as invalid.

NATIONAL FERTILIZERS LIMITED

CIN: L74899DL1974GOI007417
Registered Office: Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi – 110 003.
Website: www.nationalfertilizers.com | Email: investor@nfl.co.in
Tel: 011-24360066, 24361252 Fax: 011-24361553

E-COMMUNICATION REGISTRATION FORM

Folio No. (FOR PHYSICAL SHARES) : _____

Name of 1st Registered Holder : _____

Name(s) of Joint holder(s) : _____

Registered Address : _____

E-mail ID (to be registered) : _____

Phone No./Mobile No. : _____

I/We, shareholders(s) of National Fertilizers Limited agree to receive communication from the Company in electronic mode. Please register my/our above e-mail in your records for sending communication through email.

Signature of Shareholders: **1.**_____ **2.**_____ **3.** _____

(as appearing in the Company's records)

Date:_____

Notes:

1. **Shareholders(s) is/are requested to keep the Company informed as and when there is any change in the email address.**
2. **In case, shares are held in electronic form, kindly register your email particulars with your Depository Participant.**

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NATIONAL FERTILIZERS LIMITED

CIN: L74899DL1974GOI007417
Registered Office: Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi – 110 003.
Website: www.nationalfertilizers.com | Email: investor@nfl.co.in
Tel: 011-24360066, 24361252 Fax: 011-24361553

ATTENDANCE SLIP

Please fill attendance slip and hand it over at the entrance of the meeting hall.

I/We hereby record my/our presence at the 45th Annual General Meeting of the Company held on Wednesday, 18th September, 2019 at 2:30 PM at Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi – 110003.

Name of Shareholders(s)_____

Name of Proxy(s)_____

Address _____

_____

DP ID No.		Regd. Folio No.	
Client ID No.		No. of Share(s) held	

Signature of Member(s)/Proxy

Note:

1. Please bring your copy of Annual Report to the meeting.
2. Due to strict security reasons, no eatables, helmets, briefcase, etc. are allowed inside the Auditorium.
3. Persons attending the meeting are, therefore, requested to make their own arrangement for safe custody of such articles.
4. **No gifts/ refreshment boxes/ coupons will be distributed at the meeting.**

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45th Annual Report 2018-2019

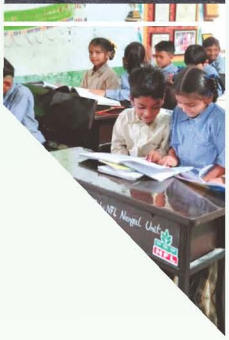
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NFL

















Higher Productivity
Faster Growth

नेशनल फर्टिलाइज़र्स लिमिटेड
National Fertilizers Limited

दृष्टि

सभी हितधारकों के लिए प्रतिबद्धता के साथ उर्वरक एवं अन्य क्षेत्रों में एक अग्रणी भारतीय कंपनी बनना

Vision

To be a leading Indian company in fertilizers and beyond, with commitment to all stakeholders

Mission

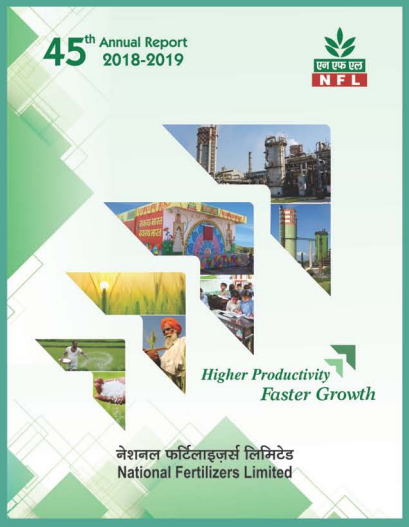
A dynamic organisation committed to serve the farming community and other customers to their satisfaction through timely supply of fertilizers and other products & services; continually striving to achieve the highest standards in quality, safety, ethics, professionalism, energy conservation with a concern for ecology and maximising returns to stakeholders

ध्येय

उर्वरकों एवं अन्य उत्पादों एवं सेवाओं की समय पर आपूर्ति के माध्यम से कृषक समुदाय एवं अन्य ग्राहकों की संतुष्टि के लिए प्रतिबद्ध एक गतिशील संगठन तथा गुणवत्ता, सुरक्षा, नैतिकता, व्यावसायिकता, पर्यावरण के प्रति सरोकार के साथ ऊर्जा संरक्षण एवं हितधारकों को अधिकतम लाभ अर्जित करने के प्रति निरंतर प्रयासरत

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Management Team

BOARD LEVEL

Shri Manoj Mishra
Chairman & Managing Director

Shri Devinder Singh Ahuja
Director (Technical)

Shri Virendra Nath Datt
Director (Marketing) and
Additional charge of Director (Fin.)

CORPORATE OFFICE (S/Shri)

Vigilance	D. K. Tewatia, IFS	Chief Vigilance Officer
Finance & Accounts, CO	N. S. Verma Ashutosh Arora	Executive Director Chief General Manager
Internal Audit, Law, CS & MS	R. K. Gogia A. K. Agarwal	Executive Director General Manager (MS)
Marketing **-Sales & Distribution & FMS** **-IPs, Domestic Trading, Agriculture Services**	Sohan Lal Anil Motsara	Executive Director General Manager
Finance & Accounts, CMO	Y. P. Bhola	Executive Director
Materials & Imports	J. P. Sachdeva	Executive Director
Projects	S. K. Shukla	Chief General Manager
Information Technology	S. M. Vashishth	Chief General Manager
Human Resource & Administration	Dinesh Sood S. C. Upadhyay Ms. Jaya Dixit	General Manager I/c General Manager General Manager
Technical	K. K. Goel	General Manager

UNIT HEADS (S/Shri)

Sanjeev Mehta
CGM, Nangal Unit

A. K. Jain
CGM, Bathinda Unit

Sunil Arora
CGM, Panipat Unit

Jagdeep Shah Singh
GM I/c, Vijaipur Unit

S.K. Srivastava
GM (O&M)

Rakesh Markan
GM (O&M)

Ratnakar Mishra
GM (O&M)

B. Gakher
GM (O&M)

Raj Kumar
Company Secretary
A-11914

AUDITORS
HDSG & Associates
Chartered Accountants, New Delhi
S. Mann and Company
Chartered Accountants, New Delhi

Registrar and Transfer Agents
MAS Services Limited
T-34, IInd Floor, Okhla Industrial Area-II
New Delhi-110020

Board of Directors



Shri Manoj Mishra
Chairman & Managing Director



Shri Devinder Singh Ahuja
Director (Technical)



Shri Virendra Nath Datt
Director (Marketing)



Shri Dharam Pal
Additional Secretary, DoF



Shri Partha Sarthi Sen Sharma
Joint Secretary, DoF



Shri Anil Verma
Independent Director



Shri Ramesh Kr. Agarwal
Independent Director



Smt. Kalpana Saini
Independent Director

Smt. Meenakshi Gupta
Govt. Nominee Director
upto 26.11.2018

Shri Rajiv Kumar Chandiok
Director (Finance) & CFO
upto 28.06.2019

Smt. Bhavnaben Kardambhai Dave
Independent Director
upto 30.06.2019

Performance Highlights

Best ever achievements during the FY 2018-19.

1 PBT of ₹463.37 crore.

2 Production of Urea: 38.59 LMT

3 Import of DAP/MOP/APS/NPK/Urea (Govt. Account): 13.90 LMT

4 Sale of DAP/MOP/APS/NPK/Urea (Govt. Account) Imported: 9.97 LMT

5 Sale of all fertilizers: 48.95 LMT

6 Revenue from operations: ₹12245.24 crore

7 Turnover from other products: 22.04%

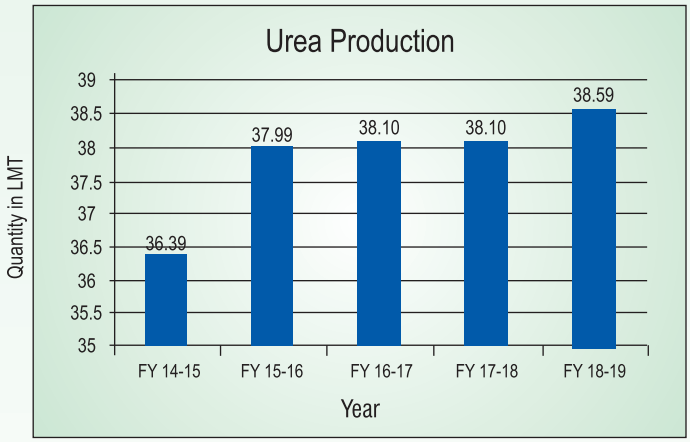
8 Ever lowest energy consumption at Nangal, Panipat & Bathinda.

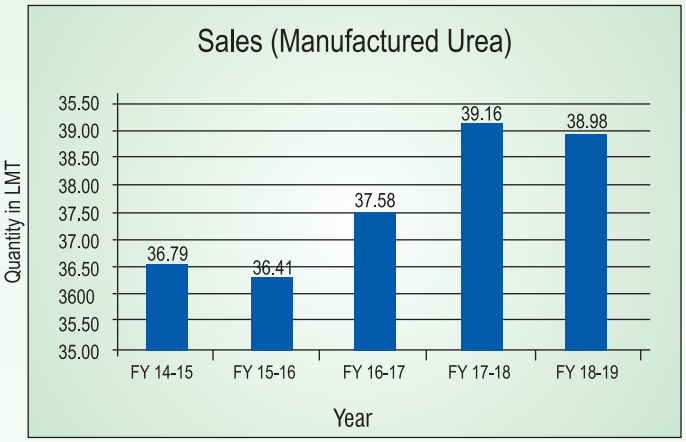
Best ever achievements during last 15 years:-

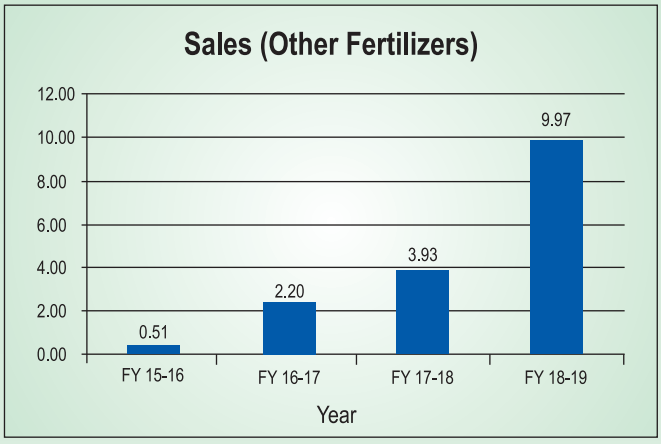
1 PAT of ₹298.45 crore.

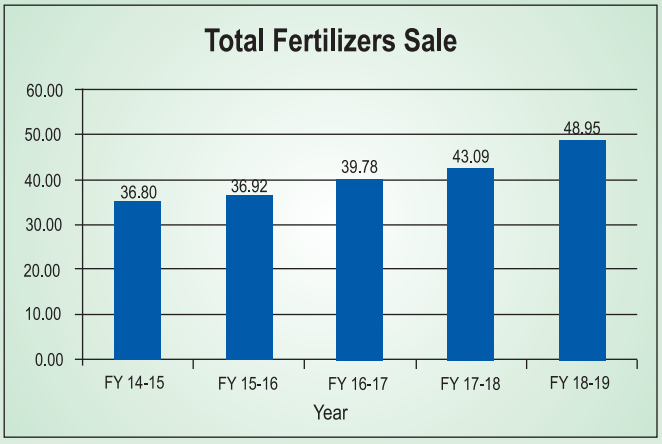
2 EPS of ₹6.08/- (share of ₹10 each).

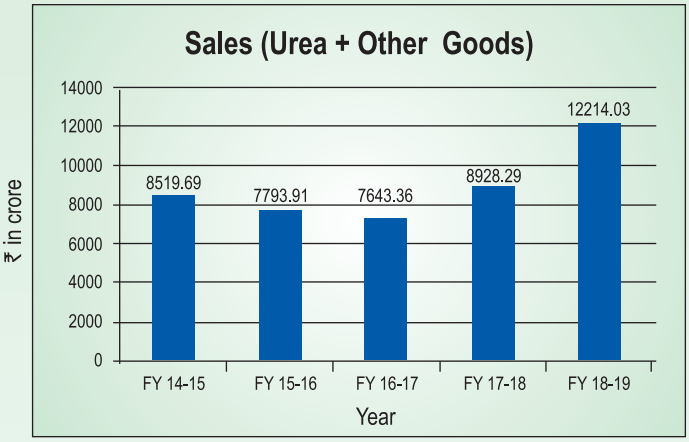
VALUE ADDED STATEMENT FY 2018-19

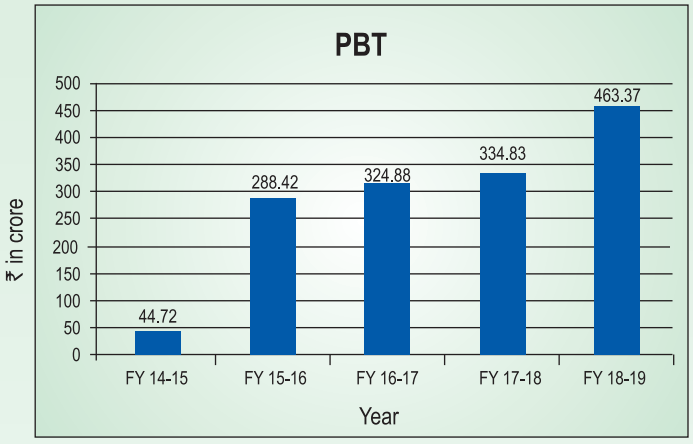


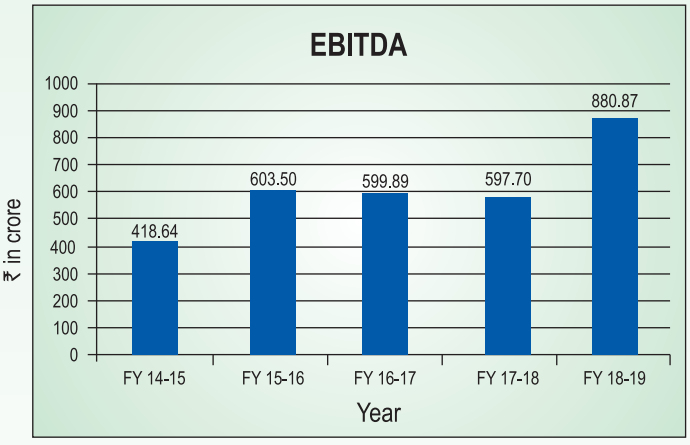


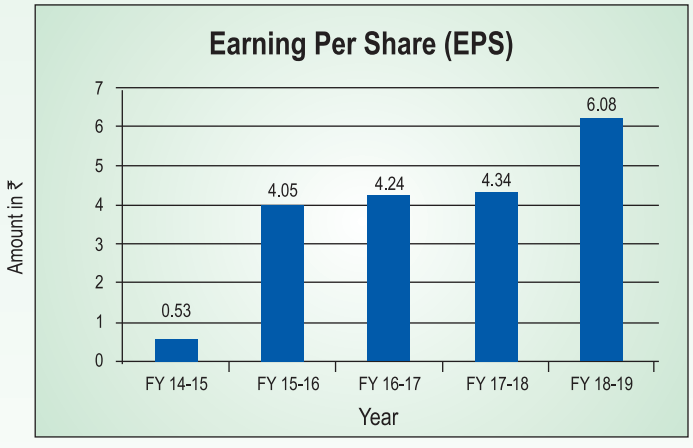

Sales (Other Fertilizers)
Quantity in LMT
12.00
10.00
8.00
6.00
4.00
2.00
0.00
0.51
2.20
3.93
9.97
FY 15-16
FY 16-17
FY 17-18
FY 18-19
Year


Total Fertilizers Sale
Quantity in LMT
60.00
50.00
40.00
30.00
20.00
10.00
0.00
36.80
36.92
39.78
43.09
48.95
FY 14-15
FY 15-16
FY 16-17
FY 17-18
FY 18-19
Year


Sales (Urea + Other Goods)
₹ in crore
14000
12000
10000
8000
6000
4000
2000
0
8519.69
7793.91
7643.36
8928.29
12214.03
FY 14-15
FY 15-16
FY 16-17
FY 17-18
FY 18-19
Year


PBT
₹ in crore
500
450
400
350
300
250
200
150
100
50
0
44.72
288.42
324.88
334.83
463.37
FY 14-15
FY 15-16
FY 16-17
FY 17-18
FY 18-19
Year


EBITDA
₹ in crore
1000
900
800
700
600
500
400
300
200
100
0
418.64
603.50
599.89
597.70
880.87
FY 14-15
FY 15-16
FY 16-17
FY 17-18
FY 18-19
Year


Earning Per Share (EPS)
Amount in ₹
7
6
5
4
3
2
1
0
0.53
4.05
4.24
4.34
6.08
FY 14-15
FY 15-16
FY 16-17
FY 17-18
FY 18-19
Year

Chairman's Message



Dear Shareholders,

I am pleased to share with all of you that the year 2018-19 was a better year than the previous year for the company. It is for the 4th time in a row that your company have performed commendably well and maintained its track of best ever performance. During 2018-19, your company registered a record Urea production of 38.59 LMT with 119% capacity utilization and also achieved ever best fertilizers sale of 48.95 LMT securing the leadership position amongst all the Fertilizers CPSEs. With such exceptional performance, your company has now attained 2nd ranking nationally in overall fertilizers sale from 4th rank held in 2017-18.

Your company has exhibited such performance even after many challenges and constraints of Fertilizer industry. Delay in payment of subsidy due to inadequate subsidy budget for Fertilizers, over regulations and procedural delays, unviable investment by Industry to reduce energy consumption without any policy dispensation from Govt, lack of availability of domestic gas to fertilizer sector, increasing trend in the price of spot RLNG, volatile prices of Fertilizers in international market remained the main challenges for the company during the year.

Despite these challenges, your company continued its journey on the growth trajectory and has excelled once again in production & sales through consistent and energy efficient operations of the plants and gradual switching over to Non-Urea business leading to record breaking top-line and bottom-line of the company.

Company's long term strategy to increase share of non-Urea business due to very thin margin in urea has started showing impact and your company has achieved significant growth during the year in Non-Urea segment. I am happy to share that your company has registered a growth of around 50% during 2018-19 in non-Urea segment over the previous year leading to a contribution of more than 22% in the overall turnover of the company against 15% achieved last year.

Your company imported significant volume of fertilizer like DAP, NPK, APS, to the tune of 8.93 Lakh MT, an increase of more than 90% over the previous year. In addition to this, your Company also handled and sold 3.71 Lakh MT of Urea imported in Govt. account at three ports during 2018-19.

In Seed Business, your company has also strengthened its position by bringing more progressive farmers under its umbrella to supply seeds. To further the flagship Seed Multiplication program, your company is already in the process of setting up its own seed processing plants at Panipat, Bathinda and Indore to ensure supply of good quality seeds to the farmers in the prestigious Kisan brand of the Company. Seeing the quality of seeds produced in the existing farm, your company is developing another R&D farm at Nangal Unit which will exclusively produce best quality foundation seeds from breeder seeds.

All the above efforts and achievements of the company have culminated into record turnover of ₹12245 crore (increase of 37% over previous year) and profit of ₹463 crore (increase of 38.2% over previous year) during 2018-19.

Your Company is leaving no stone unturned to strengthen its

marketing network and is now recognized as a Pan India fertilizer company after opening its 4th Zonal office at Hyderabad. This has been done to cater to the requirement of fertilizers and other agro products for southern part of the country. Further, the company has set footprints in Northeast as well after signing of MoU with BVFCL for marketing of Urea in North eastern parts of the country.

With the commitment of providing all types of fertilizers to farmers under one roof and to enrich the product line, your company has recently started trading of two new products, Water Soluble Fertilizers and Calcium Nitrate.

To enhance energy efficiency in plants, the work on the energy saving schemes in all Units is going on in full swing and is expected to be completed by March 2020. Your company has already taken up the matter with the Government of India to provide suitable dispensation for the investment being made by the company on these energy saving schemes to make it viable.

The Ramagundam JV project of your company is reaching an advanced stage of completion and is likely to be commissioned by March 2020. There is a delay in completion of the project by around 1½ years mainly due to delay in procurement of some critical equipment and a major delay in commissioning of gas pipeline.

Your company is currently in to a major recruitment drive to provide as well as train manpower for RFCL and also to bridge the talent gap of manpower at NFL due to massive retirements in the company.

In order to integrate and to bring transparency in various business processes, your company is in the process of implementing ERP based integrated Software solution for which tendering process is on.

Your company is also setting up NABL accredited Laboratories at its Panipat & Vijaipur Units to improve its testing facilities and to offer some quality testing services to other companies as well. I am pleased to share that your company has successfully carried out in-house modifications in the Nitric Acid Plant at Nangal Unit with effect from 01-04-2019 to meet the stringent NOx emission norms fixed by the Govt. This has saved significant amount of money and time of the company.

On the Research and Development front, your company has taken a leadership role and is already in the process of setting up Indian Council of Fertilizers and Fertilizer Technology Research (ICFFTR) to be dedicated for collaborative R&D efforts with other fertilizers CPSEs and Deptt. of Fertilizers.

Your company is implementing various developmental activities under its Corporate Social Responsibility (CSR). The company has undertaken projects in the areas of healthcare, Skill Development Training, sanitation, environment, education etc. for the socio economic development of communities around its plants and marketing territories. During the year, the company incurred an expenditure of ₹ 2.29 crore on CSR activities.

As per Government guidelines, your company has taken up CSR activities in the Aspirational Districts also, particularly in Mewat (Haryana) and Guna (Madhya Pradesh). Your company has also constructed a Swachhta Grih at Grishneshwar Temple in Aurangabad which is a heritage site of international repute. This sanitation facility constructed by NFL has enhanced the facility at this heritage site which is thronged by lakhs of people every year.

The performance of your company on various fronts has been well noticed and appreciated by various organisations. The testimony is the number of awards won by your company during the year on fronts like Safety, Environment, Productivity, Swachhata, Rajbhasha and overall performance. Your company has received 20 top awards from prestigious organisations, State and National Councils for its performance in specific areas.

As we continue our eventful journey, I express my gratitude for your continued support and unshaken faith in our endeavours.

I would like to place on record my sincere appreciation to the Board of Directors for their guidance. I would also take the opportunity to acknowledge the support of Department of Fertilizers, Statutory Authorities, Vendors and other stakeholders for their invaluable contribution in shaping the growth of your company.

I would also like to thank all my colleagues in the company for their unflinching dedication, commitment and contribution to take NFL forward. The team strived tirelessly to deliver the best-ever results for four years in a row.

With the confidence reposed by all of you, we are looking forward to continue on our vision in a manner that develops trust and enhances the long term value for all stakeholders.

With best regards,

Yours sincerely,

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
Date : 02nd August, 2019

Performance at a Glance

Financial Highlights

Particulars	As per IND AS									
	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Re-Assessed Capacity (RAC) (Lakh MT)	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31
Installed Capacity (Lakh MT)	35.68	35.68	35.68	35.68	35.68	35.68	34.92	32.31	32.31	32.31
Production (Urea) (Lakh MT)	38.59	38.10	38.10	37.99	36.39	36.36	32.11	34.01	33.80	33.30
Capacity Utilisation (Urea) (%) of RAC	119.4	117.9	117.9	117.6	112.6	112.5	99.4	105.3	104.6	103.1
Sales (Urea) (Lakh MT)	38.98	39.16	37.58	36.41	36.79	36.87	31.62	33.89	33.59	33.78
Bentonite Sulphur (MT)	6746	254	-	-	-	-	-	-	-	-
Sales (Traded Goods)										
Di - Ammonium Phosphate (MT)	503858	327753	213871	50747	-	-	-	-	-	-
Bentonite Sulphur (MT)	-	63	3356	1481	866	1931	381	436	1481	1481
Zinc Sulphate (MT)	-	-	-	-	-	249	-	-	-	-
Compost (MT)	21315	11695	2660	-	-	-	9594	1144	646	630
Muriate of Potash (MOP) (MT)	-	27463	-	-	-	-	-	-	-	-
Ammonium Phosphate Sulphate (APS) (MT)	25802	26435	-	-	-	-	-	-	-	-
Urea (Imported) (MT)	370447	-	-	-	-	-	-	-	-	-
NPK (MT)	68380	-	-	-	-	-	-	-	-	-
Agro Chemicals (KG/Ltrs)	640533	369533	25350	-	-	-	-	-	-	-
Seeds (Quintal)	70786	53290	43754	60912	44062	76706	112493	109837	55014	34682

(₹ in Crores)

Sales - **Finished Goods (including Urea, IP & Bio Fertilizers) (a)**	2238	2271	2218	2129	2044	1936	1670	1919	1841	1662
Sales - **Traded Goods (b)**	1680	723	467	235	15	33	30	23	32	33
Subsidy (c)	8296	5934	4958	5430	6461	6048	5020	5363	3918	3396
TURNOVER (Net) (incl. Subsidy) (d=a+b+c)	**12214**	**8928**	**7643**	**7794**	**8520**	**8017**	**6720**	**7305**	**5791**	**5091**
Other Operating Service/Revenue	31	26	-	-	-	-	-	-	-	-
Revenue from operations	**12245**	**8954**	**7643**	**7794**	**8520**	**8017**	**6720**	**7305**	**5791**	**5091**
Other Income (e)	56	62	45	47	37	38	37	37	44	57
Total Expenses (f)	**11420**	**8418**	**7088**	**7237**	**8138**	**7803**	**6740**	**7000**	**5533**	**4783**
Earnings before depreciation, interest and tax (EBIDTA) (g=d+e-f)	881	598	600	604	419	172	17	342	302	365
Interest and Finance Charges (h)	317	190	190	228	301	204	130	67	9	11
Depreciation (i)	101	73	85	87	73	129	118	91	89	94
Profit/(Loss) before Tax (j=g-h-i)	**463**	**335**	**325**	**289**	**45**	**-161**	**-231**	**184**	**204**	**260**
Tax Expenses (k)	165	122	117	90	19	-71	-60	57	65	88
Profit/(Loss) after Tax (l=(j-k)	**298**	**213**	**208**	**199**	**26**	**-90**	**-171**	**127**	**139**	**172**
Other Comprehensive Income (m)	**(2)**	**(2)**	**(1)**	**(7)**	**-**	**-**	**-**	**-**	**-**	**-**
Total Comprehensive Income (Net of tax) (l+m)	**296**	**211**	**207**	**192**	**-**	**-**	**-**	**-**	**-**	**-**
Gross Block	**5545**	**7667**	**7376**	**7287**	**7227**	**7182**	**5717**	**2958**	**2930**	**2924**
Net Fixed Assets	3993	4080	4059	4259	4487	4682	3501	550	599	666
Current Assets, Loans and Advances	9493	5246	5779	6810	7241	6743	4285	3206	2244	2082
Current Liabilities and Provisions	8289	4265	4355	5323	5888	6041	1430	1600	998	794
Working Capital	1204	981	1424	1487	1353	702	2855	1606	1246	1288
Long Term Borrowings	341	171	981	1828	2643	3518	3912	1601	191	-
Short Term Borrowings	6122	2890	3154	4296	5002	4040	1703	1384	422	403
Net Worth (Paid up Capital*+ Reserve & Surplus)	2219	1987	1827	1691	1509	1494	1584	1754	1672	1582
Capital Employed	2151	1872	2616	3424	4039	4923	4123	702	1338	1553

Key Indicators

Particulars	As per IND AS									
	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
EBITDA/ Turnover (%)	7.21	6.70	7.85	7.75	4.91	2.15	0.25	4.68	5.21	7.17
Receivable (in days)	214	160	204	225	215	211	171	121	101	66
Inventory (in days) - Finished Goods	41	15	17	15	3	7	12	6	4	2
Return on Net Worth (%)	13.45	10.71	11.40	11.77	1.77	-	-	7.24	8.31	10.87
Return on Capital Employed (%)	13.87	11.38	7.95	5.81	0.64	-	-	18.10	10.39	11.08
Earning per Share of ₹10 (₹)	6.08	4.34	4.24	4.05	0.53	-	-	2.58	2.82	3.50
Debt/Equity Ratio	2.91 : 1	1.54 : 1	#2.26 : 1	#3.62 : 1	#5.07 : 1	#5.06 : 1	#3.55 : 1	1.70 : 1	0.37 : 1	0.25 : 1
Current Ratio	1.15 :1	1.26 :1	1.33 :1	1.28 :1	1.27 :1	1.12 :1	3.00 :1	2.00 :1	2.25 :1	2.62 :1
Value Added per Employee (₹ In Lakhs)	72	61	70	55	39	32	24	26	23	23
Dividend (₹ In Crores)	53.47	-	41.70	59.36	8.34	-	-	38.27	41.70	51.51
Dividend as % of Net Worth	2.41	-	2.28	3.51	0.56	-	-	2.18	2.49	3.26
Dividend as % of Profit after tax (PAT)	17.92	-	20.11	30.87	31.78	-	-	30.20	30.11	30.03
Profit (PAT) per employees (₹ In Lakhs)	8.95	6.20	5.92	5.35	0.69	(2.21)	(3.99)	2.81	2.96	3.61
Interest Coverage Ratio (No. of Times)	2.78	3.15	3.16	2.65	1.39	0.84	0.13	5.10	33.56	33.18
Debt Service Coverage Ratio (No. of Times)	2.44	2.35	2.06	2.13	0.94	0.66	0.62	4.72	36.40	2.31
Book Value per share (₹)	45.23	40.51	37.23	34.46	30.19	30.45	32.28	35.76	34.09	32.25
Price Earning Ratio **	5.81	12.43	18.08	6.99	67.97	-	-	30.27	40.86	25.51
Employees (Nos.) at the end of Financial Year	3333	3430	3517	3595	3798	4068	4291	4515	4699	4760

Debt - Equity ratio includes debts borrowed by company for Feed Stock Conversion Projects (from 'LSHS/FO' to Gas) at Nangal, Bathinda and Panipat Unit which under the GoI Policy is reimbursed to the Company as Capital Subsidy.
* Based on prevailing price of share at the end of financial year.
Paid up Capital of is ₹490.58 Crore (i.e.49,05,78,400 Equity Shares of ₹10/- each fully paid up).

Board's Report

To,

Dear Members,

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 45th Annual Report on the business and operations of the Company together with the Audited Financial Statements including Consolidated Audited Financial Statements of the Company for the Financial Year 2018-19 and the Auditors' Reports and Comments of Comptroller & Auditor General of India (C&AG).

During the year 2018-19, Company achieved revenue from operations of ₹12245.24 crore as against ₹8954.36 crore achieved during the previous year. The turnover was higher by ₹3290.88 crore (i.e. 37%) mainly due to higher gross sale of urea (by 25% as compared to CPLY) owing to higher gas price inspite of lower sale quantity of manufactured Urea by 0.18 LMT, higher sale of other manufactured fertilizers, higher sale of traded products such as Imported fertilizers (by 5.87 LMT), City Compost, Seeds and Agrochemicals (by 65% as compared to CPLY) and higher sale of Industrial Products (by 16% as compare to CPLY) . The Company has achieved Profit before Tax of ₹463.37 crore as compared to ₹334.83 crore of the previous year showing an increase by ₹128.54 crore.

Energy consumption per MT of Urea at all units was within energy norms fixed by GOI under New Urea Policy 2015. Nangal, Panipat and Bathinda Units achieved ever lowest energy consumption during 2018-19.

The energy consumption per MT of Urea at NFL plants during 2018-19 was as follows :

Gcal/MT/Urea

Units	Revised Energy Norms for 2018-19	Actual Energy	
		2018-19	2017-18
Nangal	7.083	6.726	6.819
Panipat	7.592	6.695	6.761
Bathinda	7.459	6.720	6.859
Vijaipur I	5.896	5.891	5.753
Vijaipur II	5.500	5.426	5.372

Financial Highlights

Your Company's key financial parameters during the year 2018-19 and important financial highlights are as under : -

₹ in crore

S. No.	Particulars	2018-19	2017-18
01.	Sale of Urea quantity in (LMT)	38.98	39.16
02.	Sale quantity of other Fertilizers (LMT)	9.97	3.93
03.	Sale of Urea	2024.83	2096.60
04.	Subsidy on Urea	7496.73	5528.63
05.	Total Sales of Urea (3+4)	**9521.56**	**7625.23**
06.	Sale of other products including subsidy	2692.47	1303.06
07.	Sales Turnover (5+6)	**12214.03**	**8928.29**
08.	Sale of Services	10.28	0.02
09.	Other Operating Revenue	20.93	26.05
10.	Revenue from operations (7+8+9)	**12245.24**	**8954.36**
11.	Other Income	55.81	61.84
12.	Total Revenue (10+11)	**12301.05**	**9016.20**
13.	Total Expenses	11420.18	8418.50
14.	Earnings Before Interest, Depreciation and Taxes (EBIDTA)	**880.87**	**597.70**
15.	Interest	316.36	189.57
16.	Depreciation	101.14	73.30
17.	Profit Before Tax (PBT) (14-15-16)	**463.37**	**334.83**

₹ in crore

S. No.	Particulars	2018-19	2017-18
18.	Provision for tax	164.92	122.06
19.	Profit After Tax (PAT) (17-18)	**298.45**	**212.77**
20.	Other Comprehensive Income (Net of Tax)	(2.37)	(1.82)
21.	Total Comprehensive Income (19+20)	**296.08**	**210.95**

RESERVES

Capital Reserves

The balance as at 31st March, 2019 amounted to ₹2.51 crore, which is at the same level as was in the previous year.

Corporate Social Responsibility

CSR Reserve stood at ₹7.89 crore as on 31.03.2019 as compared to ₹3.88 crore on 31.03.2018.The reasons for the same are detailed in Report on CSR activities at Annexure- 5.

General Reserves

No amount was transferred during the year to General Reserve from the surplus. The General Reserve as on 31.03.2019 stood at ₹332.89 crore at same level as was on 31.03.2018.

Surplus

The balance retained in the surplus as at 31st March, 2019 is ₹1385.15 crore as compared to ₹1157.54 crore during the previous year.

Dividend

Your Company paid interim dividend of ₹1.09 per equity share in February, 2019 and the Board of your Company has recommended a final dividend of ₹0.77 per equity share for the financial year 2018-19.

The dividend pay out is 30.57% of profit after tax and the total dividend pay out including dividend tax is 36.86% of profit after tax. The final dividend shall be paid after your approval at the Annual General Meeting.

Major events during the year

State of affairs of the Company and Change in the nature of business

FY 2018-19 has emerged as best ever period in the 45 years history of the Company. Be it best ever production, operation of the plants at lowest energy consumption, best ever sales or best ever turnover. The profit is also best ever over previous 15 years. The Company is in its best form these days and ready to push ahead with more vigour to achieve greater heights. Company has recorded ever best urea production of 38.59 lakh MT with a capacity utilization of 119.4 % (w.r.t. reassessed cap of 32.31 LMT/yr) that accounts for 16.5% share in overall urea production in the country, that was the culmination of consistent operation of plants and favorable urea policy of the GOI. Contribution of Non-Urea business to the top line of the company increased to over 22% during the year as compared to 15% of the CPLY. Company has also achieved a record sale of 48.95 lakh MT of fertilizers during 2018-19.

The finest financial performance of the Company could be possible through energy efficient operation of the plants and several strategic initiatives undertaken in last three years such as import of fertilizers on large scale, commencement of seed multiplication programme to produce and sale of certified seeds, trading of new molecules of agro chemicals, seeds and compost under Company's own brand. Your Company has produced 8500 MT of Bentonite Sulphur at Panipat Unit after commissioning of the plant in December 2017.

Your Company won Port handling operations at three ports for handling of Urea imported in Govt. account and it received 4.96 LMT of imported Urea at ports, 3.75 LMT dispatched and 3.71 LMT sold. GoI introduced 45 kg bag for Urea in place of 50 Kg to reduce the consumption of Urea for balanced fertilization. After opening of its 4th Zonal office at Hyderabad and signing of an agreement with BVFCL for marketing of its fertilizers in Assam, your company has now become of Pan India Company in Fertilizer Sector.

Company has steadily transformed from single product to a multi-product Company and is able to provide major agro-inputs through its marketing network. NFL now has a big basket of varied products like Urea, DAP, MoP, APS, NPK, Bio fertilizers, Bentonite Sulphur, City Compost, Seeds, Agro chemicals to offer to farmers under one roof.

Your Company has also signed an MoU with RFCL to market RFCL Urea and other products. On the environment protection front, your company has successfully met a challenge by achieving the strict NOx emission norms for Nitric Acid plant at Nangal imposed by Govt. by way of carrying out inhouse modifications which saved significant cost and time of your company.

Regarding introduction of new products in its basket, your company has added some new molecules of Agro Chemicals (Insecticides, Pesticides, Germicides etc.), Water Soluble Fertilizers, Calcium Nitrate for trading. However, your company could not proceed further on N_2O_4 project for ISRO at Vijaipur due to non-availability of prior authorization from US authorities for waiver from US Sanctions, and therefore this project has to be shelved by your company.

Material changes and commitments

No material changes and commitments have occurred between the date of the Balance Sheet and the date of the Board's Report affecting the financial position of the Company.

Details of revision of Financial Statements or Board's Report

Company has not revised Financial Statements or Board's Report in respect of any of the three preceding financial years.

General Information

a) Brief history of the Company, overview of the industry and important changes in the industry during the last financial year

Brief history of the Company forms part of Board Responsibility Report attached to this Report.

Overview of the industry and important changes thereof during the last financial year forms part of Management Discussion & Analysis Report.

b) Brief description of business segments and geographic segments;

Segment Results

In the light of present diversified business activities vis-à-vis IND AS 108 on Segment Reporting following operating segments have been considered for Segment Reporting for the Annual Accounts for the FY 2018-19:

i) Production and Sale of own Fertilizers (Urea, Bio-fertilizer and Bentonite Sulphur).

ii) Domestic Trading of Fertilizers (Indigenous and Imported).

iii) Production and sale / trading of other products (Industrial Products, Agro Chemicals, Certified Seeds and City Compost).

c) External environment and economic outlook;

Details of external environment and economic outlook are given in Management Discussion & Analysis Report.

d) Induction of strategic and financial partners during the last financial year

No new strategic and financial partners have been inducted during the last financial year.

Capital Structure

Preference and Equity Shares

Company has not issued any equity shares or preference shares during the year.

Equity Shares with Differential Rights

During the financial year Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.

Employees Stock Option

During the financial year Company has not issued any employees stock option.

Shares to Trustees for benefit of employees

Company has not introduced any scheme(s) for purchase / subscription of the company's shares to be held by trustees for the benefit of employees.

Other securities which carries right of conversion into equity shares

During the financial year, Company has not issued any securities, which carries a right or option to convert such securities into equity shares.

Details of Deposits

The Company has not accepted any deposits during the year.

Credit Rating

During FY 2018-19, the credit rating of the company was maintained with two credit rating agencies as under:

Rated Amount **(₹ in crore)**

Instruments	ICRA		India Ratings and Research	
	Credit Rating	Limits	Credit Rating	Limits
Long Term Fund based working capital facilities:				
Cash Credit	[ICRA] AA (Stable)	5,000	IND AA/Stable	6,000
Term Loan	[ICRA] AA (Stable)	207	IND AA/Stable	-
ECB	[ICRA] AA (Stable)	156	IND AA/Stable	156
Short Term Non-fund based working capital facilities:				
LC/BG	[ICRA] A1+	3,000	IND A1+	2,000
Commercial Paper	[ICRA] A1+	6,000	IND A1+	6,000

There had not been any change in the Credit Rating of the company during the year.

Buy-Back of Securities

Company has not introduced Buy-Back of its securities during the year.

Sweat Equity

Company has not issued any Sweat equity shares in terms of Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.

Disinvestment of GOI Equity

There was no disinvestment of GOI shareholding during the FY 2018-19.

Statement of deviation(s) or variation(s)

Company has not offered public issue, rights issue, preferential issue etc. during the year and there is no requirement to submit statement of deviation(s) or variation(s).

Foreign Exchange Earnings/Outgo

The Foreign Exchange earned in terms of actual inflows during the year were ₹5.10 crore and the Foreign Exchange outgo during the year in terms of actual outflow amounted to ₹2263.87 crore.

Borrowings

Long Term Loans

To meet the funding requirement for energy saving and capex schemes, Company has entered into a Rupee Term Loan Agreement with SBI on 24.12.2018 for ₹1044 crore. Long term borrowings as on 31.03.2019 were ₹341.49 crore which included outstanding against Rupee Term Loan of ₹218.40 crore and external commercial borrowings (ECBs) of ₹123.09 crore.

Short Term Loans

Short Term borrowings of ₹6122.11 crore (previous year ₹2890.43 crore) as on 31st March, 2019 were outstanding.

Debt Equity Ratio

Debt equity ratio as on 31st March, 2019 has increased to 2.91:1 as compared to 1.54:1 of previous year due to increase in borrowings.

Revenue

The company has achieved Revenue from Operations of ₹12245.24 crore during 2018-19 as against ₹8954.36 crore during previous year and total income of ₹12301.05 crore during 2018-19 as against ₹9016.20 crore during previous year as detailed below:

₹ in crore

Particulars	2018-19	2017-18	Change
Sale of products (including subsidy)	12214.03	8928.29	3285.74
Sale of services	10.28	0.02	10.26
Other Operating revenue	20.93	26.05	-5.12
Revenue from operations	12245.24	8954.36	3290.88
Other income	55.81	61.84	-6.03
Total Revenue	**12301.05**	**9016.20**	**3284.85**

Urea and other fertilizers

The Company has achieved the ever highest Urea production of 38.59 LMT with an overall capacity utilization of 119.4% during 2018-19 against previous best production of 38.10 LMT achieved during 2017-18 (CPLY).

On the sales front, the company has achieved ever best sale of Fertilizers of 48.95 Lakh MT which includes sale of 38.98 LMT of Urea, 3.71 LMT of Imported Urea, 6.05 LMT of Non-Urea Fertilizers including 0.21 LMT of Compost during 2018-19 surpassing previous best of 43.09 LMT during 2017-18 which includes sale of 39.16 LMT of Urea, 3.81 LMT of imported Fertilizers & 0.12 LMT of Compost, 13.60% more than sale in previous year.

The detailed quantity break-up of sale of Urea and other fertilizers is as under:

Lakh MT

Particulars	2018-19	2017-18	Change
Urea (Manufactured)	38.98	39.16	(0.18)
Bentonite Sulphur	0.07	-	0.07
Bio-fertilizers	0.006	0.005	0.001
Imported DAP	5.04	3.28	1.76
Imported MOP	-	0.27	(0.27)
Imported APS	0.26	0.26	-
Imported NPK	0.68	-	0.68
Imported Urea (Government Account)	3.71	-	3.71
City Compost	0.21	0.12	0.09
Total Fertilizers	**48.95**	**43.09**	**5.86**

Industrial Products

The company registered a record sale of Nitric Acid of 70606 MT during 2018-19 surpassing previous best of 69403 MT during 2017-18. The company also recorded ever best sale of Ammonium Nitrate to the tune of 12929 MT during 2018-19 surpassing 11299 MT achieved during 2017-18.

In terms of revenue generation from production and sale of Industrial products, the Company achieved sale of Industrial Products (IP) comprising of Nitric Acid, Sodium Nitrate & Sodium Nitrite, etc. to the tune of ₹201 crore during 2018-19 against CPLY of ₹173 crore.

Bio-fertilizers

The company sold 631 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹1.82 crore during 2018-19 as against 496 MT of ₹1.43 crore during CPLY.

Import & sale of Fertilizers

The Import of non-urea fertilizers undertaken by the Company has witnessed a growth of 97% during 2018-19 over the CPLY. The company sold 5.98 LMT of imported non-Urea fertilizers including DAP, APS, NPK worth ₹2173 crore during 2018-19 as against 3.81 LMT worth ₹1102 crore during 2017-18.

Apart from the above, NFL also sold 3.71 LMT of Urea imported in government account out of 4.96 LMT received at three ports during 2018-19.

Domestic Trading of Agro Products

The company has registered a total revenue of ₹45.43 crore towards trading of various agro products such as seeds, pesticides & compost during the year against ₹26.92 crore during CPLY.

Gross Sale Composition

Item	% of total Sale Composition		% Increase / (Decrease)
	2018-19	2017-18	
Urea (manufactured)	77.96	85.40	(8.72)
Non-Urea	22.04	14.60	50.96

Owing to shift in strategy of the company, the composition of gross sale of the company has undergone visible change. Against the Urea (main product) contribution of 94.49% in the overall revenue of the company during 2015-16, Urea contribution has reduced to 77.96% while contribution of non-Urea business has increased to 22.04% during 2018-19.

Agriculture Extension Activities

Agriculture is the main source of livelihood for the farmers, which include crops, animals and allied activities. Agriculture Extension Activities are being undertaken by your Company by educating farmers on efficient use of all agro-inputs along with total know-how on improved and scientific methods of cultivation.

Dealers/Retailers are important link between the Company and the farmers. They are key change agents in motivating farmers to use fertilizers in a balanced manner. During the year 2018-19, 50 Dealer's/Retailer's Orientation Programmes were conducted and more than 2400 dealers/ retailers were facilitated by upgrading their knowledge regarding fertilizers/agro products and improved crop practices so that latest information can be disseminated to farmers at point of purchase. Information on Bio-fertilizers and City Compost has also been given in each and every training program.

Your Company has always laid emphasis on upliftment of farming community by educating them on various aspects of crop production, animal husbandry and other allied agriculture sectors. 42 Farmer Training programmes were organized during 2018-19 and more than 2800 farmers got benefited. Through these educational programmes, farmers were sensitized to issues related to soil fertility status including deficiency of various nutrients, their remedy to increase fertilizer use efficiency and maximize yields. The farmers have also been educated on benefits of long term usage of Bio-fertilizers and City Compost through these programmes.

Agriculture Universities, Research Stations, Krishi Vigyan Kendras (KVKs) are the knowledge centers for latest farming techniques, new and high yielding crop varieties, innovative technologies in agriculture and allied agriculture sectors etc. During the year, an opportunity was given to the farmers to practically visit the above places by organizing farmers visit to nearby Agriculture University/Research Station/ KVK. More than 550 farmers got benefitted through 9 programmes during the year 2018-19.

During the year 2018-19, 92 and 88 demonstrations had been laid out at farmers' fields to demonstrate long term benefits of use of Bio-fertilizers and City Compost, respectively on crop growth and yield as compared to farmer's own practices.

Your Company is playing a vital role in supporting farmers by undertaking soil analysis for macro and micro nutrients through its 6 Static and 4 Mobile Soil Testing Labs (MSTLs) in various States. Based on the analysis, farmers are advised on soil fertility management through rational use of manure, fertilizers and other inputs to make agriculture more productive and sustainable. During the year, more than 24500 soil samples were collected analyzed for macro and micro nutrients and recommendations were given to the farmers. To strengthen the soil testing services, Company has plans to purchase 05 new Mobile Soil Testing Labs for the States of UP, MP, Haryana and Telangana.

During the year 2018-19, your company continued its endeavour to render soil testing services at all the farmers' doorstep by organizing soil testing campaigns. During these campaigns, services of our Mobile Soil Testing Vans and laboratory staff were suitably utilized for collecting soil samples by demonstrating the correct method of sampling to the farmers and by offering on the spot soil analysis and advisory on the basis of soil test results. Other than this 41Jeep campaigns were organised in the States of Punjab, Haryana, Rajasthan, HP, J&K, UP, Bihar & Jharkhand at more than 200 places. Farmers were educated to adopt new techniques in agriculture like judicious use of fertilizers, pesticides, bio-fertilizers, etc. Jeep campaigns were also widely used for giving information regarding new products launched by the company and to share its benefits to farmers. More than 30,000 farmers got benefitted by these programmes.

Agricultural Exhibitions and Krishi Melas aim to bring stake holders from all disciplines of Agriculture like farming, livestock, dairy, import and export, poultry and horticulture sectors under one roof and provide opportunity to demonstrate their products, exchange their views and share ideas for the growth, sustainability and development of these vital sectors of our economy. Participation in agro exhibitions and University Kisan Melas is a very effective way to communicate directly with the farmers and also to interact with the scientists and experts from various

agricultural fields. During the year 2018-19, your Company participated in 39 Krishi Melas/Agriculture Exhibitions organized by leading Agriculture Universities, Agriculture Departments etc. in the States of Punjab, Haryana, UP, Uttarakhand, Bihar, MP, Rajasthan and J&K which was attended by more than 45000 persons in related fields.

As per guidelines of Department of Fertilizers (DoF) and with the objective to provide all the agricultural inputs and services to the farmers under one roof along with soil testing and advisory services, 100 Kisan Suvidha Kendras (KSKs) were opened by your Company all across its marketing territory. Through these KSKs more than 4500 soil samples were collected, analyzed through Company's Static and Mobile Soil Testing Labs and reports were given to the farmers. More than 75000 leaflets on NFL products and various crops were also distributed to farmers through programmes organized in these KSKs.

Projects

The details of the projects including capital expenditure envisaged are given in the Management Discussion & Analysis Report.

Management Discussion & Analysis Report

Management Discussion & Analysis Report covering business prospects including modernization, diversification, investments, marketing plans, raw materials, human resource, internal management controls including financial performance review, government policies and other factors having impact on the performance of the Company operations and future outlook of the Company is appended as **Annexure-1** to this Report.

Business Responsibility Report

As required under Regulation 34 of SEBI (LODR) Regulations, 2015, the Business Responsibility Report of the Company for the financial year ended March 31st, 2019 is appended as **Annexure -2** to this Report. Business Responsibility Policy is available on the website of the company at www.nationalfertilizers.com.

Stakeholders' relationship

Details of stakeholders' relationship are given in the Business Responsibility Report annexed to this report.

Customers' relationship

Details of customer relationship are given in the Business Responsibility Report annexed to this report.

Corporate Governance

The company is committed to maintain the highest standards of Corporate Governance being the fountain head of value creation for all stakeholders especially shareholders. The Company has in place a well-defined "Corporate Governance Mechanism" which considers the interest of all stakeholders. Pursuant to SEBI (LODR) Regulations, 2015 (as amended from time to time) and DPE Guidelines on Corporate Governance, a report on Corporate Governance forms part of this report as **Annexure-3.**

The statutory auditors of the Company have examined and certified Company's compliance with respect to conditions enumerated in SEBI (LODR) Regulations, 2015 and DPE guidelines on Corporate Governance. Statutory Auditors Certificate on Corporate Governance and explanations of the Management to Statutory Auditors' observations forms part of this report as **Annexure-4**.

Visits of Parliamentary Committees during 2018-19

The following Parliamentary Committees visited and interacted with the Company during the year 2018-19:

1) Study visit of the Standing Committee on Chemicals and Fertilizers, Lok Sabha regarding availability of Fertilizers in Nainital & Almora (Uttarakhand) and in Dharamshala (Himachal Pradesh) during 6th to 11th June, 2018.

2) Study visit of the Committee on Government Assurances (2017-18), Lok Sabha on Investment in Fertilizer Sector and Revival of Fertilizer Plants in Kolkata (West Bengal) on 23-08-2018.

Material Orders of Regulators

Following regulatory orders issued for implementation could have impacted the operations of the plants:

1.0 Revised Emission Norms for Nitric Acid Plant:

Nitric Acid Plant at Nangal was commissioned in 1961, which is based on old technology. For reduction of NO_x emissions, Company has already installed NO_x abatement plant in 1994. With this, NO_x emissions significantly reduced to around 500-600 mg/Nm^3. However MoEF&CC vide Notification dated 29.12.2017 has amended emission standards (Oxides of Nitrogen as NO_2) for Nitric Acid Plant from 1820 mg/Nm^3 to limit of 400 mg/Nm^3 . The above limits are applicable w.e.f. 01.04.2019.

In this context, NFL has implemented in house modification and has been able to achieve NO_x emissions within the prescribed limits.

2.0 Implementation of NUP-2015 Energy Norms:

Department of Fertilizers (DoF) vide letter dated 28.03.2018, has issued a notification revising Energy Norms under NUP-2015. The Target Energy Norms under NUP-2015 for NFL Bathinda, NFL Panipat, NFL Nangal and NFL Vijaipur-I have been extended for further period of 2 years till 31st March 2020 with a penalty of 2% & 5% for financial years 2018-19 and 2019-20 respectively. The token penalty is equivalent to percentage energy difference between existing NUP Energy norms and Target Energy norms of NUP-2015. Beyond 31.03.2020, the target energy norm for Bathinda, Panipat and Nangal Units will be 6.5 Gcal/MT of Urea till 31.03.2025 whereas for Vijaipur-I, it will be 5.5 Gcal/MT of Urea.

To achieve these energy targets before 1st April 2020, NFL is installing GTG-HRSG project at Bathinda, Panipat and Nangal Unit at a total cost of ₹675 crore whereas various energy saving schemes are being implemented at Vijaipur complex at a cost of ₹234 crore.

NFL has been requesting DoF for suitable dispensation for recovery of its investment or for continuation of its existing norms as has been allowed by DoF to some of the fertilizer companies.

In case NFL's request is not finally agreed by DOF to extend its support for continuation of existing energy norms or suitable dispensation for recovery of investment, the profitability of company would be adversely affected from April, 2020.

3.0 Plastic Waste Management Rules 2016.

The Ministry of Environment Forests and Climate Change (MoEF & CC), Government of India, vide gazette Notification Dated 18 March, 2016 has specified rules for Plastic Waste Management. The Rules fix the responsibility of local bodies, Gram Panchayat and Waste generators, as well as producers, importers and brand owners for collection and management of plastic waste.

Fertilizer industry falls under the category of brand owners as the fertilizer products are sold in plastic bags that are multi-layered and composed of HDPE/HDPE lined with polypropylene. Hence as per rules, all the Brand Owners who introduce the products in the market have to establish a system or plan for collecting back the plastic waste generated due to their products. Therefore NFL has to make such plan within one year from the date of notification of these rules and implement within two years thereafter.

Since fertilizer bags are sold through more than 2 lakh sales points in every nook and corner of the country and are being used multiple times by the farmers for storage of their produce etc., collection of these bags is practically impossible.

Further, amendment dated 27.03.2018 on the above rules, defines alternate use for resource conservation. Considering that empty fertilizer bags are used multiple times by the farmers, the objective of resource conservation is being fulfilled. Based upon the above, as these rules apply to the complete fertilizer industry which is finding difficulty in complying with the said notification, Fertilizer Association of India (FAI) is taking up with MoEF &CC to develop a common and practical approach for complying with the rules.

The Right to Information

In consonance with the spirit of Right to Information Act, the Company has created necessary mechanism as required under the Act. The Public Information Officers and Appellate Authorities are effectively responding to the requests and appeals of the applicants. The names of all PIOs/ Appellate Authorities/ Transparency Officer are displayed on the Company's website. During the year, 454 RTI applications were received and were dealt with as per provisions under Right to Information Act, 2005.

Vigil Mechanism

Pursuant to the provisions of Sections 177(9) and (10) of the Companies Act, 2013, a Vigil Mechanism for employees and others to report genuine concerns has been established.

Whistle Blower Policy

Your Company believes in transparency and propriety in all its business dealings to take this object further, Company has put in place a Whistle Blower Policy providing for a mechanism to the employees and other stakeholders to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of whistle blowers. The policy is reviewed periodically. No employee or other stakeholders were denied access to the Audit Committee. Whistle Blower Policy is available on the website of the company at www.nationalfertilizers.com.

Integrity Pact

With the commitment to maintain the highest standard of transparency and governance, your Company has entered into an integrity Pact with Transparency International and has also appointed Independent External Monitors (IEMs), as approved by CVC. Structured Meetings are being held with IEMs on regular intervals and threshold value is ₹1 crore for signing of Integrity Pact for purchase/works contracts.

Vigilance

Vigilance Division of the Company is headed by CVO. The CVO is assisted by a team of officers drawn from various functional departments. Vigilance set up is operational in Corporate Office, all manufacturing Units as well as Zonal Marketing Offices.

Efforts have been made during 2018-19 to fulfil the pending compliances regarding earlier reported cases of irregularities in NFL and to pursue these cases towards logical conclusion.

Periodic vigilance reports, Agreed list of officers, List of officers of doubtful integrity, observance of Vigilance Week in Units, Zonal offices and Corporate Office have been complied with. Enforcement of transfer policy and rotation of officers on sensitive positions has been taken up with the Management. Vigilance scrutiny has been taken up for work orders and purchase orders awarded by various departments in the four units and corporate office.

The working of the Vigilance Wing of NFL is being changed from routine works approach to a proactive and focused approach. The roles and responsibilities and delivery of Vigilance Officers at CO and in the field have been reviewed for the purpose of improving the quality and monthly output.

During the year 2018-19, three vigilance cases were disposed-off and there was one pending case as on 31.03.2019. The pending case relates to the execution of annual rate contract maintenance at Panipat. However, against 'Dealer Appointment case' the matter is closed only for below Board level officials. For two Board level officers the case is in progress.

MoU

The Department of Public Enterprises, GoI in order to improve accountability and giving higher autonomy to Public Sector Enterprises, introduced the Concept of MoU during early nineties. NFL signed the first MoU with the Department of Fertilizers (DoF) for the year 1991-92. The Company had been awarded "Excellent rating" consistently 12 times in a row from 2000-01 to 2011-12.

Based on financial performance and achievement of other parameters laid down, your Company is likely to be rated "Very Good" as per the Memorandum of Understanding (MoU), signed with the Government of India for the financial year 2018-19. Company signed MoU for 2019-20 with DoF on 22.05.2019 which is the 29th year of the Company under MoU system.

Awards & Accolades received during 2018-19

1. National Safety Award (Silver Trophy for year 2017) to Panipat Unit in Group-B Chemical & Chemical produce.
2. "Best Turnaround Strategy Award" to NFL in Hindustan PSU Award 2018.
3. "Certificate of Appreciation" under Safety Award 2017 by National Safety Council of India for achievement in Occupational Health and Safety to Nangal Unit.
4. "Greentech Platinum Award" in fertilizer sector for outstanding achievement in environment management to Vijaipur Unit.
5. "Certificate of Appreciation" to Bathinda Unit from NSCI in recognition of appreciable achievements in Occupational, Safety & Health during the assessment period of three years i.e. from 2014 to 2016.
6. "Golden Peacock Award" to Nangal Unit for Energy Efficiency for the year 2018 by Institute of Directors (IODs).
7. "Best PSU Award – 2018" to NFL in recognition of Best-Ever performance over last three years in fertilizer sector in the category of Manufacturing, Processing & Generation.
8. "Golden Peacock Award-2018" to Nangal Unit for Energy Efficiency in the category of Chemicals & Fertilizers Industry, conferred by Institute of Directors.
9. "Fame Excellence Platinum Award for Environment Protection 2018" to Vijaipur Unit by Foundation for Accelerated Mass Empowerment, New Delhi, a premier Leading Organization Committed to Environment, Research, Economic & Social Development.
10. National Safety "Runners up" Award to Panipat Unit by Ministry of Labour & Employment, Govt. of India in the Category of Chemicals & Chemical factories for least average accident rate for the year 2016.
11. Five "Skoch Order of Merit" awards (Three in Energy Management and one each for Liquid material management and Safety) to Panipat Unit.
12. Best Performing PSU Award for Swachchta Activities during Swachchta Pakhwada 2018 to NFL from Department of Fertilizers.
13. National Award in Cost Management from Institute of Cost Accounts of India to NFL.

14. Gold award in safety management system from Green Tech Foundation to Nangal Unit.
15. International Fertilizer Association (IFA) Excellence Award to NFL for its sustained efforts and performance in the area of Safety, Health & Environment.
16. GOLD Safety Award to Nangal Unit from Green Tech Foundation in 17th Green Tech Occupational Health & Safety Awards 2018 ceremony held in Guwahati.
17. Governance Now 6th PSU award to NFL for "Resilient Growth" under Mini Ratna-I category.
18. Platinum award 2017-18 to Vijaipur Unit in the field of Health Safety & Environment from National Safety Council-MP Chapter, Bhopal.
19. NFL, Corporate Office received first prize amongst 78 Government Organizations located in NOIDA for progressive use of Rajbhasha Hindi.
20. Suraksha Puraskar 2018 (Bronze Trophy) to Vijaipur Unit from National Safety Council of India for outstanding performance in the field of Occupational Health & Safety.
21. Appreciation Letter to Panipat Unit in Group B Category of Chemical & Chemical Products Manufacturer by National Safety Council, Mumbai for the year 2018.
22. First prize in "Punjab State Safety Award 2018" to Nangal Unit for largest reduction in accident frequency rate in Chemical Industry for more than 5 lac man hours from Directorate of Factories, Punjab and Punjab Industrial Safety Council.
23. "Punjab State Safety Award 2018" to Bathinda Unit in Chemical Industries category for reduction of accident rates for more than 5 lakh man-hours worked.
24. "EKDKN EXCEED GOLD AWARD" to Vijaipur Unit for Environment Preservation 2018 by EK Kaam Desh Ke Naam, New Delhi a premier leading Organization committed to Environment, Research, Economic & Social Development.

Initiatives under Corporate Social Responsibility

The company is implementing various developmental activities under its Corporate Social Responsibility (CSR) and it shall:

a) Promote sustainable farming practice to boost crop productivity in rural India through its soil testing facilities and other advisory services;

b) Continue to take up wide range of welfare activities mainly focusing on economically, socially and environmentally sustainable development of underdeveloped villages;

c) Work towards improving the quality of life by making the communities self-reliant in areas within which it operates;

d) Build lasting social capital through interventions in the infrastructure, healthcare, education, vocational domains and other social welfare initiatives for the community residing in the vicinity of its plants and other places in India;

e) Undertake activities contributing towards improving the quality of life of underdeveloped sections of society at large;

The Company allocated a CSR budget of ₹630 lakh for the FY 2018-19 and incurred an expenditure of ₹228.81 lakh during the year. Out of this, CSR projects amounting to ₹572.58 lakh have been approved. These projects are at different stages of execution.

As per guidelines received from Department of Public Enterprises (DPE), Company adopted Aspirational district, Guna (Madhya Pradesh) for CSR activities in 2018-19. Accordingly, 50% of total CSR budget i.e. ₹315 lakh was allocated to district Guna. Currently, a number of projects are under implementation in District Guna (Madhya Pradesh). This includes a project of Construction of 377 Toilets at the budget of ₹253.70 lakh. Since the project is of high magnitude, it is being implemented in three phases. The project is likely to be completed in two years duration.

A detailed report on the Corporate Social Responsibility is given in the **Annexure-5** to this report.

Research and Development

Development of Urea Ammonium Nitrate (UAN) application system for enhancement of nutrient use efficiency under S&T project

NFL in association with Indian Agricultural Research Institute (IARI) undertook R&D project for development of applicator for UAN application. Design of UAN applicator for Basal and Foliar application had been developed by IARI. Field trials conducted on Paddy crop, Wheat crop and Vegetables are successful. Final report of the project has been submitted by IARI on 09.04.2019.

As per IARI report, project has been successfully completed. The study on response of wheat and paddy crop to UAN indicated comparative advantage in terms of yield, nitrogen use efficiency and fertilizer saving to the tune of 30 kg N / hectare to prilled Urea. UAN as a fertilizer has

immense scope in improving crop yield and enhancing the Nitrogen efficiency. However for a developing country like India, there is need to develop infrastructure and logistics for popularizing liquid fertilizers. The total cost of the R&D project is ₹89.66 lakh.

Cow dung processing and its conversion bio- fortified fertilizer with enhanced functionality – A Pilot Study

ICAR-National Dairy Research institute (NDRI), Southern Regional Station, Bengaluru, vide its letter dated 21.03.2018 submitted a research project proposal titled "Cow dung processing and its conversion to bio- fortified fertilizer with enhanced functionality: A pilot study" to NFL with budget requirement of ₹129.74 Lakh. Pilot study will evaluate conversion & bio-fortification of cow dung for production of quality bio-fertilizer and optimize conversion process of bio-fertiliser to a suitable form for longer storage and distribution.

Company has accorded approval for sponsoring the Pilot Study at ICAR – NDRI, southern regional station, Bengaluru, for project titled "Cow dung processing and its conversion to bio- fortified fertilizer with enhanced functionality" with budget estimates of ₹129.74 Lakh spread over a period of three years. Agreement for the subject R&D work had been signed between NFL and NDRI on 14.09.2018. A total payment of ₹5.0 Lakh has been made to NDRI for execution of the said R&D work.

The benefits envisaged from this Pilot Study include (a) Bio-fertilizer with enhanced nutrient quality as an alternative to chemical fertilizer; (b) The Biological manure shall help rejuvenate the soil health; (c) Collateral benefits in the form of Environmental protection, savings on subsidy and sustainable agriculture; (d) Dairy farmers to get better value for animal by-product thereby augmenting their income.

Setting up of Indian Council for Fertilizer and Fertilizer Technology Research (ICFFTR) for collaborative efforts in R&D with other Fertilizers CPSEs.

Indian Fertilizer industry is predominantly dependent on imports either for the raw material & intermediaries or for finished products. Further for manufacturing technology also, the country is completely dependent on big foreign players for the technology license for setting up of new plants as well as for technological up-gradation of existing plants. Country is having a number of research institutions doing research on the subjects focused primarily on agriculture, however, there is no dedicated research institution in the country which is exclusively devoted to areas e.g. research on fertilizer manufacturing technology, development of alternate raw materials / feedstock, indigenizing the available technology, developing innovative fertilizer products to suit country's requirement etc. There is a growing need for setting up a National Level Research & Development Centre, exclusively devoted to promotion of research in fertilizer sector.

Keeping that in view, Department of Fertilizers directed NFL, RCF and FAGMIL to discuss and explore the option of formation of a society for research and development in the field of fertilizer sector. Accordingly, NFL along with RCF and FAGMIL being the founder members have decided to form a society named "Indian Council for Fertilizers and Fertilizer Technology Research (ICFFTR)" to undertake research in the fertilizer sector.

To increase reach and to make the society rich in experience of different areas of fertilizers, other PSUs such as PDIL, BVFCL, FACT, MFL, FCIL and HFCL have also associated as member in the proposed society. Subsequently, Memorandum of Association (Bye-Laws) has been prepared in consultation with all members. Society shall be headed by Secretary (Fertilizers), Govt. of India. Process of registration of ICFFTR is under progress.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo

Disclosure in terms of the Companies (Account) Rules, 2014 in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Outgo are given in the **Annexure-6** to this report.

Safety, Environment and Sustainable Development

Company has undertaken various initiatives for adopting best practices for health, safety environment management and sustainable developments as detailed in the **Annexure-7** to this report.

Particulars of Loans, Guarantees, Security and acquisition under Section 186 of the Companies Act, 2013

Particulars of loans given, guarantees provided, investments in securities and acquisitions made by the Company during the year under review are given in MBP-2 as **Annexure-8** to this Report.

Joint venture /Associates Companies

Details of Joint Venture / Associates Companies pursuant to Section 129(3) of the Companies Act, 2013 the statement containing the salient features of the Financial Statement of the Associate Company / Joint Venture Company is, included in the Consolidated Financial Statements appended as **Annexure-9** hereto.

Companies which have become or ceased to be subsidiaries, associates and joint ventures

During the year 2018-19, Company has not acquired or formed any new subsidiary, associate or joint venture. Similarly no subsidiary, associate or joint ventures have been ceased by way of sale of shares, amalgamation, winding up etc.

Related Party Disclosures

The particulars of contracts / arrangement entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including arm's length transactions under third proviso thereto are disclosed in Form No. AOC-2 as per **Annexure-10** to this report. Related Party Transaction Policy of the Company is available at www.nationalfertilizers.com.

Capital Expenditure (CAPEX)

The achievement in CAPEX is ₹202 crore in the year 2018-19.

Risk Management

The chemical fertilizer industry is operated in a hazardous environment and faces many risks including those related to health, safety and environment in addition to general business & financial risks. In order to mitigate them, the company has a comprehensive Risk Management Policy which is regularly reviewed and a periodical review of the risks, procedures and strategies is undertaken. Risks are analyzed at the highest level by Risk Management Committee and Audit Committee of Directors and efforts are made in a planned way to obviate the risks either fully or to minimize their impact.

During the year, The Risk Management Policy of the company has been reviewed and revised in view of the Changed Government Policies such as NIP 2008, NUP 2015, Gas pooling, New Projects executed / under execution by NFL and introduction of New Business Verticals at NFL.

The Company has put in place a mechanism whereby the quarterly Risk Assessment Report is presented to Risk Management Committee, Audit Committee and Board of Directors along with mitigation actions thereof after thorough review by Risk Assessment Committee chaired by C&MD.

Internal financial controls

Details in respect of adequacy of internal financial controls with reference to financial statements are given in Management Discussion & Analysis Report.

Particulars of Employees

As per provisions of section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company is required to disclose the ratio of the remuneration of each director to the median employee's remuneration and other prescribed details in the Board's Report.

As per notification dated 05.06.2015 issued by Ministry of Corporate Affairs, these provisions are not applicable to the Government Company. Accordingly, these particulars are not included in the Board's Report.

Public Procurement Policy of Micro and Small Enterprises (MSEs) Order, 2012

Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 which stipulates that 25% of total annual procurement of goods and services shall be made by all Central Ministries / Departments /CPSEs from Micro & small Enterprises (MSEs). Within this percentage, a sub total of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs and 3% from MSEs owned by women. The requisite information for the year 2018-19 is annexed as **Annexure-11** to this report.

Human Resource Management

The Company has a manpower strength of 3333 regular employees as on 31.3.2019, which comprises of 1637 Executives and 1696 Non-Executives. Company promotes the employment of women and at present 199 women employees are on its roll, which is 5.97% of the total work force. The detailed analysis with regard to human resource including training and executive development programme have been made in the Management Discussion and Analysis Report.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Policy on Prevention, Prohibition and Redressal of Sexual harassment of women at work place is in line with the requirements of the Sexual Harassment of women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. Ten programmes related to Gender Sensitization and Prevention, Prohibition and Redressal of sexual harassment of women at workplace were held during the year 2018-19.

No complaint of sexual harassment was received in the year 2018-19.

Ten programmes related to Gender Sensitization and Prevention, Prohibition and Redressal of Sexual harassment of women at work place were held during the year 2018-19.

International Women's day was celebrated on 8th March, 2019 in all Units and Corporate Office, NOIDA. Various programmes on the occasion were organized at Units & Head Office.

Implementation of Official Language Policy

Company is making all efforts for the propagation and implementation of Official Language policy of the Government of India. The quarterly meeting of Official Language Implementation Committee (OLIC) is regularly held in all the Units/Offices of the Company under the Chairmanship of Head of the Unit/Office to review the progress of official language. In all, 36 Meetings of OLIC were held during the year.

To promote Official Language 'Hindi' 37 Hindi workshops were organized during the year in which 867 employees have actively participated. Hindi Pakhwada was organized in all the Units/Offices of the Company to mark the Rajbhasha Diwas. During the year, 47 Programmes/Competitions were held in order to promote Hindi and 1377 employees participated in them. 59 employees were awarded cash prizes under the 'Cash Incentive Scheme' for doing their official work in Hindi.

NFL Corporate Office, Noida also received First Prize 'Chal Vaijayanti' (Running Trophy) on 31st January, 2019 for the year 2017-18 from Town Official Language Implementation Committee (TOLIC), Noida, for doing excellent work in Hindi. NFL Panipat Unit has been awarded 03rd Prize – Rajbhasha Shield' under the Category of Region 'A' Undertakings, by Department of Official Language, Ministry of Home Affairs, for doing excellent work in Hindi during the year 2017-18. The Shield was presented to the Unit in "Regional Official Language Conference and Prize Distribution Function held on 19.11.2018 at Chandigarh.

Initiatives taken for development of employees belonging to Scheduled Casts / Scheduled Tribes / Other Backward Classes (SC/ST/ OBC categories)

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer has been appointed in each Unit/Office and Chief Liaison Officer at CO, Noida to ensure due compliance of orders and instructions pertaining to reservation for SCs and STs and other concessions admissible to them. Meetings were periodically held at Unit level as well as at corporate level with the SC/ ST Employees Welfare Associations by the Management for redressal of grievances of SC/ST employees. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for attending such programmes conducted by external agencies. During 2018-19, 2695 man-days training (in-house as well as external training programmes) was imparted to SC/ST employees. A statement showing representation of employees belonging to Scheduled Caste / Scheduled Tribes / Other Backward Classes / Persons with disabilities is appended as **Annexure-12** to this report.

Presidential Directives

Schedule of Compliances with Presidential Directive issued during financial year 2018-19 and during last three year preceding the financial year 2018-19 is as below:

Financial Year	Content of Presidential Directives	Compliance
2018-19	Presidential Directive for pay revision	Complied
2017-18	NIL	NIL
2016-17	NIL	NIL
2015-16	NIL	NIL

Information Technology

NFL has always tried to be in line with the latest digital technologies in its day-to-day activities. Almost all the business applications are running in on-line mode. By hosting & implementing web-based Marketing Management & Information System module across the marketing network, company had brought all field level activities like rake receipt/disposal, warehousing, sales & all kinds of accounting activities on digital platform. This has brought in greater transparency in all kinds of marketing and accounting transactions & has cut down the lead time to a great extent thereby reducing delays in closing of accounts.

Company has also adopted initiatives taken by Department of Fertilizers (DoF) for monitoring movement and sales of the fertilizers from fertilizer manufacturer/importers to fertilizer wholesalers and from wholesalers to retailers across the country.

The company has adopted IT in various aspects of its working. The materials department of our organisation has adopted e-procurement and e-tendering for procurement process. The company has also taken initiatives in inculcating e-payments in tendering procedures and has adopted the system of online test for recruitment wherever the recruitment is based on All India Test.

In order to have optimum utilization of MPLS VPN bandwidth & ILL bandwidth, Link Load balancers have been installed at various locations of the company. Data Center of the company has also being upgraded for maximum uptime of various business applications.

In order to integrate various business processes and further improved visibility and transparency in the system, your company is already in the process of selecting implementation partner for ERP software.

AUDITORS

Statutory Auditors

The Statutory Audit of your Company was conducted by Chartered Accountants firms M/s. HDSG & Associates and M/s. S. Mann & Company, Joint Auditors appointed by Comptroller & Auditor General of India (C&AG). Auditors' Report on the Financial Statements including consolidated Financial Statements of the Company for the financial year 2018-19 is attached.

Statutory Auditors for F.Y. 2019-20 have yet to be appointed by C&AG. A Proposal authorising Board of Directors to decide & fix remuneration of Statutory Auditors to be appointed by the Comptroller and Auditor General of India for the F.Y. 2019-20 is placed for your approval.

Explanation in response to Auditor's Qualification

Statutory Auditors of the Company have issued an Audit Report with Unmodified opinion on Audited Financial Results of the Company (Standalone & Consolidated) for the quarter and year ended 31st March, 2019.

Comments of C&AG

The review of Financial Statements including consolidated Financial Statements for the year ended 31st March, 2019 has been carried out by the Comptroller and Auditor General of India (C&AG) under Section 143(5) of the Companies Act, 2013. C&AG has given 'Nil' Comments. Copy of letters of C&AG is appended to the report.

Cost Auditors

As prescribed under Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, the cost accounting records are being maintained by all the Units of the Company. Cost Audit for 2018-19 was carried out by Cost Auditors M/s K. G. Goyal & Associates, M/s K. L. Jaisingh & Co., M/s Ravi Sahni & Co. & M/s Musib & Co. as prescribed under the Companies Act, 2013 and Rules framed thereunder. M/s. Ravi Sahni & Co. acted as the Lead Cost Auditor. Consolidated Cost Audit Report for the financial year 2017-18 was filed with MCA on 30.08.2018.

Internal Auditors

Company has an Internal Audit Department headed by an Executive Director. To carry out Non-technical Audit, your company had appointed eight Chartered Accountant firms namely M/s. G.S. Mathur & Co., M/s. Goyal Parul & Co., M/s. Laxmi Tripti & Associates, M/s. Raj Har Gopal & Co., M/s. S.Tandon & Associates, M/s. Chaturvedi & Co., M/s. Amit Ray & Co. and M/s.S.N. Kapur & Associates for the year 2018-19. Technical Audit and EDP Audit was carried out by in-house internal audit teams.

Secretarial Auditors

Tenure of M/s Agarwal S. & Associates, Practicing Company Secretaries was extended for undertaking Secretarial Audit for the year 2018-19 in terms of Section 204 of Companies Act, 2013 and Rules made there under. Secretarial Audit Report for the year 2018-19 and Management's explanation to Secretarial Auditor's observations are annexed as **Annexure-13** to this Report.

Annual Secretarial Complance Report for the year ended 31st March, 2019 issued by Agarwal S. & Associates, Practising Company Secretaries, under Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as **Annexure-14** to this report**.**

Compliance with Secretarial Standards

The Company complies with all applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

Audit Committee

The detailed disclosures have been made in the Corporate Governance Report.

Nomination & Remuneration Committee and Remuneration Policy

Disclosures regarding Nomination & Remuneration Committee and Remuneration Policy are given in the Corporate Governance report.

Stakeholders Relationship Committee

Disclosures regarding Stakeholders Relationship Committee and Remuneration Policy are given in the Corporate Governance report.

Corporate Social Responsibility and Sustainable Development Committee

Disclosures regarding Corporate Social Responsibility and Sustainable Development Committee are given in the Corporate Governance report.

Company's policy on Director's appointment and remuneration

Ministry of Corporate Affairs has granted exemption vide notification No. GSR463 (E) dated 05.06.2015 to the Government Companies from the provisions of Section 134(3) (p) of the Companies Act, 2013. Director's appointment and remuneration is decided by the Government. Keeping in view the exemption, no Remuneration Policy has been formulated.

Board & Committee Meetings

The details of Board Meetings, Committee Meetings and Meetings of Independent Directors are given in the Corporate Governance Report annexed to this report.

Extract of Annual Return u/s 92(3) of the Companies Act, 2013

The extract of Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013 in Form MGT-9 is annexed hereto as **Annexure-15** to this report**.**

Investor Education and Protection Fund

The Company has complied with all the provisions relating to the Investor Education and Protection Fund (IEPF) under the Companies Act, 2013 and The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, made there under. Company Secretary is the Nodal Officer to deal with IEPF Authority and compliances related thereto.

During the year 2018-19, ₹93,873.00 have been transferred to Investor Education and Protection Fund on account of unpaid/unclaimed dividend on 17.10.2018. Further, pursuant to Section 124(6) of the Companies Act, 2013 and Rules notified thereunder, Company has transferred 5689 shares, against which dividend remained unclaimed/unpaid for consecutive period of seven years, to the demat account of IEPF. The details of the dividend and shares transferred to IEPF Account are available at the website of the Company www.nationalfertilizers.com.

Listing

Company's equity Shares are listed at National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). Other disclosures regarding listing regulations have been made in Corporate Governance Report.

Listing Fee

Company has paid requisite listing fee to the stock exchanges during the year 2018-19.

Service to Shareholders

All matters relating to transfer/transmission of shares, issue of duplicate share certificates, payment of dividend, de-materialization and re-materialization of shares and redressal of investors grievances are carried out by the Company's RTA i.e. M/s. MAS Services Limited, New Delhi.

Code of Conduct

Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2019. Code of Conduct has been uploaded on the website of the Company at www.nationalfertilizers.com.

Corporate Policies & Codes

Details regarding corporate policies & codes are given in the Corporate Governance Report and also available on the website of the Company at www.nationalfertilizers.com.

Disclosure pursuant to FEMA Regulation

FEMA Regulations applicable to Companies owned or controlled by non-resident entity(s) are not applicable to NFL.

Key Business Development

Details of key Business Development of the Company are given in the Management Discussion & Analysis Report annexed to this report.

Disclosure regarding frauds

No fraud has been reported by the Auditor to the Audit Committee or to the Board, during the financial year 2018-19.

Details of the sickness of the Company

Not applicable.

Management

Key Managerial Personnel (KMP)

In compliance with provisions of Section 203 of the Companies Act, 2013, Key Managerial Personnel (KMP) position as on 31st March, 2019 as follows:

Shri Manoj Mishra, Chairman and Managing Director.

Shri Rajiv Kumar Chandiok, Director (Finance) & Chief Financial Officer*

Shri Devinder Singh Ahuja, Director (Technical).

Shri Virendra Nath Datt, Director (Marketing).

Shri Raj Kumar, Company Secretary.

* Ceased to be Director (Finance) & CFO w.e.f. 28.06.2019.

Board of Directors

Changes in Composition

Shri Virendra Nath Datt (DIN 07823778) was initially appointed as Director (Marketing) by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide Order No. 82/01/2018-HR-I dated 09.10.2018, further he was designated as KMP by the Board of Directors with effect from 11th October, 2018.

Smt. Meenakshi Gupta (DIN 07686646) ceased to be Non-Executive Director (Government Nominee) with effect from 26.11.2018.

Shri Partha Sarthi Sen Sharma (DIN 03210350) was initially appointed as part time Government Nominee Director by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide Order No. 130/8/2003-HR-I dated 21.12.2018, further he was appointed as Additional Director under the category Non-Executive Director (Government Nominee) by the Board of Directors with effect from 28.12.2018.

Shri Rajiv Kumar Chandiok and Ms. Bhavnaben Kardambhai Dave ceased to be directors w.e.f 28.06.2019 & 30.06.2019 respectively on completion of the term.

Details of tenure of directors are provided in the Corporate Governance Report.

Re-appointment of Directors at the AGM

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Devinder Singh Ahuja Director (Technical) (DIN 07687173) and Shri Dharam Pal (DIN 02354549), Part-time Government Nominee Director will retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

Nomination and Remuneration Committee has recommended the appointment of Shri Virendra Nath Datt and Shri Partha Sarthi Sen Sharma as director of the Company liable to retire by rotation in terms of Section 152 of the Act at the ensuing AGM.

Notices have been received under section 160 of the Companies Act, 2013 regarding appointment of Shri Virendra Nath Datt (DIN 07823778) and Shri Partha Sarthi Sen Sharma (DIN 03210350) as Directors at the ensuing Annual General Meeting. Brief profile of the Directors is attached to the Corporate Governance Report.

Declaration by Independent Directors u/s 149(6) of the Companies Act 2013

All Independent Directors have given declaration that they meet the criteria of Independence as laid down in Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Re-appointment of Independent Directors

As per Section 149(10) of the Companies Act, 2013, none of the Independent Directors has been reappointed on the Board of the Company during the FY 2018-19.

Disqualifications of Directors

None of the Directors have committed any disqualification as provided under Section 164 of the Companies Act, 2013.

Remuneration to Directors

Details of Remuneration to Directors and Company Secretary are given in the Corporate Governance Report annexed to this Report.

Performance evaluation of Board and Directors

The details regarding performance evaluation of Board of Directors have been given in the Corporate Governance Report.

Directors' Responsibility Statement

Pursuant to the requirement of Section 134(3) (c) of the Companies Act, 2013, your Directors confirm that: -

a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departure has been made there from by the Company;

b) the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2018-19 and of the profit of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 and with applicable powers for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the Annual Accounts on a going concern basis;

e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board of Directors acknowledge their gratitude for the valuable guidance and support received from the various wings of Government of India, in particular Department of Fertilizers, Fertilizer Industry Coordination Committee (FICC), various State Governments, Financial Institutions, Banks, stakeholders and all others whose continued support has been a source of strength to the Company.

Your Directors also acknowledge the suggestions received from Statutory Auditors, Internal Auditors, Cost Auditors, Secretarial Auditors and Comptroller and Auditor General of India and are grateful for their continued support and cooperation.

The Board would like to place on record its appreciation to the hard work, commitment and unstinting efforts put in by the employees at all levels. Board also place on record active support and cooperation received from Employees Trade Union and Officers Association for sustained improvements.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
Date : 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure -1

Management Discussion and Analysis (MDA)

State of Indian economy, Agriculture and Manufacturing Sector

Despite 2018 being filled with external vulnerabilities arising out of rise in oil prices, trade wars between major global trading partners and US monetary tightening, India has still outshine as world's fastest growing major economy at growth rate of more than 7.0%.

Better demand conditions, settled GST implementation, growing investments in infrastructure, continuing positive effects of investor friendly policies, various initiatives such as Make in India, Ease of doing business, Start-up & Digital India and fiscal stimulus in the interim budget 2019 such as direct cash transfer program for farmers, middle class tax relief measures and favorable monetary policy are expected to sustain the GDP growth of the country. As per report released by Asian Development Bank, country's growth is expected to grow at 7.2% in 2019-20.

However, some of the challenges that may pose constraint to the Indian economy include lack of liquidity in the market due to restricted lending by financial institutions especially by NBFCs, rising inflation due to increase in crude oil prices, slowdown in global growth, trade war etc.

Rating agency CARE has warned that a 10% rise in global oil prices could increase demand for dollars, putting pressure on the rupee and widening the current account deficit.

On the agriculture front, this sector is likely to grow at an approximate rate of 2% on a year on year basis, however, being a key economic driver, this sector needs to adapt to the various challenges such as digital innovation in agriculture, risk mitigation strategies to deal with climate change, developing start-up eco system in agriculture sector, effective water management to deal with drought like situations, implementation of Agriculture produce and Livestock Marketing Model Act by different states to strengthen agriculture produce marketing etc.

Fertilizer Industry Structure & Developments

Fertilizer industry in India operates in public, private and co-operative sector, with the private sector occupying a larger share in the manufacturing capacity. Fertilizers sector being highly energy & capital intensive, cost of fertilizers is unavoidably high. In order to ensure availability of fertilizers to the majority of the small & marginal farmers at affordable prices, this sector is highly regulated and controlled by GoI for pricing and distribution of fertilizers. At present, Urea prices are highly subsidized and administered under New Urea policy-2015 whereas P & K Fertilizers are partially decontrolled and subsidy is disbursed based on the nutrient content available in the particular fertilizer under Nutrient Based Subsidy introduced by GoI w.e.f. 01-04-2010.

In case of Urea, MRP is fixed by GoI which is currently fixed at ₹5360 per MT which is around one third of the current cost of production / imported price.

The country, during the year has produced Urea of 24.0 Million tons and imported 7.60 million tons to meet the total consumption of around 31.70 million tons of Urea. Under vision 2022 of New India, with the commissioning of new Urea plants in the country in a time bound manner, country would become self-reliant in Urea by 2023.

The introduction of pooling of gas mechanism in the year 2015-16 has been consistently helping ensuring delivery of gas at uniform and lower price to Fertilizer companies to enable them to make Urea production beyond re-assessed capacity and helping to contain the requirement of working capital to some extent.

The availability position of Urea in the market remained quite comfortable and probably no shortage of Urea was felt by the farmers during last three years in a row. With an aim to cut down the consumption of Urea, GoI introduced a policy on rationalizing the size of the Urea bags and introduced 45 kg bag of Urea replacing existing 50 kg bag from 01st May, 2018.

Direct Benefit Transfer (DBT) system has been rolled out pan India from March 2018 for release of fertilizer subsidy through Industry. Under the fertilizer DBT system, 100% subsidy on various fertilizer grades is being released to the fertilizer companies, on the basis of actual sales made by the retailers to the beneficiaries. Under DBT scheme, subsidy on Fertilizers is being transferred directly to the manufacturers on the sale of fertilizers through Point of Sale Machines at retailers' level. The eco system of DBT is still under maturity stage as many fertilizer companies are still facing various constraints such as delay in response of PoS machines due to poor infrastructure including internet connectivity at retailers' points.

The imbalanced use of fertilizers due to highly subsidized Urea continues to be a big challenge and needs to be addressed on priority. On this front, GoI has been distributing Soil health cards to all the farmers to enable them to get information about nutrients level in the soil to make judicious use of fertilizers through soil and seed testing facilities at retail outlets of fertilizer companies. Fertilizer companies have been marketing city compost and organizing awareness programs for the farmers to boost the use of city compost to improve soil quality and increase yield of crop in line with a policy of the government on city compost under the Swachh Bharat Abhiyan.

Many challenges being faced by Fertilizer Industry which need to be addressed include delay in payment of subsidy due to inadequate subsidy budget of the GoI for Fertilizers, over regulations and procedural delays, unviable investment by Industry on energy saving schemes to meet the stiff energy norms fixed under New Urea Policy (NUP-2015) without any dispensation from GoI, Implementation of DBT which may further aggravate the problem of working capital due to change of subsidy payment from supply to sale. Lack of availability of domestic gas, increasing trend in the price of RLNG and lower price of Urea in international market is also adversely impacting the profitability of the Urea manufactures.

The response of fertilizer use to food grain productivity has been declining over the years due to multi-nutrient deficiencies cropping up in the soil. Apart from deficiencies of primary nutrients, widespread deficiencies of secondary and micro nutrients are affecting the soil health. To restore soil health for desired growth in agriculture, balanced and integrated use of various nutrients is required. To address the issue, there is ample opportunity to the industry to introduce many new products containing combination of various nutrients including primary, secondary and micro nutrients. In this context, GoI is promoting use of compost through provision of marketing development assistance to the companies to enable them to provide the city compost to the farmers at an affordable price.

The use of Water Soluble Fertilizers in the country is also on the rise to improve fertilizer use efficiency through fertigation.

The fertilizer industry is highly vulnerable to the adverse climatic conditions which badly impact the fertilizer industry.

Opportunities & Threats

Opportunities

- ✓ Leverage of existing marketing network for undertaking trading and other businesses.
- ✓ Opportunity for New Investments abroad in NPK.
- ✓ Scaling up of production & sale of certified seeds.
- ✓ Scope for Increase in capacity utilization of Nitric Acid & Ammonium Nitrate Plants at Nangal.
- ✓ Customized, Fortified, Water Soluble & Liquid Fertilizers for balanced fertilization.
- ✓ Manufacturing of Agro Chemicals.
- ✓ Marketing of Urea produced by other Companies on fee basis.
- ✓ Manpower training on operation and maintenance of fertilizers plants to other Companies.

Threats

- ✓ Alarming Urea market scenario after addition of new Urea capacity
- ✓ Volatile international price of Urea restricting additional production.
- ✓ Inadequate subsidy budget of the Government.
- ✓ Increased Government regulations & procedures.
- ✓ Strict energy norms in 2020-21 under NUP-2015.
- ✓ Inadequate availability of domestic natural gas as a result more dependence on expressive spot gas.
- ✓ Adverse demand supply scenario of Fertilizers due to adverse agro Climatic condition.
- ✓ Volatility in prices of Industrial Products.
- ✓ Decontrol of Urea.

Revenue

The company has achieved Revenue from Operations of ₹12245.24 crore during 2018-19 as against ₹8954.36 crore achieved during previous year and total income of ₹12301.05 crore during 2018-19 as against ₹9016.20 crore during previous year as detailed below:

₹ in crore

Particulars	2018-19	2017-18	Change
Sale of products (including subsidy)	12214.03	8928.29	3285.74
Sale of services	10.28	0.02	10.26
Other Operating revenue	20.93	26.05	-5.12
Revenue from operations	12245.24	8954.36	3290.88
Other income	55.81	61.84	6.03
Total Revenue	**12301.05**	**9016.20**	**3284.85**

Segment wise or product wise performance

Urea and other fertilizers

The Company has achieved the **ever highest Urea production of 38.59 LMT** with an overall capacity utilization of 119.4% during 2018-19 against previous best production of 38.10 LMT achieved during 2017-18 (CPLY).

On the sales front, the company has achieved ever best sale of Fertilizers of **48.95 Lakh MT** during 2018-19 which includes sale of 38.98 LMT of Urea, 3.71 LMT of Imported Urea, 6.05 LMT of Non-Urea Fertilizers and 0.21 LMT of Compost surpassing previous best of 43.09 LMT during 2017-18 which includes sale of 39.16 LMT of Urea, 3.81 LMT of imported Fertilizers & 0.12 LMT of Compost, 13.60% more than sale in previous year.

The detailed quantity break-up of sale of urea and other fertilizers is as under:

Lakh MT

Products	2018-19	2017-18	Change
Urea (manufactured)	38.98	39.16	(0.18)
Bentonite Sulphur	0.07	-	0.07
Bio-fertilizers	0.006	0.005	0.001
Imported DAP	5.04	3.28	1.76
Imported MOP	-	0.27	(0.27)
Imported APS	0.26	0.26	-
Imported NPK	0.68	-	0.68
Imported Urea (Government Account)	3.71	-	3.71
City Compost	0.21	0.12	0.09
Total Fertilizers	**48.95**	**43.09**	**5.86**

Industrial Products

The company registered a record sale of Nitric Acid of 70606 MT during 2018-19 surpassing previous best of 69403 MT achieved during 2017-18. The company also recorded ever best production and sale of Ammonium Nitrate to the tune of 12929 MT during 2018-19 surpassing 11299 MT achieved during 2017-18.

In terms of revenue generation from production and sale of Industrial products, the company achieved sale of Industrial Products (IP) comprising of Nitric Acid, Sodium Nitrate & Sodium Nitrite, etc. to the tune of ₹201 crore during 2018-19 against CPLY of ₹173 crore.

Bio-fertilizers

The company sold 631 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹1.82 crore during 2018-19 as against 496 MT of ₹1.43 crore during CPLY.

Import & sale of Fertilizers

The Import of non-Urea Fertilizers undertaken by the Company has witnessed a growth of 97% during 2018-19 over the CPLY. The company sold 5.98 LMT of imported non-Urea fertilizers including DAP, APS, NPK worth ₹2173 crore during 2018-19 as against 3.81 LMT worth ₹1102 crore during 2017-18.

Apart from the above, NFL also sold 3.71 LMT of Urea imported in government account out of 4.96 LMT received at three ports.

Domestic Trading of Agro Products

The company has registered a total revenue of ₹45.43 crore towards trading of various agro products such as seeds, pesticides & compost during the year against ₹26.92 crore during CPLY.

Gross Sale Composition

Item	% of total Sale Composition		% Increase / (Decrease)
	2018-19	2017-18	
Urea (manufactured)	77.96	85.40	(8.71)
Non-Urea	22.04	14.60	50.96

Owing to shift in strategy of the company, the composition of gross sale of the company has undergone visible change. Against the Urea (main product) contribution of 94.49% in the overall revenue of the company during 2015-16, Urea contribution has reduced to 77.96% while contribution of non-Urea business has increased to 22.04% during 2018-19.

Projects completed / underway

Revival of Ramagundam Plant of FCIL through Joint Venture with EIL & FCIL

NFL, in association with EIL and FCIL has formed a Joint Venture (JV) Company as Ramagundam Fertilizers & Chemicals Limited (RFCL) to revive the old FCIL plant at Ramagundam (Annual installed capacity-12.71 LMT of Urea) with a total estimated project cost of ₹5254 crore and equity participation of 26% each of NFL and EIL, 11% each of FCIL and State of Telangana. The remaining equity has been tied up with GAIL (14.3%) and a Consortium led by M/s HTAS, Denmark (11.7%).

The project is in progress and expected to be completed by end of December 2019. GITL is expected to lay the pipeline and supply the gas to the plant by June, 2019. The detailed engineering and the project management consultancy is being undertaken by EIL.

After commissioning of the project, NFL would be leveraging its existing marketing network to sell 100% Urea to be produced by this JV Company as per Marketing Management Agreement entered into with RFCL. NFL has also entered into an agreement with JV to render man power management consultancy for the Ramagundam Plant.

Bentonite Sulphur Plant at Panipat Unit

In order to meet the demand of Bentonite Sulphur to address the issue of Sulphur deficiency in soil and to improve the top & bottom line, company has commissioned a Bentonite Sulphur plant of 25000 MTPA Capacity and commercial production started in September, 2018 at Panipat Unit. During 2018-19, the company has produced 8567 MT of Bentonite Sulphur, out of that 6476 MT was sold.

Integrated Energy Saving Projects

The stringent energy norms which were to be implemented applicable w.e.f. 01-04-2018 under New Urea Policy-2015 have been deferred by GoI for 2 years up to 31-03-2020 in respect of all the plants of NFL except Vijaipur-II, with downward revision of existing energy norms of all the NFL's plants except Vijaipur-II (more stringent) equivalent to token penalty of 2% of difference between NUP Energy Norms and target Energy Norms of NUP-2015 for the first year 2018-19 and similarly 5% for the year 2019-20. Target Energy norm applicable under NUP-2015 i.e. 5.5 Gcal/MT however has been implemented for Vijaipur-II Unit w.e.f 01-04-2018. In order to implement the revised energy norms w.e.f. 01-04-2020, the company has already issued LoI on 01-02-2018 on M/s Thermax, Pune for setting up Gas Turbine Generators along with Heat Recovery Steam Generation (HRSG) Unit at Panipat, Bathinda & Nangal Units with a total project cost of ₹675 crore. The scheduled date of commissioning of these projects is 22 months from the date of LoI i.e. 30-11-2019. The work on the project was going on in full swing and expected to be commissioned by scheduled date.

In order to recover the investment, GoI has been requested for retention of existing DFR norms in respect of Panipat, Bathinda & Nangal Units for a period of at least 5 years post implementation of the project.

All efforts are under way to implement energy saving schemes at Vijaipur Units in an expeditious manner to achieve the strict energy norms applicable w.e.f. 01-04-2020 under NUP-2015.

Industrial Safety, Ecology & Pollution Control

Company strives to achieve excellence in improving employees occupational and personal health by minimizing health hazards and providing modern facilities. Company has well equipped hospitals at all the Units. In addition to that the employees have also access to specialized medical services wherever required. Employees also undergo periodic medical examinations.

Company remained focused towards achieving sustained energy efficiency operations of its ageing manufacturing facilities while maintaining pollution free environment and process safety. All manufacturing units continue to be ISO 9001-2008, ISO 14001-2004 and OHSAS-18001 compliant which reflects company's commitment to Quality, Environment and Occupational Health and Safety.

In order to monitor the level of emission and effluent discharge from all the units, all the units have installed On-line monitoring system both for effluent and emission discharges. Online monitoring system is integrated with Central and State Pollution Control Boards in order to monitor the level of pollutants on continuous and real time basis.

Unit level Health and Safety Committees have been constituted at all the Units to address the of health and safety issues. Quarterly review meetings are conducted regularly at all units. Modern method and latest technologies such as 'International Sustainable Rating System', 'Total Quality Management' and 'Hazard and Operability Study' were implemented in various units to improve the process safety.

To safeguard the plants from emergencies like Fire, Explosion and Toxic gas release, "On site Emergency Disaster Plan" and "Off-site Emergency plan" are available at Units. These plans aim to train people act efficiently and confidently in emergency with minimum damage to humans and

assets. The procedures are regularly reviewed and updated by carrying out surprise mock drills. Performance of each mock drill is evaluated and reviewed to bring improvements in the systems. Visits of Local Authorities and central agencies such as National Disaster Management Authority are regularly conducted in order to remain updated on safety related issues in all the plants. All the units are having their "Disaster Management Quick Response Team" to address the incidents that may occur outside the factory area for transportation of Liquid Ammonia and Chlorine Gas.

Efficiency of Coal fired Boilers at Nangal, Bathinda and Panipat Units is being improved by using various techniques such as use of coal additives. This will help to reduce consumption of fossil fuel.

Afforestation has been adopted in all the Units to improve the environment surrounding the Units. Tree saplings were planted in and around various Units leaving a cleaner and greener earth for future generation. The cumulative plantation since commencement is over 8 lakh for all the units.

To increase the sub soil water level, all the units have installed Rain Water Harvesting system. This measure has helped in conservation of water, increase in underground water table and increase greenery in the surroundings.

Outlook

The company is envisaging the growth in its top & bottom line by adopting various business strategies as under:

- ✓ Maximization of Urea production in energy efficient manner.
- ✓ Production of new products like Bentonite Sulphur, Agro Chemicals, DAP, Water soluble Fertilizer, Seeds etc.
- ✓ Maximization of production of Industrial Products including Ammonium Nitrate.
- ✓ Marketing of Urea manufactured of unit of RFCL.
- ✓ Manpower Management Consultancy for Ramagundam plant.
- ✓ Dividend from RFCL.
- ✓ Overseas footprints by setting up a fertilizer plant in other country in a joint venture and buy back mode.
- ✓ Leasing out idle assets of the company.
- ✓ Rationalization of manpower.
- ✓ New recruitment of manpower to meet the short fall arising out of massive retirements and future growth of the company.
- ✓ Production and sale of quality & certified seeds in own brand name through seeds multiplication program.
- ✓ Domestic trading of Agro products (Pesticides, Weedicides etc.), Compost, Seeds, Water Soluble Fertilizers, Calcium Nitrate, SSP etc.
- ✓ Import and sale of fertilizers like Urea, DAP, MoP and Complex fertilizers.

Risk & Concerns

The major risk & concerns of NFL are outlined below:

- ✓ Higher dependence on subsidy. Delay in receipt of subsidy leads to higher interest cost.
- ✓ Low operating margins in Urea due to tight regulations.
- ✓ Strict Energy Norms for all the plants under New Urea policy (NUP-2015). Dispensation sought from GoI against investment required to meet energy norms under NUP-2015 to maintain profitability at all the plants.
- ✓ Lack of Internal resources (funds) for future investment.
- ✓ Bathinda, Nangal and Panipat being old plants consuming high energy.
- ✓ Small Prill size of urea produced at Panipat & Bathinda Units leading to poor acceptability in the market.
- ✓ Dependence of Nangal Unit on external power.

Risk Management Policy

The chemical fertilizer industry is operated in a hazardous environment and faces many risks including those related to health, safety and environment in addition to general business & financial risks. In order to mitigate them, the company has a comprehensive Risk Management Policy which is regularly reviewed and a periodical review of the risks, procedures and strategies is undertaken. Risks are analysed at the highest

level by Risk Management Committee and Audit Committee of Directors and efforts are made in a planned way to obviate the risks either fully or to minimize their impact.

During the year, the Risk Management Policy of the company has been reviewed and revised in view of the Changed Government Policies such as NIP 2008, NUP 2015, Gas pooling, New Projects executed / under execution by NFL and introduction of New Business Verticals at NFL.

The element of risk has been identified which may threaten the existence of the Company. The Company has put in place a mechanism whereby the quarterly Risk Assessment Report is presented to Risk Management Committee, Audit Committee and Board of Directors along with mitigation thereof.

The Company has put in place a mechanism whereby the quarterly Risk Assessment Report is presented to Risk Management Committee, Audit Committee and Board of Directors along with mitigation actions thereof after thorough review by Risk Assessment Committee chaired by C&MD.

Internal Control Systems and their adequacy

The Company has a sound system of internal controls that ensures compliance with statutory requirements, regulations and implementation of various policies and guidelines. Besides Statutory Audit by C & AG, regular and exhaustive internal audits are conducted by independent chartered accountant firms in close co-ordination with NFL's Internal Audit Division to examine, evaluate, monitor and report on adequacy and effectiveness of the system of checks and balances is in place, compliance with policies, plans and statutory requirements, to protect its resources against waste, fraud and in-efficiency and to ensure accuracy and reliability in accounting and operating data.

The policies and guidelines are in the form of various codes, manuals and procedures, issued by the management, covering all critical and important activities viz. Budget, Purchase, Material, Stores, Works, Finance, Human Resources etc. Internal Audit Program is approved by Audit Committee of Directors and is conducted as per Accounting Standards and these codes, manuals, procedures, etc. that are updated from time to time. The observations/recommendations made by the auditing agencies are reported to Management Audit Committee and the Audit Committee of Directors along with a report of compliance of directions issued in the past. The quarterly financial statements as also reports of statutory and Government Audit are reviewed by the Audit Committee of Directors before they are submitted to Board of Directors.

The Company has a well-defined Delegation of Powers in place, which lays down the powers for different managerial levels to facilitate faster decision making. The various policies, procedures and guidelines are continuously reviewed to improve effectiveness of the systems.

The Company has a full-fledged Vigilance Division to oversee that the guidelines of the Government and the rules/procedures of the company are strictly adhered/ implemented in all matters. The Vigilance Division conducts regular inspection of various activities in Manufacturing Units, Zonal Offices and other Offices for taking corrective/preventive action.

Internal financial controls and its effectiveness

As per assessment done by an external auditor, internal controls over periodic financial reporting in the company for the year 2018-19 have been found effective in general except few deficiencies which are not likely to lead to any major misstatement in the annual financial statements. However, company is gearing up to integrate existing home grown on line applications in vogue for different business functions in a seamless way to gain greater benefits in terms of improved MIS, faster declaration of results and greater analysis of operational parameters which shall facilitate easier decision making and improved control on financial reporting. The Company is also in the process of identifying system integrator for implementation of ERP.

Financial Performance

During the year, Company achieved revenue from operations of ₹12245.24 crore (including subsidy of ₹8295.68 crore) compared to ₹8954.36 crore of CPLY (including subsidy of ₹5934.55 crore). The sales turnover is mainly higher due to higher sale quantity of traded fertilizers by 5.87 LMT, city compost by 0.09 LMT, higher sales quantity of seeds, agro-chemicals, industrial and other products and increase in average gas price from USD 9.66/ MMBTU during CPLY to USD 12.19/ MMBTU during 2018-19 i.e. an increase of 26.19%.

During the year, Company earned Profit before Tax (PBT) of ₹463.37 crore as against ₹334.83 crore achieved during CPLY. The increase in profit is mainly attributed to decrease in energy consumption, increase in contribution from sale of traded goods, decrease in employee benefit expenses, etc. However, the above increase in PBT was partially offset by increase in finance charges and reduction in energy norms due to penalty @ 2% as per DoF Notification dated 28.02.2018 compared to CPLY, etc.

Short term borrowings of the Company as at 31.03.2019 stood at ₹6122.11 crore, including cash credit utilization, short term loans and working capital demand loan, etc. as compared to ₹2,890.43 crore as at 31.03.2018 mainly due to increase in pool gas price by 25.54%, increase in production of urea by 0.49 LMT, higher purchase of traded goods and lower receipt of subsidy viz-a-viz subsidy due from FICC due to budget limitations. Short term borrowings include Special Banking Arrangement (SBA) of ₹1451.73 crore (₹194.71 crore during previous year).

Analysis of the Financial Performance of the Company:

(a) Revenue from Operations

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Revenue from Operations	12245.24	8954.36	37

Reason for variation:

Gross sales turnover was increased mainly due higher sale quantity of traded fertilizers by 5.87 LMT, city compost by 0.09 LMT, higher sales quantity of seeds, agro-chemicals, industrial and other products and increase in average gas price from USD 9.66/ MMBTU during CPLY to USD 12.19/ MMBTU during 2018-19 i.e. an increase of 26.19%.

(b) Consumption of Raw Materials

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Raw Materials Consumed	4738.34	3399.15	39

Reason for variation:

The increase in cost of Raw Material is due to increase in average price of gas to USD 12.19/MMBTU during FY 2018-19 as compared to USD 9.66/MMBTU during CPLY i.e. increase of 26.19% and higher production of urea by 0.49 LMT.

(c) Finance Cost

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Finance Cost	316.36	189.57	67

Reason for variation:

Finance Cost has been increased due to increase in average three month LIBOR rates to 2.458% on rate of payment as compared to 1.366% during CPLY on long term loans, higher interest rates on working of the loan @ 6.91 % as compared 6.34% during CPLY and higher average borrowings of ₹4338.90 crore as compared to ₹2724.95 crore during CPLY due to higher purchase of imported fertilizers, increase in pool gas prices and lower receipt of subsidy.

(d) Repairs & Maintenance

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Repairs and Maintenance	71.68	73.77	-3

(e) Employees Benefits

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Employee Remuneration & Benefits	556.01	724.77	-23

Reason for variation:

Employee Benefit Expenses has decreased mainly on account of one time provision of ₹152.75 crore towards liability for gratuity/EL/HPL as per DPE OM dated 03.08.2017 made during CPLY.

(f) Power and Fuel

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Power and Fuel	3122.74	2398.92	30

Reason for variation:

Power and Fuel expenses have increased mainly due to increase in average gas price from USD 9.66/ MMBTU during CPLY to USD 12.19/ MMBTU during 2018-19 i.e. an increase of 26.19% and increase in Urea production by 0.49 LMT.

(g) Freight and Handling

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Freight and Handling	797.24	607.36	31

Reason for variation:

Freight and Handling expenses has increased mainly due to rise in fuel cost, higher sale of fertilizers and higher dispatches of Urea.

(h) Other Expenses

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Other Expenses	188.42	170.83	10

Reason for variation:

Other expenses have increased as compared to CPLY mainly due to provisioning of unavailed input tax credit of GST relating to import services of marketing division.

(i) Other Operating Revenue

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Forfeiture of security deposit, LD, Sale of scrap and recoveries on delayed payments of credit sales, etc.	20.93	26.05	-20

Reason for Variation:

The other operating revenue has decreased mainly due to decrease in recoveries on delayed payment on credit sales and lower sale of scrap in comparison to CPLY.

(j) Other Income

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Other income comprising of interest income and other non-operating income.	55.81	61.84	10

Reason for Variation:

Other income is mainly lowered due to higher profit from sale of assets (Redundant front and Ammonia Plant) during CPLY (by ₹37.99 crore) which was partially offset of interest income on income tax refund by (₹23.70 crore).

Financial Status

(a) Fixed Assets

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Tangible Assets	3989.94	4073.68	-2
Intangible Assets	3.51	5.85	-40
Capital work in progress	133.38	64.26	108
Total	**4126.83**	**4143.79**	**-1**

(b) Non-current Investment

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Investments (Net of Provisions)	273.72	218.72	25

Reason for Variation:

Increase due to increase in equity investment in Ramagundam Fertilizers & Chemicals Limited during 2018-19.

(c) Inventories

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Raw Materials	1.58	3.91	-60
Stores and Spares (Incl. packing material)	186.01	142.63	30
Semi-finished / finished products	1398.45	379.40	369
Total	**1586.04**	**525.94**	**202**

Reason for Variation:

Inventories have increased due to higher inventory of traded goods for making it available for strategic sale in kharif season immediately after close of financial year.

(d) Trade Receivables

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Gross Debtors – FICC	6561.90	3696.25	78
- Others	604.67	239.03	153
Less: Provision for Doubtful Debts	(10.81)	(10.90)	-1
Net Debtors	**7155.76**	**3924.38**	**82**

Reason for Variation:

Trade Receivables have increased during 2018-19 mainly due to increase in subsidy receivable from Government of India and increase in receivables from market.

(e) Current Assets – Other Financial Assets

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Other Financial Assets	231.80	233.18	-1

Reason for Variation:

Other Financial Assets includes Capital Subsidy receivable from GOI for Ammonia Feed Stock Changeover Project (AFCP) has decreased due to decrease in interest subsidy receivable from Government of India.

(f) Current Liabilities

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Short Term Borrowings	6122.11	2890.43	112
Trade Payables	630.86	491.08	28
Other Financial Liabilities	1191.74	606.09	97
Provisions	217.80	223.62	-3
Total	**8162.51**	**4211.22**	**94**

Reason for Variation:

The current liabilities are increased during 2018-19 due to higher purchase value of gas, increase in production of Urea by 0.49 LMT, higher purchase of traded goods, lower receipt of subsidy, increase in statutory dues and increase in advance from customers, etc.

(g) Non-current Liabilities

(₹ in crore)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Long Term Borrowings	341.49	170.28	100

Reason for Variation:

Long term borrowing have increased during 2018-19 mainly due to new rupee term loan availed from State Bank of India for financing energy saving schemes and general capex of all units. The same was partially offset by repayment of External Commercial Borrowings (ECB).

Human Resource Management

The Company considers its Human Resource as its most important asset and makes sustained efforts for the development of its manpower. Company has a well-established Human Resource Department to cater to the training needs of employees, keeping in view the changing technology and overall business environment.

The Company has manpower strength of 3333 employees as on 31-03-2019, which comprises of 1637 Executives and 1696 Non-Executives. The company promotes the employment of women and at present 199 women employees are on its roll, which is 5.97% of the total work force.

To improve skills and instil behavioural and personality development traits in all supervisory staff and managerial cadre, NFL organised number of training programmes (in-house as well as external) on contemporary subjects during the year. The training programmes were identified through Performance Management System by synchronizing organizational needs with individual needs. The Company also organized specially designed training programmes for developing women employees in various areas of expertise. In these diverse programmes, 12591 man-days training was imparted to employees and 3.67 man-days training to women employees.

Employees' participation in Management is an essential ingredient of industrial democracy, which implies mental and emotional involvement of employees in the management of enterprise. NFL always supported the participative culture in the management through consultative approach. The efforts to promote employees' participation in various activities like Suggestion Scheme, Welfare, Safety, interactions between Management and employees' representatives on various issues continued during the year. Industrial relations remained cordial during the year.

NFL continues to make efforts for improving employees' health, well-being and welfare. For achieving these objectives, the Company has various welfare schemes such as school facility, medical, benevolent scheme, housing facility, Social Security Scheme, NFL Employees Family Economic & Social Rehabilitation Scheme, Defined Contribution Superannuation Pension Scheme. Company has made Post-Retirement Medical Scheme (PRMS) more beneficial for the ex-employees from the year 2018-19 with higher insurance cover for Self & Spouse for IPD treatment. Facility of OPD reimbursement has been introduced from the year 2017-18.

The industrial relations at all Units/ Offices of NFL during 2018-19 remained cordial.

Details of Significant changes in Key Financial Ratios

Details of Significant changes in Key Financial Ratios as compared to immediately previous FY are as follows:

Sr. No.	Particulars	2018-19	2017-18	Change in %	Remarks
01.	Inventory Turnover Ratio	14.17:1	24.73:1	43	Inventory have increased due to higher inventory of traded goods for making it available for strategic sale in kharif season closure of financial year.
02.	Debt Equity Ratio	2.91:1	1.54:1	89	Increase due to increase in borrowings.
03.	Earning per share (₹)	6.08	4.34	40	Increase due to increase in profits.

Cautionary Statement

Statements in the Management Discussions and Analysis describing the Company's focal objectives, expectations or anticipations may be forward looking statements within the meaning of applicable securities, laws and regulations that describe our objectives, plans or goals. All these forward looking statements are subject to certain risks and un-certainties, including but not limited to, Government action, economic development, and risks.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
Date : 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure-2

BUSINESS RESPONSIBILITY REPORT

Preamble

National Fertilizers Limited (NFL) ("the Company") is a schedule A and Miniratna (Category-I) Central Public Sector Enterprise. The equity shares of the company are listed on BSE Limited and National Stock Exchange of India Limited and as such the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable and binding on it.

Section A

General Information about the Company

S. No.	Particulars	Details
01.	Corporate Identity Number (CIN) of the Company	L74899DL1974GOI007417
02.	Name of the Company	National Fertilizers Limited
03.	Registered address	Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi -110003
04.	Website	www.nationalfertilizers.com
05.	E-mail id	investor@nfl.co.in
06.	Financial Year reported	2018-19
07.	Sector(s) that the company is engaged in (industrial activity code-wise)	Manufacturing of Urea. Code- 20121.
08.	List three key products/services that the Company manufactures/provides (as in balance sheet)	i) Manufacturing & Sale: (Neem Coated Urea, Bio-Fertilizers, Bentonite Sulphur, Certified Seeds & Industrial Products). ii) Domestic Trading: (Domestic & Imported Fertilizers, Agro Chemicals, Certified Seeds, City Compost). iii) Other Services: (Manpower Training on Operation & Maintenance to other Fertilizer Companies, Marketing of Fertilizers produced by other Companies).
09.	Total number of locations where business activity is undertaken by the Company: a) Number of International Locations b) Number of National Locations	 NIL 10 **Registered Office:** New Delhi **Corporate Office:** Noida **Units:** Nangal, Panipat, Bathinda, Vijaipur-I &II **Zonal Offices:** Chandigarh, Lucknow, Bhopal, Hyderabad
10.	Markets served by the Company- Local/State/National/International	National (PAN India)

NFL was incorporated on 23rd August 1974 at New Delhi. It has an authorized share capital of ₹1000 crore and paid up and subscribed share capital of ₹490.58 crore out of which Government of India's share is 74.71% and 25.29% share is held by financial institutions, public & others.

The Company has five gas based Urea plants viz. Nangal & Bathinda plants in Punjab, Panipat plant in Haryana and two plants at Vijaipur in Madhya Pradesh with a total annual capacity of 35.68 LMT (Annual reassessed capacity - 32.31 LMT) of Urea. The company also has a Bio-Fertilizers Plant at Vijaipur with annual capacity of 660 tonnes and a Bentonite Sulphur plant of 25000 MT per annum at Panipat Unit. It also manufactures other allied Industrial products like Nitric Acid, Ammonium Nitrate, Sodium Nitrate & Nitrite from its Nangal Unit and undertakes import & sale of other fertilizers like DAP, MoP, NPKS along with domestic trading of various agro-inputs like certified seeds, agrochemicals, Bentonite Sulphur, city compost through its existing vast dealer's network under single window concept. The company has also been producing and selling its own certified Seeds under company's flagship Seed Multiplication Program (SMP).

The Company is also in the process of setting-up its own seeds processing plants at Panipat, Bathinda and Indore which are likely to be completed by 31st March, 2020. The Company is also setting-up an Agro Chemicals plant at Bathinda.

Apart from above, the Company is also inviting bids for pre-qualification of vendors for the revamp of Urea plants at Panipat & Bathinda units.

Section B

Financial details of the Company for 2018-19

S. No.	Particulars	Details
01	Authorized Capital	₹ 1000 crore
02.	Paid up Capital	₹490.58 crore
03.	GoI Share	74.71 %
04.	Net Worth	₹2219.02 crore
05.	Capital Employed	₹2151 crore
06.	Total Turnover	12214 crore
07.	Profit Before Tax (PBT)	₹463 crore
08.	Total profit after Tax	₹298 crore
09.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	For details please refer Annexure-5 of Board report.
10.	List of activities in which expenditure in 4 above has been incurred	For details please refer Annexure-5 of Board report.

Section C

Other Details

Participation of subsidiaries and business partners in BR initiatives:

NFL has no subsidiary however the details of its joint Venture Company viz. Ramagundam Fertilizers & Chemicals Limited are provided in the Annual Report of the company for FY 2018-19. This JV Company of NFL fully endorses the BR Principles. However, the initiatives and programs on social and environment issues are decided and undertaken by the independent Board of the JV Company. Further, the company expects and encourages its suppliers / dealers to conduct their business in a responsible manner.

Section D:

Business Responsibility (BR) Information

Governance related to BR:

Nodal Officer responsible for implementation of the BR policy/ policies of National Fertilizers Limited

Name: Shri Rakesh Kumar Gogia

Designation: Executive Director (MS)

Email-id: rgogia@nfl.co.in

Business Responsibility head:

DIN: 06408953

Name: Shri Manoj Mishra

Designation: Chairman & Managing Director

Telephone Number: 0120-2412383

E-mail id: cmd@nfl.co.in

As stated in the Business Responsibility Policy of the company, the BR performance of the company is to be evaluated annually by the Board of Directors. The Nodal Officer, heading the BR function would be responsible for the BR performance of the company. Further, the NFL's BR Policy shall be updated from time to time by the Nodal Officer (in the event of any amendments to the laws, rules and regulations, as applicable).

About the BR Report

Business Responsibility report of the company for the year 2018-19 is in accordance with SEBI requirements. A soft copy of this report is also being made available on the company's website www.nationalfertilizers.com under the link Corporate Governance / CSR / BR Report.

Principle-wise (as per NVGs) BR Policy/policies (reply in Y/N)

Sr.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for (each Principle as stated in NVG)		Y				Y*			
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Yes								
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	NFL's Business Responsibility Policy is based on National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business as released by Ministry of Corporate Affairs, Government of India.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	C&MD has approved / signed the policy as authorized by the Board.								
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes								
6.	Indicate the link for the policy to be viewed online.	http://nationalfertilizers.com/images/pdf/investorsdesk/final%20BRR%20policy%20for%20NFL%20website.pdf								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8.	Does the company have an in-house structure to implement the policy/policies?	Yes								
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes								

* - Environment Management at all the plants is certified & being maintained as per requirements under ISO-14001

Section E:

Principle-wise Performance

Principle 1: (Practicing Good Corporate Governance) :

The company is committed to the best practices in the area of Corporate Governance, in letter and in spirit and believes that good corporate governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and enables company to maintain a high level of business ethics and to optimize the value for all its stakeholders.

The NFL's objectives in this principle can be summarized as:

- ✓ To ensure ethical conduct at all levels across its value chain.
- ✓ To protect and enhance shareholder's value.
- ✓ To protect the interest of all other stakeholders such as customers, employees and society at large.
- ✓ To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
- ✓ To ensure accountability for performance and customer service and to achieve excellence at all levels.
- ✓ Empower employees coupled with accountability at all the levels to ensure better performance and effective corporate governance.

The company has laid down a well-defined Code of Conduct for its Directors on the company's Board and its Core Management. This Code of Conduct attempts to set forth the guiding principles on which the company operates and conducts its daily business with its stakeholders, government and regulatory agencies and anyone else with whom it is connected. To get further details, the code can be easily accessed at the company's website. The company has also set in place various policies, with due approval from its Board encompassing the entire gamut of its performance and operations. The company's Business Responsibility Policy also covers aspects related to ethics, bribery and corruption.

Principle 2: Product Lifecycle Sustainability (Safety & Sustainability of Goods & Services)

The ultimate goal of sustainability in this context is a closed-loop product lifecycle, in which all elements that go into production of a product are reused, recycled or re-manufactured rather than discarded.

The company has been manufacturing and marketing Neem Coated Urea and other allied products in a responsible manner and established consistent commitment to productive economic activity and sustainability.

In line with the objectives to achieve safer & sustainable operations, the company has undertaken / implemented the following measures / schemes for achieving the above objectives:

a) All the plants of NFL are certified under integrated system of ISO-9001, ISO-14001 and OHSAS-18001 for compliance and maintenance of quality, environment and occupational health and safety management respectively which ensure that all the goods and services procured, manufactured and delivered by NFL comply with the principles of labor practices, human rights, ethics, occupational health, safety and environment.

b) The company revamped its old energy intensive Fuel Oil based plants located at Panipat, Bathinda & Nangal for feedstock changeover from Fuel Oil to environmental friendly and clean fuel i.e. natural gas during 2012-13 & 2013-14. This has resulted in significant reduction in energy consumption and carbon footprints. Boilers at these plants were also modified for change of support fuel from Fuel Oil to Natural gas.

c) Carbon Di-oxide Recovery (CDR) plant established at Vijaipur Unit for recovery of CO_2 gas from flue stack leading to higher Urea production and lower carbon footprints.

d) Purge Gas recovery System installed at Vijaipur-II in 2015-16 to reduce possible NO_x (Green House Gas) emissions.

e) NO_x emissions (gaseous effluent) from Nitric Acid plant at Nangal Unit being converted in to saleable products viz. Sodium Nitrate & Sodium Nitrite. NO_x emissions have been further reduced to meet the new stringent norms of the GoI through internal modifications.

f) 100% production of Neem Coated Urea commenced at NFL during 2014-15 which has contributed to the improvement in overall Urea use efficiency in the country.

g) Roof Solar Power plants of 90 KW & 100 KW set up at its Corporate Office, Noida and Bathinda Unit.

h) All the Manufacturing Units have state of the art effluent treatment plants for treatment of solid, liquid and gaseous effluents. The treated liquid effluent is being recycled / reused for the horticulture purpose in the township.

i) Replaced large size energy intensive motors with state-of-the-art new machines including variable frequency drives to reduce unproductive energy consumption.

j) Replaced conventional lights (Florescent Tube Lights) with LED lights at Plants / Offices.

k) Apart from the above, the company is in the process of setting up Gas Turbine Generators (GTGs) with Heat Recovery Units (HRUs) at its three plants at Panipat, Bathinda & Nangal in order to save energy consumption and carbon footprints.

l) Energy Saving schemes are also being implemented at Vijaipur Units. The Company has also initiated action for revamp the Urea plants at Panipat & Bathinda units along with new prilling towers to reduce energy consumption & improvising the prill size.

m) Promoting balanced use of fertilizers through training to the farmers and dealers and arranging soil testing / soil health cards to the farmers to check deterioration of soil quality.

n) Marketing of City Compost through its existing Dealers' network.

o) Exploring marketing of organic pesticides based on Neem Oil.

Principle 3: Employee Well Being

NFL believes that workforce is the greatest asset that propels the growth engine. Employees are considered as "Change Catalysts" and the Company nurtures and channelizes the expertise and talent of people for growth, performance, feedback, motivation and training. The achievements and efforts are appreciated, acknowledged & rewarded. The company has revised the pay scales of its employees in line with the recommendations of the 3rd pay commission which would help NFL to recruit / retain the best manpower in the company.

Employee Strength

The Company had 3333 employees as at the end of FY 2018-19, of which 199 were female employees, 1393 were SC/ST/OBC employees and 37 persons were with disabilities. Adequate representation has been given to the employees belonging to SC/ST/OBC communities.

Employee Benefits

The vision of the Company for its human resources is to create an enabling environment to enhance the efficiency of the organization. The aim is to encourage the employees to perform to their best ability by a system of proper placements and incentives, while creating an atmosphere of trust and a feeling that the organization cares about the wellbeing and personal aspirations of the staff. This helps align personal aspirations with professional goals and helps enhance efficiency. The Company runs multiple benefit schemes for its employees like provident fund, gratuity, pension, medical benefits, concessionary interest rates on loans, scholarships to employees' children, executive health check-up etc.The Company also shares part of its profit among its employees under its profit related pay scheme in compliance with DPE Guidelines.

Freedom of Association

The company has the following Employees' Unions /Officers Associations:

a) National Fertilizers Employees Union (NFEU) for all the 4 Manufacturing Units, Corporate Office and Marketing division which are recognized under Industrial dispute Act,1947 (ID Act 1947)

b) Confederation of all the above 6 recognized Unions (CCRU).

c) Officers Associations at all the above 6 locations and Federation of these officers Associations (FOA).

d) SC/ST Association at each Unit for periodical meetings with Management for redressal of the grievances of SC/ST employees.

e) Coordination Committee of SC/ST associations at Corporate Office.

f) Plant level Committees giving equal representation of the Employees Unions.

Apart from above, NFL supports the participative culture in management through various activities / forums like Suggestion scheme, Welfare, safety, interactions between Management and employees on various issues during the year.

Human Rights

Recruitment policy of the Company does not permit any engagement of child labor, forced labor or involuntary labour. An independent internal complaint committee has been constituted at Corporate Office, Units and Marketing Offices and a contact coordinator is placed at Corporate Centre to promptly and appropriately handle complaints of sexual harassment at work places. The Company refrains from any discrimination on the basis of caste, creed, gender or religion and strives to ensure a healthy work-life balance for its employees. No major complaints / cases have been filed / pending with the company during the year 2018-19.

Employee Training & Development

Training at the Company is planned and a continuous process and is integral to the Company.

The relevance and the need for the courses are reviewed on a timely basis. Training programs are aligned with current corporate priorities / requirements of Business Units. A culture of self-learning is inculcated in every employee.

Some of the highlights of 2018-19:

a) Total training to all employees: 12591 man days.

b) Total training to women: 866 man days.

c) Total training to SC/ST employees: 2695 man days.

In-house and external training programs on various topics are organized. All employees are made aware of gender sensitivity at work place.

NFL has been assessed at maturity level 2 of PCMM (People Capability Maturity Model) in an appraisal done by M/s QAI, New Delhi. Maturity level 2 focuses on issues such as staffing, coordinating commitments, providing resources, managing performance, developing skills and making compensation decisions. Adoption of best practices and the refinements brought into various HR and HRD processes have helped immensely in the people development initiatives of the company.

Principle 4: (Stakeholder Engagement)

The company is a public sector undertaking and majority of its shareholding i.e. 74.71% is held by Government of India and remaining equity is maintained by Govt. Institutions, public and NFL employees. Therefore, the company is to fulfill its obligations and responsibilities to maximize the share value of the company so as to maintain and continue to enjoy the trust and confidence of the stake holders at large. The company acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behavior. The company communicates with the stakeholders through a variety of channels, such as e-mails, website, Press Meets, Advertising, one-on-one meeting and attendance at Annual General Meeting. The company seeks feedback through its customer-facing channels, listens to all shareholders' concerns and from its employees through specifically provided channels. The engagement with stakeholders is also done through social media like Facebook.

Principle 5: (Human Rights)

The company recognizes its responsibility to respect human rights within its sphere of influence which it defines as:

- ✓ Employees
- ✓ Suppliers
- ✓ Service Providers
- ✓ Dealers and Retailers
- ✓ Local communities

The company has a direct obligation to protect the human rights of its employees, including the right to equal opportunities, fair working conditions and protection from discrimination. The company does not use child labor or forced labor among its staff and seeks to influence its principal suppliers to respect human rights. NFL makes a positive contribution to local communities through its various CSR activities.

Principle 6: (Preservation of Environment)

Towards environment protection and ecological balance, NFL has been consistently implementing various schemes to reduce the carbon foot prints. Some of the major programs / schemes undertaken by the company are as under:

a) Implementing Gas Turbine Generator along with Heat Recovery Unit at its three plants at Panipat, Bathinda & Nangal replacing coal based captive power plant to reduce energy consumption / carbon footprints.

b) Implementing various energy saving schemes in Vijaipur Units.

c) Almost 100% LEDs installed at Units in place of conventional lighting to reduce power consumption.

d) In-house modification carried out to reduce NO_x (GHG) emission in Nitric Acid Plant at Nangal Unit.

e) Roof top solar plants of 100 KW set up at Corporate Office and Bathinda Unit.

f) There is growth of more than 100% in sale of city compost by the company in 2018-19 over previous year. Extensive field trials / training being provided to the farmers for the efficacy of Compost.

g) Exploring trading of Bio-Pesticides for organic farming.

h) Zero effluent discharge from the manufacturing Units and recycling of waste water after treating the effluents for plantation in the township.

i) Massive afforestation undertaken in and around plant and township areas.

j) Vermi-culture composting system started at Vijaipur & Nangal Units for in-house consumption in horticulture.

k) Rain water harvesting.

l) Fly ash from local ash ponds at Panipat, Bathinda & Nangal is being disposed of through outside parties for land filling and cement industries.

m) Online monitoring system installed at all the 5 Units for liquid effluents and stack emissions.

Principle 7: (Responsible Advocacy)

NFL applies its prudence and actively participates in fertilizer policy making process of GoI through various associations / bodies. Being one of the largest players in Urea sector in India, NFL enjoys the significant role in the Fertilizers Association of India which takes up important and vital issues with the Government for resolution.

The company is an active member of various associations, bodies, Chambers and Associations. Some of the major associations which NFL is a part of are listed hereunder:

1. Standing Committee on Public Enterprises (SCOPE)
2. Fertilizer Association of India (FAI)
3. International Fertilizers Association (IFA)
4. Confederation of Indian Industry (CII)
5. National Seeds Association of India (NSAI)

Principle 8: (Inclusive Growth & Equitable Development)

The company has been on the forefront towards inclusive growth and has undertaken various projects / provided assistance in this area under CSR such as

a) Construction of Toilets in Govt. Schools, Installation of Sanitary Napkins Vending Machine and Incinerator, Medical Camps and empowerment of girl child and women towards nutrition, health, education and wellbeing in aspirational district of Guna (M.P.)

b) Swatchata activities in districts other than aspirational district such as installation of RO water purifiers, drinking water facilities, construction of toilets etc.

c) Organized Stitching, tailoring and beauty culture training programs for women from villages in Nangal, Punjab.

d) Installation of Solar Lights in various villages near manufacturing Units.

e) Distribution of Furniture, Water Cooler & Purifier in Govt. Schools.

f) Established Mini Soil and Water testing laboratories in Govt. aided Schools.

g) City compost provided in 10 villages of Haryana and M.P. to improve soil quality and crop productivity.

h) The company is also in the process of distributing cotton plucker machines to the farmers.

Further, the Company has been complying with the minimum 25% mandatory procurement of goods and services from Medium and Small Enterprises (MSEs) for the items being dealt by MSEs.

Principle 9: (Customer Value)

a) The company accords utmost importance to its customers and consistently working on ensuring availability of maximum requirements of the farmers under one roof. Towards this endeavor, the company has included new products in its basket such as DAP, MoP, NPK, Bentonite Sulphur, seeds, new molecules of crops protection chemicals, compost etc.

b) The Company discloses all information truthfully and factually as per Fertilizer Control Order (FCO), including the risks to the farmers from over / skewed use of the products (e.g. Recommend balanced use of Fertilizers), so that the customers could exercise their freedom to consume in a responsible manner. All the details such as Name of the product (Fertilizers), composition of nutrients, MRP, amount of subsidy, weight of the bag, customer care number etc. are printed on the bag itself.

c) The company ensures compliance of specifications of the finished products as per FCO Specifications. Recently company promptly & successfully addressed a complaint received regarding inadequate Neem coating on Urea at its Bathinda & Nangal plants through strengthening of the Neem coating system at these plants ensuring adequate Neem coating of Urea.

d) The company has a robust system to promptly register and resolve the customer complaints received from the market.

e) The company undertakes various training programs for the farmers and dealers of the company to promote and efficient use of various fertilizers. In this regard, the company has conducted various training programs for the farmers / dealers to promote and efficient use of Neem Coated Urea, Bio-Fertilizers and Compost.

f) The Company is envisaging revamp of Urea manufacturing facilities at Bathinda and Panipat Units including construction of new prilling towers based on natural draft to further bring down energy consumption and improving prill size for better acceptability of the product in the market.

g) Providing multiple products and services under the single roof from 100 Kisan Suvidha Kendras.

h) Under Agricultural Extension Services, soil testing for analysis of macro and micro nutrients is being undertaken to enhance balanced fertilization to improve soil health.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
Date : 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure - 3

CORPORATE GOVERNANCE REPORT (2018-19)

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015) as amended from time to time and Department of Public Enterprises Guidelines (DPE Guidelines) on Corporate Governance, the Report containing the details of Corporate Governance systems and processes at National Fertilizers Limited (NFL) is as follows:-

1. Company's Philosophy on code of Corporate Governance

Corporate governance is a set of principles, processes and systems to be followed by the Company for enhancement of shareholders' value, keeping in view the interests of other stakeholders. The integrity, transparency and compliance with laws in all dealings with government, customers, suppliers, employees and other stakeholders are the objectives of good Corporate Governance.

Over the years, governance processes and systems have been strengthened at NFL. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics have been emphasized.

Company believes that good governance is a continuing exercise and reiterates its commitment to pursue highest standards in that regard. Company continuously reviews its policies and practices of Corporate Governance with a clear goal not merely to comply with the statutory requirements in letter and spirit, but also constantly endeavours to implement the best practices of Corporate Governance.

Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders. Company is committed to achieve and maintain the highest standards in this regard.

Company is committed to the best governance practices that create long term sustainable shareholder value. Governance framework is based on the following principles:-

- Compliance of laws, rules and regulations in letter and spirit in the interest of stakeholders.
- A sound system of internal control to mitigate risks associated with achievement of business objectives, in short, medium and long terms.
- Mitigation/ Minimization of risks through risk management.
- Adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of stakeholders.
- Clearly defined standards against which performance of responsibilities are measured.
- Accuracy and transparency in disclosures regarding operations, performance, risk and financial status.
- Timely and balanced disclosure of all material information to all the Stakeholders and clear delineation of shareholders' rights.
- Constitution of Board of Directors having expertise in different fields.
- Timely flow of information to the Board and its Committees.
- Accountability.

Over the years, Company has strengthened governance practices. These practices define the way business is conducted and value is generated. Stakeholder's interests are taken into account before making business decisions.

Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Board has established various Committees to discharge its responsibilities in an effective and transparent manner. The Chairman & Managing Director (C&MD) is responsible for overall implementation of the Company policies. In the functioning of the Company, C&MD is assisted by Whole-time Directors and senior level executives.

Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in dealing with stakeholders of the Company. Company has adopted various codes and policies to carry out its business in an ethical and transparent manner. Some of those codes and policies are as follows:-

- Code of Conduct for Board Members and Senior Management Personnel

- Terms and Conditions of Appointment of the Independent Directors
- The Code of Conduct for Regulating & Reporting Trading by Designated Persons & their Immediate Relatives" for National Fertilizers Limited
- Corporate Social Responsibility (CSR) Policy
- Health, Safety and Environment Policy
- Risk Management Policy
- Whistle Blower Policy
- Integrity Pact
- Training Policy for the Board of Directors and Key Managerial Personnel
- Policy on related Party Transactions
- Archival Policy
- Corporate Policy on Preservation of Documents
- Policy for Material Subsidiary
- Policy on Board Diversity
- Business Responsibility Policy
- Policy for Materiality for disclosure of events to the Stock Exchanges
- Dividend Distribution Policy
- Anti-Fraud Policy

Further, the Company has ensured compliance with the objectives of 'the principles of Corporate Governance' stated under the SEBI (LODR) Regulations, 2015, as brought out below:

1.1. The Rights of Shareholders

The Company has taken all necessary steps to ensure the Rights of Shareholders and seek approval of the shareholders as and when required as per the provisions of the Companies Act, 2013 or other applicable legislations.

The Company issues press releases regarding the important events and the same has been submitted to Stock Exchanges for information of the valued investors.

The Annual Report and the notice of the Annual General Meeting (AGM) explain exhaustively the procedures governing the AGM, voting procedures etc. Sufficient opportunity is provided to the shareholders who attend the meeting to raise queries to the Board of Directors and queries pertaining to accounts, companies future prospects etc. are clarified at the meeting.

The Company has a Board level Stakeholders' Relationship Committee which meets periodically to redress the grievances of shareholders. The shareholders have the facility of directly approaching the Company as well as the Registrar and Share Transfer Agent (RTA) to address their queries/ grievances, which are generally addressed within stipulated timeframe.

Interests of the minority shareholders are protected and there was no instance of abusive action by controlling shareholders.

1.2 Timely Information

The Company sends notices through email to all shareholders who have provided their e-mail id with the Company and/ or depository participants and to all others physically by post for providing timely information.

The Annual Report of the Company is compiled exhaustively to provide every conceivable information on the functioning of the Company.

The website of the Company is updated continuously to keep the stakeholders informed of various developments including Notice of general meeting, Annual Reports, quarterly results, dividend information etc.

1.3 Equitable Treatment

All the equity shareholders are treated equitably, irrespective of their location or quantum of their shareholding.

For effective participation of the Shareholders, Company dispatches the notice for General meeting to Shareholders well in advance.

Further, the E-voting facility is provided to all Shareholders. Simple and inexpensive procedures are adopted to cast their vote electronically as well as through poll.

In line with the SEBI (Prohibition of Insider Trading) Regulations, 2015, and amendments thereto, the Company has put in place "The Code of Conduct for Regulating & Reporting Trading by Designated Persons & their Immediate Relatives" for National Fertilizers Limited". The code is applicable to all the Insiders of the Company, which also ensures to prevent unauthorised dealing by them in shares of the Company. The code is also available at the website of the Company i.e. www.nationalfertilizers.com.

1.4. Role of Stakeholders in Corporate Governance

The Business Responsibility Report of the Company brings out in detail the steps being taken by the Company in this regard. The Company, being a listed Central Public Sector Enterprise, conducts and governs itself with Ethics, Transparency and Accountability as per the law of land and ensures compliance of all the policies, rules, regulations, guidelines etc. mandated by the Government of India.

Effective Redressal mechanism is available to every stakeholder of the Company, should there be any infringement of rights.

For effective participation in Corporate Governance, the Company disseminates various announcements from time to time in newspapers, Company website and other media to the stakeholders concerned.

The Company is also covered under the provisions of Right to Information Act, 2005 and it provides all information to the citizens of India as provided under Act.

The Company has implemented a Whistle Blower Mechanism which gives opportunity to its employees to raise any concern of ethical or illegal or immoral activity and instances of leak of Unpublished Price Sensitive Information occurring in the organization to the Audit Committee.

The Company has a Vigilance Department which is headed by an officer on deputation from the Government of India in the rank of Joint Secretary or above.

1.5 Disclosure And Transparency

The Company ensures timely and complete dissemination of information on all matters which require to be made public. The website of the Company and the Annual Report of the Company contain exhaustive information regarding every aspect of the functioning, financial health, ownership and governance practices of the Company.

All disclosures by Company are made in line with the formats prescribed by the concerned regulatory authority in respect of accounting, financial and non-financial matters.

The Company disseminates information through press releases, official website and/or through the Stock Exchanges and access to all these modes are free for all users.

The Company maintains records of the proceedings of all meetings (Board/ Committees/ General meeting) as per the Secretarial Standards prescribed under the Companies Act, 2013. The minutes are being maintained explicitly recording dissenting opinions, if any.

1.6 Responsibilities of The Board of Directors

The Company has an exhaustive Delegation of Power (DOP) and other manuals like Purchase Manual, Works manual, Marketing Manual etc. as duly approved by the Board, which spell out the processes and defines the level (Executive Committee / Functional Director / Key Executive and below) at which any decision is to be made and are reviewed from time to time to ensure that they are updated and meet the needs of the organization.

The Company has adequate Board Level Committees which deliberate upon various important matters and advise the Board on the course of action to be taken.

Appointment of directors on the Board of the Company and the remuneration of functional directors are decided by the Government of India. The Board members as well as Key Managerial Personnel are required to declare their interest in all contracts and their shareholdings etc. which is noted by the Board.

The Company ensures that related party transactions are brought to the notice / approval of the Audit Committee / Board.

Board evaluation is within the domain of the Government of India.

The Agenda Items, circulated in advance to the members of the Board, are exhaustive in nature and detailed presentations are made during the course of discussion. The Independent Directors are provided with every conceivable information to ensure that the interests of the minority shareholders are protected. The Company has a Board approved training policy for directors.

Every proposal is examined and discussed in detail before a decision is taken. The Committees of the Board deliberate upon major proposals before being recommended to the Board.

The Board regularly monitors the Action Taken Report on its decisions. Risk areas are outlined and mitigation processes are put in place.

The terms of reference, quorum, periodicity of meeting etc. are clearly defined for each of Board Committees, and approved by the Board.

The Board members discloses from time to time all the required information to the Board. The Board performs key functions by fulfilling the responsibilities for achieving economy, efficiency and effectiveness for Company vis-à-vis shareholders' value creation.

2. BOARD OF DIRECTORS

2.1 Size of the Board

The Company is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013 as the President of India holds 74.71% of the paid-up Share Capital of the Company. Directors include Chairman & Managing Director, Whole-time Functional Directors, Government Nominee Directors (Promoters Director) and Independent Directors. As per Articles of Association of the Company, the power to appoint Chairman & Managing Director and Whole-time Functional Directors vests with the President of India. Other Directors are also appointed on recommendations of the Government of India. Further, in terms of the Articles of Association, the number of Directors shall be not less than three and not more than twelve.

2.2 Composition of the Board

The Board of Directors as on 31st March, 2019 comprised of Ten Directors i.e. Chairman & Managing Director, Three Whole-time Functional Directors i.e. Director(Technical), Director(Finance) and Director (Marketing), Two Government of India nominees and Four Independent Directors. Brief profile of the Directors is set-out at **Annexure 16** in the Annual Report.

The SEBI (LODR) Regulations, 2015 stipulates that where the Chairman of the Board is a Non-Executive Director, at least one third of the Board should comprise of Independent Directors and in case Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. In the absence of adequate number of Independent Directors, during the year, Board's composition as detail below was not in accordance with the SEBI (LODR) Regulations, 2015: -

S. No.	Period		Composition of the Board		
	From	To	Total Directors	Independent Directors	Other Directors
01.	01.04.2018	10.10.2018	9	4	5
02.	11.10.2018	26.11.2018	10	4	6
03.	27.11.2018	27.12.2018	9	4	5
04.	28.12.2018	31.03.2019	10	4	6

As required under Regulation 46(2) (b) of the Listing Regulations, the terms and conditions of appointment of Independent Directors are available on the Company's website: www.nationalfertilizers.com.

As required under Companies Act, 2013 and SEBI (LODR) Regulations, 2015, none of the Directors is a member of more than Ten Committees of the Board or Chairman of more than Five Committees in which he/she is a member.

During the year under review, Independent Directors did not have any material or other pecuniary relationship or transactions with the Company, its promoters or management apart from receiving sitting fees, which may affect independence of judgment of the Directors. The Company has received declaration from all the independent Directors of the company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (LODR) Regulations 2015.

2.3 Tenure of Directors

The age limit of retirement of Chairman & Managing Director and other Whole-Time Functional Directors is Sixty years. The Chairman and

Managing Director and other Whole-time Functional Directors are appointed for a period of maximum five years from the date of taking charge or till the date of superannuation or till further instructions by the Government of India, whichever event occurs earliest and in accordance with the provisions of Companies Act, 2013. The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof. Government nominee Directors representing the Department of Fertilizers, Government of India, retire from the Board on ceasing to be officials of the Department of Fertilizers, Government of India. Independent Directors are appointed on the recommendations of the Government of India usually for tenure of three years.

2.4 Other details relating to the Board

Details regarding tenure, number of other Directorships/Committee Memberships viz. Audit Committee and Stakeholders Relationship Committee and Nomination and Remuneration Committee, held by Directors as on 31.03.2019 are tabulated below:-

S. No.	Director (S/Shri)	Category	Tenure		In other Boards/Committees		
			From	To	Directorship	Membership	Chairmanship
01.	Manoj Mishra	C&MD	03.06.2015	Continuing	1	-	-
02.	Rajiv Kumar Chandiok	ED	10.02.2015	Continuing	1	-	-
03.	Devinder Singh Ahuja	ED	06.02.2017	Continuing	1	-	-
04.	Virendra Nath Datt	ED	11.10.2018	Continuing	1	-	-
05.	Dharam Pal	NED-Govt. Nominee	09.02.2016	Continuing	2	-	-
06.	Partha Sarthi Sen Sharma	NED-Govt. Nominee	28.12.2018	Continuing	2	-	-
07.	Ms. Meenakshi Gupta*	NED-Govt. Nominee	11.01.2017	26.11.2018	N.A.		
08.	Ms .Bhavnaben Kardambhai Dave	NEID	01.07.2016	Continuing	-	-	-
09.	CA Anil Verma	NEID	14.02.2017	Continuing	-	-	-
10.	Dr. Ramesh Kumar Agarwal	NEID	14.02.2017	Continuing	1	-	-
11.	Dr. (Mrs.) Kalpana Saini	NEID	18.05.2017	Continuing	-	-	-

C&MD- Chairman & Managing Director, ED– Executive Director, NED–Non-Executive Director, NEID–Non-Executive Independent Director.
*Ceased to be NED w.e.f. 26.11.2018.

2.5 Independent Directors

The Independent Directors play a vital role in the deliberations at the Board and Committee meetings. They help with their wide-ranging experience in the field of Management, Governance, Finance, Audit, etc. The Independent Directors bring an independent judgment having a bearing on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct etc.

In the opinion of the Board, Independent Directors fulfill the conditions specified in these Regulations and are independent of the management.

During the period under review, no Independent Director have resigned before the expiry of his tenure.

2.6 Board Meetings, Agenda & Minutes

The Company holds at least four Board meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. Apart from the four scheduled Board meetings, additional Board meetings are also convened to address the specific requirements.

All the departments in the Company communicate to the Company Secretary well in advance with regard to matters requiring approval of the Board. Agenda are generally circulated to the Board well in advance before the meeting. All material information is incorporated in the Agenda to facilitate meaningful and focused discussions at the meeting.

The Company Secretary while preparing the Agenda and Minutes of the Board meeting is required to ensure adherence to the provisions of the Companies Act, 2013 and Secretarial Standards. The Board also takes note of the minutes of the meetings of the various Committees of the Board duly approved by their respective Chairperson of the Committee.

Important decisions taken at the Board/Committee Meetings are communicated promptly to the concerned departments of the Company. Action Taken Report on decisions / minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/Committee.

2.7 Board Meetings held

During the year, Board met ten (10) times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	424	02.05.2018
02.	425	01.06.2018
03.	426	06.07.2018
04.	427	03.08.2018
05.	428	27.09.2018
06.	429	30.10.2018
07.	430	30.11.2018
08.	431	28.12.2018
09.	432	01.02.2019
10.	433	25.03.2019

The minimum and maximum interval between any two Board Meetings was 28 days and 55 days respectively.

2.8 Attendance at the Board Meetings and Annual General Meeting

Details of attendance of the Directors at the Board Meetings and at the last Annual General Meeting held on 27th September, 2018 are as follows:

S. No.	Name of the Director (S/Shri)	Category	Board Meetings held during 2018-19 and Attendance thereat		Attendance at last Annual General Meeting
			Held	Attended	
01.	Manoj Mishra	C&MD	10	10	Present
02.	Rajiv Kumar Chandiok	ED	10	10	Present
03.	Devinder Singh Ahuja	ED	10	09	Present
04.	Virendra Nath Datt (from 11.10.2018)	ED	05	05	N.A.
05.	Ms. Meenakshi Gupta*	NED-Govt. Nominee	06	05	Not Present
06.	Dharam Pal	NED-Govt. Nominee	10	07	Not Present
07.	Partha Sarthi Sen Sharma (from 28.12.2018)	NED-Govt. Nominee	03	01	N.A.
08.	Ms.Bhavnaben Kardambhai Dave	NEID	10	10	Present
09.	CA Anil Verma	NEID	10	08	Present
10.	Dr. Ramesh Kumar Agarwal	NEID	10	04	Present
11.	Dr. (Mrs.) Kalpana Saini	NEID	10	09	Present

C&MD – Chairman & Managing Director, ED – Executive Director, NED – Non-Executive Director, NEID – Non-Executive Independent Director. *Ceased to be NED w.e.f. 26.11.2018.

2.9 Information placed before the Board of Directors, inter-alia includes

The Board has complete access to any information within the Company. The information regularly provided to the Board includes:

- Annual operating plans and budgets and any updates;

- Capital budgets and any updates;
- Quarterly Financial Results of the Company;
- Annual Financial Statements including Consolidated Financial Statements, Management Discussion & Analysis, Directors' Report etc.;
- Minutes of the Meetings of the Audit Committee and other Committees of the Board;
- The information on recruitment and remuneration of senior executives just below the Board level, including appointment or removal of Company Secretary;
- Major capital investments, formation of Joint Ventures, R&D project or technical collaboration agreement;
- Significant labour problems and their proposed solutions. Any significant development in the areas of Human Resource/Industrial Relations like signing of wage agreement, Incentive Schemes, Medical facilities, implementation of Voluntary Retirement Scheme etc.;
- Disclosure of Interest by Directors about Directorships and Committee positions occupied by them in other companies;
- Report on compliance of various laws and Information relating to major legal disputes;
- Short term Investment of surplus funds;
- Status of Borrowings;
- Any contract(s) in which Director(s) is/are deemed to be interested;
- Award of large contracts;
- Report on performance of various units/functions;
- Review of risk factors including Foreign Exchange transactions;
- Other materially important information;
- Show cause, demand, prosecution notices and penalty notices, which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company;
- Transactions involving substantial payment towards goodwill, brand equity, or intellectual property;
- Sale of material nature, of investments, satisfactory assets, which is not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.;
- Review of Whistle blower Policy of the Company;
- Declaration of independence by Independent Director;
- Quarterly Status of Investor Complaints;
- Quarterly Report Compliance with Corporate Governance norms;
- Review of Corporate Social Responsibility (CSR) Policy of the Company;
- Review of Health, Safety and Environment Policy;
- Action taken report on matters desired by the board;
- Changes in significant accounting policies and practices and reason for the same;
- Any other information required to be presented to the Board.

2.10 Separate Meeting of Independent Directors

As per Companies Act, 2013 and SEBI (LODR) Regulations, 2015, Independent Directors are required to meet at least once in a year without presence of other Directors. The scope of Independent Directors meeting inter-alia includes:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

During the year under review, one (1) meeting of the Independent Directors was held on 30-11-2018.

2.11 Disclosure of relationships between Directors inter-se

No relationships between Directors inter-se have been reported.

2.12 Number of shares and convertible instruments

No shares/convertible instruments issued by the Company are held by Non-executive Directors.

2.13 Web link details of familiarization programmes imparted to Independent Directors

As per Company's Directors' Training Policy, on their joining, the Directors are given presentation on the overview of the company with the object to familiarize them with the Company's business and other activities. To provide an overview of our operations and familiarize the Independence Director on matters related to our values and commitments, they are introduced to our organizations structure, our services, constitutions, board procedures, our major risks and risk management and strategy etc. Familiarization programme was also organized accordingly. The details of the training programme are available on the website www.nationalfertilizers.com.

Further, Directors were kept apprised of latest developments w.r.t. the Companies Act, 2013 and other corporate laws and SEBI requirements.

2.14 Policy on Board Diversity

Company has devised a Policy on Diversity of Board of Directors which is available at Company's website www.nationalfertilizers.com.

2.15 Performance evaluation of Directors

As per provisions of Section134(3)(p) of the Companies Act, 2013, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors should form part of the Board's Report of every listed Company.

Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification No.GSR463(E) dated 05th June, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that sub sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.

MCA vide notification dated 05th June, 2015 has also notified that in case of government companies Section 134(3)(p) shall not apply in case the directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company.

The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors by Administrative Ministry.

Performance evaluations to which the Government Companies and their Directors are subjected to are as follows:

(i) All the Functional Directors (through C&MD) and C&MD are accountable to the Board and the Administrative Ministry.

(ii) For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is negotiated by Department of Public Enterprises, NITI Aayog, Ministry of Statistics & Programme Implementation and the Administrative Ministry officials. Targets are set for various MoU parameters. The performance of the Company vis-à-vis MoU indicates the overall performance of the Board and individual Directors. Performance of the Company is reviewed on quarterly basis through Quarterly

Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters.

(iii) Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive Directors, Functional Directors and C&MD major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters.

(iv) Annual performance appraisal of the C&MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister.

(v) Tenure of Functional Directors and C&MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry.

(vi) All the government companies are also subject to regular review by various Parliamentary Committees on different subjects.

In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and Part-time Official Directors was not carried out.

2.16 Skills, expertise and competencies of the Board of Directors

The information pertaining to core skill/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board is annexed to the Corporate Governance Report.

3. Committees of the Board

The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness to ensure that stakeholders' long-term interests are served. The Board has constituted the following mandatory committees of the Board of Directors:

(i) Audit Committee;

(ii) Stakeholders Relationship Committee;

(iii) Nomination and Remuneration Committee;

(iv) Committee on Corporate Social Responsibility & Sustainable Development;

(v) Risk Management Committee;

Terms of reference and other details of Board Committees are given as under.

3.1 Audit Committee

The Company endeavors that the constitution, quorum, scope etc. of the Audit Committee is in line with section 177 of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and guidelines on Corporate Governance as issued by Department of Public Enterprises. The scope of Audit Committee inter-alia includes the following:-

1. oversight of the Company (listed entity's) financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. recommendation for remuneration of auditors of the listed entity;

3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act,2013;

   (b) changes, if any, in accounting policies and practices and reasons for the same;

   (c) major accounting entries involving estimates based on the exercise of judgment by management;

   (d) significant adjustments made in the financial statements arising out of audit findings;

   (e) compliance with listing and other legal requirements relating to financial statements;

   (f) disclosure of any related party transactions;

(g) modified opinion(s) in the draft audit report;

5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the listed entity with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up thereon;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;
19. approval of appointment of chief financial officer after assessing the qualifications, experience and background etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

COMPOSITION & ATTENDANCE AT THE MEETINGS

3.2 Details of Audit Committee meetings

Composition of the Audit Committee and attendance

The details of members including change, if any, in their tenure, number of meetings held during the year and attendance of the members are as under:-

(in Nos.)

S.No.	Name of Director (S/Shri)	Status	Period		Meetings during 2018-19	
			From	To	Held	Attended
01.	CA Anil Verma	Chairperson	21.02.2017	Continuing	05	05
02.	Ms. Bhavnaben Kardambhai Dave*	Member	13.07.2016	Continuing	05	05
03.	Dr. Ramesh Kumar Agarwal	Member	21.02.2017	Continuing	05	-
04.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	05	04
05.	Dr. (Mrs.) Kalpana Saini	Member	31.01.2018	Continuing	05	05
06.	Virendra Nath Datt**	Member	30.10.2018	Continuing	01	01

*Ceased to be member w.e.f. 30.06.2019. **Ceased to be member w.e.f. 19.07.2019.

Statutory Auditors are invited to attend Audit Committee meetings whenever felt necessary. The Cost Auditors are also invited to attend these meetings when Cost Audit Report and matters related thereto are discussed. Corporate Finance Head, Head of Internal Audit and other Functional Heads are invited as Special Invitees. The Company Secretary acts as Secretary to the Committee.

3.3 Meetings

During the year 2018-19, the Audit Committee met five (5) times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	117	02.05.2018
02.	118	06.07.2018
03.	119	03.08.2018
04.	120	30.10.2018
05.	121	01.02.2019

3.4 Stakeholders Relationship Committee

The Stakeholders Relationship Committee is in line with the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The scope of the Stakeholders Relationship Committee inter-alia includes redressal of investor's grievances especially related to transfer/ transmission of shares, dividends, dematerialization, and replacement of lost/stolen/mutilated share certificates, splitting, conversion and other related issues and strengthening of investor relations.

3.4.1 Composition

The details of members including change, if any, in their tenure, number of Meetings held during the year and attendance of the members are as under:-

(in Nos.)

S. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2018-19	
			From	To	Held	Attended
01.	CA Anil Verma	Chairperson	21.02.2017	Continuing	01	01
02.	Rajiv Kumar Chandiok*	Member	10.02.2015	Continuing	01	01
03.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	01	01

*Ceased to be member w.e.f. 28.06.2019.

3.4.2 Meetings

During the year 2018-19, the Stakeholders Relationship Committee met once and was attended by all the Members and Chairperson as detailed below:-

S. No.	Meeting No.	Date of Meetings
01.	06	30.10.2018

3.4.3 Compliance Officer

Shri Raj Kumar, Company Secretary, is the Compliance Officer and has been entrusted with the responsibility for redressal of Shareholders and investors grievances and reports the same to the Committee. Details of the same are also available on the website of the company at www.nationalfertilizers.com.

3.4.4 Summarized information on complaints

The Company addresses all complaints, suggestions and grievances of the investors expeditiously and resolves them within specified timeline, except in case of dispute over facts or other legal constraints.

During the Financial Year under review no Investor Complaint was received. Quarter wise details are given below:-

Quarter Ended	Complaints Received	Complaints Resolved	Complaints Pending
30.06.2018	NIL	NIL	NIL
30.09.2018	NIL	NIL	NIL
31.12.2018	NIL	NIL	NIL
31.03.2019	NIL	NIL	NIL
Total	**NIL**	**NIL**	**NIL**

3.5 Nomination and Remuneration Committee

3.5.1 Composition & Scope

The Company, being a Central Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Department of Fertilizers, Government of India. Independent Directors are paid sitting fees for attending the Board/Committee Meetings within the ceiling fixed under the Companies Act, 2013.

NFL being a government company is exempted from applicability of provisions of the Companies Act, 2013 with regard to formulation of criteria for determining qualifications, positive attributes, evaluation of Directors, their remuneration, etc.

Remuneration of employees consisting of basic pay, perquisites, performance Incentives, retirement benefits is regulated as per guidelines laid down by Department of Public Enterprises (DPE), Government of India. Within the framework of DPE Guidelines, Remuneration Policy of the Company aims to motivate employees to excel in performance, recognize their contribution, retain talent in the organization and reward merit.

Terms of reference of the committee is as per provision of Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The committee identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the board their appointment and removal. Further, in terms of the DPE Guidelines, every Central Public Sector Enterprise is required to constitute a Nomination & Remuneration Committee headed by an Independent Director to decide the Annual Bonus/Variable. Pay Pool and policy for its distribution across the executives and non-unionized supervisors. The Board has constituted a Nomination and Remuneration Committee. Composition of the Committee for the year 2018-19 and thereafter is as follows:-

(in Nos.)

S. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2018-19	
			From	To	Held	Attended
01.	Dr. Ramesh Kumar Agarwal	Chairperson	21.02.2017	Continuing	03	01
02.	Manoj Mishra	Member	13.01.2016	Continuing	03	03
03.	Ms. Bhavnaben Kardambhai Dave*	Member	13.07.2016	Continuing	03	03
04.	CA Anil Verma	Member	21.02.2017	Continuing	03	02
05.	Dr. Kalpana Saini	Member	31.01.2018	Continuing	03	03

*Ceased to be member w.e.f. 30.06.2019.

3.5.2 Meetings of Nomination and Remuneration Committee were held on following dates

During the year 2018-19, the Nomination and Remuneration Committee met three (3) times as detailed below:-

(in Nos.)

S.No.	Meeting No.	Date of Meetings
01.	07	01.06.2018
02.	08	30.10.2018
03.	09	28.12.2018

3.6 Committee on Corporate Social Responsibility and Sustainable Development.

Committee on Corporate Social Responsibility and Sustainable Development has been constituted for formulating and monitoring the Corporate Social Responsibility and Sustainable Development Plans of the Company and their execution. The Committee has also been empowered to look into matters related to sustainability and inclusive governance. Committee's prime responsibility is to assist the Board in discharging its corporate social responsibilities. Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

3.6.1 The Constitution of the Committee is as under

(in Nos.)

S.No	Name of Director (S/Shri)	Status	Period	Meetings during 2018-19		
			From	To	Held	Attended
01.	Ms. Bhavnaben Kardambhai Dave*	Chairperson	21.02.2017	Continuing	03	03
02.	Dr. Ramesh Kumar Agarwal	Member	21.02.2017	Continuing	03	-
03.	Dr. (Mrs.) Kalpana Saini	Member	31.01.2018	Continuing	03	03
04.	Rajiv Kumar Chandiok**	Member	09.09.2015	Continuing	03	03
05.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	03	02
06.	Virendra Nath Datt	Member	30.10.2018	Continuing	01	01

*Ceased to be member w.e.f. 30.06.2019. **Ceased to be member w.e.f. 28.06.2019.

3.6.2 Committee Meetings were held on following dates

During the year 2018-19, the Corporate Social Responsibility and Sustainable Development Committee met three (3) times as detailed below:-

S. No.	Meeting No.	Dates
01.	17	06.07.2018
02.	18	30.10.2018
03.	19	01.02.2019

3.7 Risk Management Committee

Earlier as per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, The provision of this regulation was applicable to top 100 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year However as per recent amendment in SEBI (LODR) Regulations, 2015, Now the said regulation is applicable to top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year. NFL's Rank was 499 as per data Published by NSE based on market capitalization as on 31.03.2018. Board of Director in its 432th Meeting held on 01st February, 2019 constituted Risk Management Committee to monitor, approve and review the risk policies/plan and associated practices of the Company. No meeting of the Committee held during 2018-19.

3.7.1 The Composition of Risk Management Committee is as under

S.No	Name of Director (S/Shri)	Status
01.	CA Anil Verma, ID	Chairperson
02.	Dr. (Mrs) Kalpana Saini, ID	Member
03.	Rajiv Kumar Chandiok*, D(F)	Member
04.	Devinder Singh Ahuja, D(T)	Member
05.	Virendra Nath Datt, D(M)	Member
06.	R.K. Gogia, ED (IA & Law/CS/MS)	Member
07.	Dinesh Sood, GM(HR)I/c	Member

*Ceased to be member w.e.f. 28.06.2019.

4. Details of Remuneration and Sitting Fee paid to Directors during 2018-19

4.1 Remuneration to Executive Directors and Company Secretary

(in ₹ Lakh)

S. No.	Name of Director (S/Shri)	Salary including perks	Retirement Benefits	Total
01.	Manoj Mishra, C&MD	52.65	4.57	57.22
02.	Rajiv Kumar Chandiok, Director (Finance)	53.69	4.48	58.17
03.	Devinder Singh Ahuja, Director (Technical)	47.40	3.94	51.34
04.	Virendera Nath Datt, Director (Marketing)**	19.86	1.60	21.46
05.	Raj Kumar, Company Secretary	35.22	3.44	38.66
	Total	**208.82**	**18.03**	**226.85**

*Remuneration does not include the provisions made on actuarial valuation of retirement benefits.

** Joined on 11.10.2018.

4.2. Sitting Fee to Independent Directors

The Non-executive Independent Directors are paid sitting fee of ₹15000 for attending each meeting of the Board and/or Committee thereof. The same has been revised as ₹25000 w.e.f. 03.08.2018. Sitting fee paid to Independent Directors during 2018-19 is as follows :-

(Amount in ₹)

S. No.	Name of the Independent Director (S/Shri)	Board Meetings	Audit Committee & other Board Sub-Committee Meetings	Total
01.	Ms. Bhavnaben Kardambhai Dave	220000	250000	470000
02.	CA Anil Verma	180000	250000	430000
03.	Dr. Ramesh Kumar Agarwal	90000	40000	130000
04.	Dr. (Mrs.) Kalpana Saini	195000	250000	445000
	TOTAL	**685000**	**790000**	**1475000**

4.3 Government Nominee Directors

Government nominee Directors being the representatives of Promoters are not paid any remuneration including sitting fees.

4.4 Stock Options

The Company has not issued any stock options during the year under review.

5. General Body Meetings

5.1 Details of last three Annual General Meetings held are as follows:-

Type of Meeting	Date of Annual General Meeting	Time of Annual General Meeting	Place of Annual General Meeting	Details of Special Resolution(s) passed, if any
Year 2015-16				
Annual General Meeting	27.09.2016	10.30 AM	Weight Lifting Hall, Jawaharlal Nehru Stadium, Lodhi Road, New Delhi	-
Year 2016-17				
Annual General Meeting	27.09.2017	10.30 AM	NCUI Auditorium & Convention Centre,3, Siri Institutional Area,August Kranti Marg, NewDelhi-110016	-
Year 2017-18				
Annual General Meeting	27.09.2018	02.30 PM	Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi-110003	-

6. Postal Ballot

Company had not transacted any business through postal ballot during the year 2018-19.

7. Extraordinary General Meeting

No Extraordinary General Meeting was held during the year.

8. Other Disclosures

8.1 Disclosures on Materially Significant Related Party Transactions

No transaction of a material nature has been entered into by the Company with the Directors, senior management personnel and their relatives that may have potential conflict with the interest of the Company except as disclosed under the related party transactions as per Ind – AS-24 “Related Party Disclosures”, which are set out in the Annual Report.

8.2 Details of Penalties etc.

NSE and BSE have levied monetary fines for non-compliance with Regulation 17(1) of SEBI (LODR) Regulations, 2015 against the Company as detailed in Secretarial Compliance Report **(Annexure- 14)**. National Fertilizers Limited (NFL) is a Government Company and its directors are appointed by the Government of India (GOI). The remuneration and tenure of Directors are also fixed by GOI. NFL has made appeal to NSE & BSE for withdrawal of the Notice and waiver of fine.

8.3 Details of Vigil Mechanism/Whistle Blower Policy

Company believes in transparency and propriety in its business dealings. To take this object further, Company has put in place a Whistle Blower Policy providing for a mechanism to the employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct or Ethics Policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism. During the year, no disclosures have been received under the whistle blower mechanism.

8.4 Details of Compliance with Mandatory Requirements

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 except for the appointment of requisite number of Functional and Independent Directors on the Board.

8.5 Related Party Transactions Policy

Related Party Transaction Policy of the Company is available at www.nationalfertilizers.com.

8.6 Policy for Determining 'Material' Subsidiaries

Policy for determining 'material' subsidiaries is available at www.nationalfertilizers.com.

8.7 Foreign Exchange risk or Commodity price risk and hedging activities

Hedging activities /transactions during the financial year 2018-19 have been undertaken by the company in line with the Board approved the foreign exchange risk management policy. The basic philosophy is that the risk should be limited to what company can afford based on this the risk appetite of the Company generally linked to % of net worth open position of unhedged forex exposure is worked out for monitoring with pre – determined stop loss limits.

With regard to foreign currency loan, the forex risk is also monitored with the alternative rupee cost of borrowing. Besides, the treasury should ensure that it does not increase the risk exposure of the company by entering into any speculative transaction or a transaction that has an effect of increasing the risk exposure of the company.

8.8 Compliance Requirement of Corporate Governance Report

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 except for the appointment of requisite number of Functional and Independent Directors on the Board.

8.9 Compliance of discretionary requirements specified in Part-E of Schedule-II

Status of compliance with discretionary requirements under Regulation 27(1) of SEBI (LODR) Regulations, 2015 is as under:

1. The Board: The Company is headed by an Executive Chairman.
2. Shareholder Rights: The quarterly financial results of the Company are published in leading newspapers as mentioned under heading 'Means of Communication' and also hosted on the website of the Company.
3. Modified opinion(s) in audit report: The Auditor's Report for F.Y. 2018-19 was unmodified.
4. Reporting of the Internal Auditor: Internal Auditors are appointed by the Board on the recommendation of Audit Committee. Internal Audit Programs are approved by the Audit Committee. The Internal Auditors reports to the Audit Committee on significant observations.

8.10 Investor Education and Protection Fund

During the year 2018-19, ₹93,873.00 have been transferred to Investor Education and Protection Fund on account of unpaid/unclaimed dividend on 17.10.2018.

8.10.1 Transfer of Shares to Investor Education and Protection Fund

In accordance with the applicable provisions of Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Company has transferred 5689 equity shares to the Investor Education and Protection Fund Authority during the year 2018-19 as detailed below:

S.No.	Equity Share Transferred through	No. of Equity Shares Transferred
01.	National Securities Depository Services (India) Limited (NSDL)	1826
02.	Central Depository Services (India) Limited (CDSL)	3863
	TOTAL	**5689***

*During the year 2017-18, 11,887 equity shares were transferred to IEPF Authority Demat Account. Thus total number of equity shares transferred to IEPF Authority Demat Account as on 31.03.2019 is 17,576.

8.11 Disclosure with respect to demat suspense account/unclaimed suspense account and Unpaid/Unclaimed Dividend transferred to IEPF

The Company has no shares in the demat suspense account or unclaimed suspense account.

8.11.1 Nodal Officer

In compliance with Companies Act, 2013 and The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Shri Raj Kumar, Company Secretary of the company has been appointed as Nodal Officer for the purpose of coordination with IEPF Authority.

8.12 Monitoring of Foreign Investment

Pursuant to the Circular No. IMD/FPIC/CIR/P/2018/61 dated April 05, 2018 issued by SEBI regarding Monitoring of Foreign Investment Limits in listed companies by the depositories, the Company has appointed National Securities Depository Limited (NSDL) as Designated Depository for the purpose of monitoring the foreign investment limits.

8.12.1 Designated Official

For the purpose of Monitoring of Foreign Investment Limits, the Company has appointed Shri Raj Kumar, Company Secretary of the Company as Designated Official for assessing NSDL web interface to submit requisite foreign investment information and coordinating with NSDL form time to time.

8.13 Implementation of System-driven Disclosures in Securities Market

Pursuant to the Circular No. SEBI/HO/CFD/DCR1/CIR/P/2018/85 dated May 28, 2018 issued by SEBI regarding system-driven disclosures of promoter/promoter group under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has appointed National Securities Depository Limited (NSDL) as Designated Depository for the purpose of Implementation of System-driven Disclosures.

8.13.1 Designated Official

For the purpose of System-driven Disclosures in Securities Market, the Company has appointed Shri Raj Kumar, Company Secretary of the Company as Designated Official for assessing NSDL issuer service portal to submit information about directors/employees for the purpose of System Driven Disclosures in Securities Market.

8.14 Deposits

The Company has not accepted any deposits during the year in relation to the provisions of Chapter V of Companies Act, 2013.

8.15 Fee to Statutory Auditor

Total fee of ₹56.27 Lakh (₹Fifty Six Lakh Twenty Seven Thousand only) was paid for all services rendered by Statutory Auditor (on consolidation basis) during 2018-19.

8.16 Disclosure under Sexual Harassment of Women at Workplace

During the year 2018-19, disclosure in relation to the Sexual Harassment of Women at workplace is as under:

a) No. of complaints filed during the FY- NIL

b) No. of complaints disposed off during the FY- NIL

c) No. of complaints pending as at the end of FY- NIL

9. Compliance Officer

Shri Raj Kumar, Company Secretary is the Compliance Officer.

10. Means of Communication

10.1 Quarterly Results

Quarterly (unaudited but limited review by Auditors) and Annual Audited Financial Results of the Company as recommended by the Audit Committee and approved by the Board are submitted to the Stock Exchange.

10.2 Newspapers Wherein Results Published

Quarterly / Annual Financial Results for 2018-19 were published in prominent newspapers as below: -

Quarter ended	Date of Publication	News paper
30th June, 2018	04.08.2018 (English)	The Times of India, Delhi The Economic Times, Delhi The Hindu, Delhi Business Line, Delhi, DNA, Mumbai & Delhi
	(Hindi)	Navbharat Times, Delhi Dainik Bhaskar, Bhopal
30th September, 2018	31.10.2018 (English)	Hindustan Times + Hindustan & Mint, Delhi Edition Indian Express + Financial Express, Delhi The Tribune, Delhi & Chandigarh The Hindu, Hyderabad Business Line, all editions
	(Hindi)	Nai Duniya, Bhopal Jansatta, Delhi Dainik Tribune, Delhi & Chandigarh

Quarter ended	Date of Publication	News paper
31st December, 2018	02.02.2019 (English)	Business Standard, Delhi/NCR The Times of India, Delhi/NCR The Tribune, Chandigarh The Economic Times, Delhi/NCR Deccan Chronical, Hyderabad
	(Hindi)	Navbharat Times, Delhi/NCR Dainik Tribune, Chandigarh Navbharat Times, Bhopal Dainik Jagran, Lucknow
31st March, 2019	03.05.2019 (English)	The Times of India, Delhi/NCR The Times of India, Bhopal Millennium Post, Delhi/NCR Hindustan Times, Delhi/NCR The Economic Times, Delhi/NCR Free Press Journal, Mumbai
	(Hindi)	Navbharat Times, Delhi/NCR Navbharat Times, Lucknow Hindustan (Hindi), Delhi/NCR

The quarterly results are also displayed on the official website of the Company at www.nationalfertilizers.com

10.3 Shareholding Pattern

Shareholding Pattern at the end of each quarter is also conveyed to the Stock Exchanges and available at the website of the Company at www.nationalfertilizers.com

10.4 Intimation to Stock Exchanges

Stock Exchanges are kept posted with the changes in composition of Board of Directors and other major events related to the Company.

10.5 Designated exclusive email ID

Company has designated exclusive email ID investor@nfl.co.in for the investors.

10.6 Displays official news release

All official Press Releases are posted on the Company's website (www.nationalfertilizers.com).

10.7 Presentations

No presentations were made to institutional investors or to the analysts.

11. General Shareholder Information

11.1 Company's Registration Details

The Company is registered in the state of Delhi. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is: - L74899DL1974GOI007417.

11.2 Forthcoming Annual General Body Meeting

Date	18th September, 2019
Time	2:30 PM
venue	Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi-110003

11.3 Financial Year: 01st April to 31st March

11.4 Address for Communication

Registered Office: Scope Complex, Core III, 7,
Institutional Area, Lodhi Road,
New Delhi –110003.

Corporate Office: A-11, Sector-24, Noida – 201301.

11.5 Website

Shareholders related information e.g. Annual Report, Quarterly Financial Results, Shareholding Pattern etc. is available at Company's website www.nationalfertilizers.com

11.6 Telephone numbers and E-Mail Reference for communication are given below.

	E mail ID	Telephone No.	Fax No.
Registered Office		011-24360066	011-24361553
Investor Services Cell	inverstor@nfl.co.in	0120-2412322 PBX:0120-3292201-08	0120-2411132 & 0120-2412397
Company Secretary	rajkumar@nfl.co.in	0120-2412322	0120-2411132

11.7 Financial Calendar for FY 2019-20

Particulars	Date
Accounting Period	01st April, 2019 to 31st March, 2020
Un-audited Financial Results for the first three quarters	Within a period of 45 days from the end of each quarter
Fourth Quarter Results	Within a period of 60 days from the end of financial year
AGM (Next Year)	September, 2020 (Tentative)

11.8 Book Closure and Cut - Off date

The Register of Members and Share Transfer Books will remain closed from 12.09.2019 to 18.09.2019 (both days inclusive). The cut-off date for the purpose of recognising the voting rights of Shareholders and Payment of Dividend is 11.09.2019.

11.9 E-voting

Members will be provided e-voting facility to exercise their right to vote at the 45th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services through National Securities Depository Services (India) Limited (NSDL). The e-voting facility will be available from 15.09.2019 (from 09.00 AM) to 17.09.2019 (up to 5.00 PM).

11.10 Payment of Dividend

The Board of Directors, in its meeting held on February 01, 2019, had declared an interim dividend @ 10.90 % (₹1.09/- per share) on the paid-up equity share capital of the company. Further, the Board in its Meeting held on June 04, 2019, has recommended a final dividend @ 7.70% (₹0.77 per share) on the paid-up equity share capital of the company.

11.11 Listing on Stock Exchanges

The equity shares of the Company are listed on the following stock exchanges:-

11.11.1 The Bombay Stock Exchange Limited (BSE)

Name Address and contact details	Security Code	Equity
The Bombay Stock Exchange Limited (BSE) P.J. Towers, Dalal Street, Mumbai –400001. Telephone: 022-22721233/4 Fax: 022- 22723121 /3719 / 2037/ 2039 Email: info@bseindia.com Website: www.bseindia.com	523630	Equity

11.11.2 The National Stock Exchange of India Limited (NSE)

Name Address and contact details	Security Code	Equity
The National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. 1, G-block, Bandra-Kurla Complex, Bandra (East), Mumbai. Pin - 400051 Telephone: 022-26698100-8114 Fax: 022- 26598237/38 Email: cc_nse@nse.co.in Website: www.nseindia.com	NFL	Equity

11.12 Listing Fee

The Annual Listing Fee upto 2019-20 has been paid to the concerned stock exchange.

11.13 Payment of Annual Custody Fee to NSDL and CDSL

Demat ISIN No. in NSDL and CDSL	INE870D01012

Company has paid the Annual Custody Fee to NSDL and CDSL for the financial year 2019-20.

11.14 Market Price Data

Monthly high and low price of shares of the Company during the financial year on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) were as follows:-

11.14.1 BSE

Month	Stock Prices of the Company		Corresponding BSE Indices (SENSEX)	
	High (₹)	Low (₹)	High	Low
April, 2018	60.85	54.05	35213.30	32972.56
May, 2018	57.95	46.35	35993.53	34302.89
June, 2018	55.25	44.70	35877.41	34784.68
July, 2018	49.40	40.10	37644.59	35106.57
August, 2018	51.80	43.70	38989.65	37128.99
September, 2018	49.45	37.80	38934.35	35985.63
October, 2018	39.85	32.10	36616.64	33291.58
November, 2018	37.00	33.85	36389.22	34303.38
December,2018	37.00	32.35	36554.99	34426.29
January, 2019	38.50	33.35	36701.03	35375.51
February, 2019	36.45	30.70	37172.18	35287.16
March, 2019	36.85	33.70	38784.54	35926.94

Face Value per Share is ₹10/-

11.14.2 NSE

Month	Stock Prices of the Company		Corresponding NSE Indices (Nifty)	
	High (₹)	Low (₹)	High	Low
April, 2018	60.75	54.40	10759.00	10111.30
May, 2018	57.75	46.40	10929.20	10417.80
June, 2018	55.20	44.70	10893.25	10550.90
July, 2018	49.50	40.10	11366.00	10604.65
August, 2018	51.80	43.60	11760.20	11234.95
September, 2018	49.95	37.80	11751.80	10850.30
October, 2018	39.40	32.55	11035.65	10004.55
November, 2018	37.00	33.90	10922.45	10341.90
December,2018	37.00	32.45	10985.15	10333.85
January, 2019	38.70	33.30	10987.45	10583.65
February, 2019	36.50	30.70	11118.10	10585.65
March, 2019	36.85	33.55	11630.35	10817.00

Face Value per Share is ₹10/-

11.15 Registrar and Share Transfer Agent

M/s. MAS Services Limited	
Address:	T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi Pin Code – 110 020.
Phone:	011-26387281-83
Fax:	011-26387384
Email :	mas_serv@yahoo.com

11.16 Distribution of Shareholding

Shares held by different type of shareholders as on 31st March, 2019 are given below:-

11.16.1 According to size

No. of Equity Shares held	Number of Shareholders	%age to Total	No. of shares held	%age to Total
(1)	(2)	(3)	(4)	(5)
1 to 5000	45315	78.847	7205339	1.469
5001 to10000	5932	10.322	4961835	1.011
10001 to 20000	3055	05.316	4749023	0.968
20001 to 30000	1370	02.384	3551583	0.724
30001 to 40000	448	00.78	1615672	0.329
40001 to 50000	404	00.703	1913721	0.39
50001 to 100000	547	00.952	4034087	0.822
100001 & above	401	00.698	462547140	94.286
Total	**57472**	**100.00**	**490578400**	**100.00**

11.17 Shareholding Pattern

	Category	Number of Shares held	% age of shareholding
(A)	**Shareholding of Promoter and Promoter Group (Government of India)**		
I	Indian	366,529,532	74.71
II	Foreign	-	-
	Sub Total (A)	**366,529,532**	**74.71**
(B)	**Public shareholding Institutions**		
I	Institutions	819,83,374	16.71
II	Non-institutions	420,65,494	8.57
	Sub Total (B)	**124,048,868**	**25.29**
	GRAND TOTAL	**490,578,400**	**100.00**

11.18 Outstanding GDRs, ADRs, Warrants or any convertible instruments, etc.

Company has not issued any such securities.

11.19 Status of dematerialization of shares as on 31st March, 2019

The shares of the Company are compulsorily traded in dematerialized mode. Company has signed agreements with both the depositories i.e. National Securities Depository Services (India) Limited (NSDL) and Central Depositories Services (India) Ltd. (CDSL).Company offers simultaneous transfer-cum-demat facility to the investors.

11.19.1 The position of shares held in dematerialized and physical mode as on 31st March, 2019

Mode of Holding	Number of Shares	% age
National Securities Depository Limited (NSDL)	106,541,416	21.718
Central Depository Services (India) Limited (CDSL)	383,762,308	78.226
Physical	274,676	00.056
Total	**490,578,400**	**100.00**

11.19.2 Share Transfer System

Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialized form. In case of shares held in physical form, the transferred share certificates duly endorsed were dispatched within 15 days from the date of receipt of documents, provided documents are valid and complete in all respects. The Board has delegated the authority for approving transfer/ transmission, etc. to the Share Transfer Committee. Company obtains from a Company Secretary in practice Half Yearly Certificate of compliance with the share transfer formalities as required under regulation 40 (9) of SEBI (LODR) Regulations, 2015 is filed with the stock exchanges and also available on the website of the company at www.nationalfertilizers.com.

11.19.3 Shares held in physical form – details of PAN and Bank Account.

SEBI vide Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 has inter-alia desired that issuer companies through their RTAs shall take special efforts to collect copy of PAN and bank Account details of all securities holders holding securities in physical form. Company RTA M/s. MAS Services Limited has been approaching the shareholders holding shares in physical form to collect their PAN and Bank Account details separately. All shareholders holding share in physical form are requested to convey their PAN, Bank Account Details and emails to the RTA on priority.

11.19.4 Transfer of physical shares

SEBI vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated 08.06.2018 has inserted a proviso in Regulation 40 of SEBI (LODR) Regulations, 2015, which provides that except in the case of transmission or transposition of securities, requests for effecting transfer of

securities shall not be processed unless the securities are held in the dematerialized form with a depository. SEBI vide it's press release dated 03.12.2018 had extended the date of transfer of security only in Demat form upto 01.04.2019. Accordingly, all shareholders holding shares in physical form are requested to get their shares in dematerialized form to facilitate transfer of their shares.

11.20 Name and addresses of the Depositories

National Securities Depository Services (India) Limited (NSDL)	
Address	Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
Central Depository Services (India) Limited (CDSL)	
Address	Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai – 400 023.

11.21 Location of Production Units

Company's production facilities for manufacture of Urea fertilizer being the main product, are located at the following locations:

S.No.	Unit	Location
01.	Nangal	Nangal, District Ropar, Punjab-140126. Tel.No.01887-220570, FAX No.01887-220541
02.	Bathinda	Sibian Road, Bathinda, Punjab-151003 Tel. No.0164-2270261, FAX No.0164-2270463/2760270
03.	Panipat	Gohana Road, Panipat, Haryana-132106 Tel.No.0180-2652481-83,85, 2681304, FAX No.0180-2652515
04.	Vijaipur I & II	Vijaipur, District Guna, Madhya Pradesh-473111 Tel.No.07544-273528/529, FAX No.07544-273089/273109

11.22 CEO & CFO Certification

The Chairman & Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of SEBI (LODR) Regulations, 2015. The Chairman & Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of SEBI (LODR) Regulations, 2015 .The Annual Certificate given by the Chairman & Managing Director and the Chief Financial Officer is being published in this Report.

11.23 Audits and Internal Control System

To ensure highest level of corporate governance, your company has robust Internal Control Systems and Processes in place for smooth and efficient conduct of business and compliance of relevant laws and regulations. A well-defined system of delegation of power exists for decision making which is being periodically reviewed to meet the requirement of changing business scenario. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular internal audits of non-technical activities are conducted by the experienced professional firms and internal audits of technical activities are carried out by the in-house internal audit teams as per the exhaustive audit programme in coordination with the company's Internal Audit department. Significant observations of the Internal Auditors are deliberated in the meetings of the Management Audit Committee and Audit Committee of Directors of the Company for continuous improvement in the Internal Control Systems.

11.24 SEBI (LODR) Regulation, 2015:- Certification from Company Secretary in Practice regarding debarred or disqualification of Directors on the Board for the year ended 31st March, 2019.

M/s Agarwal S. & Associates, Practicing Company Secretary has issued Annual Secretarial Compliance Report for the year ended 31st March, 2019 and a Certificate as required under the listing regulations, conforming that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such authority annexed as **Annexure-14** to this Report.

12. ACTIVE (Active Company Tagging Identification and Verification)

In line with the Companies Act, 2013 particulars of the company and its registered office, in e-form ACTIVE (Active Company Tagging Identification and Verification) was filed with Ministry of Corporate Affairs.

13. Risk Management Policy

Company has put in place a Risk Management Policy covering the various risks to which the Company is exposed; Quarterly Risk Review Report on Risk Management is placed before the Risk Management Committee, Audit Committee and Board of Directors. Impact of major risks and the action taken to obviate the same on short term and long term basis is deliberated by the Risk Management Committee, Audit Committee and Board of Directors.

14. Legal Compliances

Company Secretary apprised the Board every quarter of the statutory and other mandatory legal compliances. Board is also apprised of the notices received from various statutory authorities during each quarter and the remedial action taken by the Company to meet those requirements.

15. Integrity Pact

With the commitment to maintain the highest standard of transparency and governance, your Company has entered into an Integrity Pact with Transparency International and has also appointed Independent External Monitors, persons of impeccable integrity, to oversee the implementation and effectiveness of the Integrity Pact to bring more transparency in the contracting and procurement operations.

16. Code of Insider Trading

Board of Directors has laid down "The Code of Conduct for Regulating & Reporting Trading by Designated Persons & their Immediate Relatives" for National Fertilizers Limited". with the objective of preventing purchase and/or sale of shares of the company by an insider on the basis of unpublished price sensitive information. Under this Code, insiders (Designated Persons, Designated employee and their immediate relatives) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities, beyond limits specified permission of the Compliance officer is required. All Directors/Officers/Designated Employees/Designated Person and their immediate relatives are also required to disclose related information periodically as defined in the Code. Connected Persons are also intimated regarding the closure of trading window and to ensure the compliance of the Code.

Company Secretary has been designated as Compliance Officer for this Code. The code is also available on the website of the company at www.nationalfertilizers.com

17. Code of Conduct for Board Members and Senior Management Personnel

The Company has adopted "Code of Conduct for Board Members and Senior Management Personnel" of the Company. The object is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty. The Code is available on the Company's website www.nationalfertilizers.com. All Directors and Senior Management Personnel have complied with the Code of Conduct.

18. Declaration:

Under Schedule V (D) of SEBI (LODR) Regulations, 2015

This is to certify that in line with the requirements of Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; all the Members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31st March, 2019.

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

19. Compliance Certificate of the Auditors

Certificate from the Company's Auditors M/s. HDSG & Associates and M/s. S. Mann & Company confirming compliance with the conditions of Corporate Governance as stipulated under LODR is attached to the Board's Report forming part of the Annual Report.

20. Compliances with Corporate Governance Code

NFL has believed in maximum transparency and benchmarked disclosures as required under various laws / regulations.

Department of Public Enterprises has issued Corporate Governance Guidelines applicable to Government Companies. These guidelines focus on various areas such as Board and its responsibilities, functions, roles and responsibilities of the Audit Committee, etc. Company ensures compliance of these guidelines.

SEBI (LODR) Regulations, 2015 prescribes various corporate governance compliances these regulations have become effective from 1st December, 2015. Earlier to that Company was in compliance of Clause 49 of Listing Agreement. Company as a policy makes all efforts to ensure compliance of provisions relating to Corporate Governance prescribed under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and DPE Guidelines.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date : 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

ANNEXURE TO THE CORPORATE GOVERNANCE REPORT
SKILLS, EXPERTISE AND COMPETENCIES OF BOARD OF DIRECTORS

NFL believes that it is the collective effectiveness of the Board that impacts Company performance and therefore members of the Board amongst themselves should have a balance of skills, experience and diversity of perspectives appropriate to the Company.

Given the Company's size, scale and nature of its businesses, the Board possesses the following skills, expertise and competencies:

(i) Organisational Purpose

Ability to comprehend the socio-economic, political, regulatory and competitive environment in which the Company is operating and insight to identify opportunities and threats for the Company's businesses. Ability to contribute towards creating an inspiring Vision for the Company with superordinate societal goals and appreciate the Company's philosophy of building synergy between serving the society and creating economic value for the Company.

(ii) Strategic Insight

Ability to evaluate competitive corporate and business strategies and, based thereon, contribute towards progressive refinement of the Company's strategies for fulfilment of its goals. Ability to comprehend strategy of organisation in the context of its unique sources of competitive advantage and assess its strengths and weaknesses.

(iii) Organisational Capacity Building

Acumen to evaluate organisational capacity and readiness across relevant parameters and provide guidance on bridging gaps in capacity building. Ability to understand the talent market and the Company's talent quotient so as to help finetune strategies to attract, retain and nurture competitively superior talent. Ability to appreciate and critique the need for in-depth specialisation across business critical areas such as manufacturing, marketing, technical, legal, information technology, etc., as well as the breadth of general management capabilities.

(iv) Stakeholder Value Creation

Ability to understand processes for shareholder value creation and its contributory elements and critique interventions towards value creation for the other stakeholders.

(v) Commercial Acumen

Commercial acumen to critique the Company's financial performance and evaluate the Company's strategies and action plans in the context of their financial outcomes.

(vi) Risk Management and Compliance

Ability to appreciate key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation & compliance management and review and refine the same periodically.

(vi) Policy Evaluation

Ability to comprehend the Company's governance philosophy and contribute towards its refinement periodically. Ability to evaluate policies, systems and processes in the context of the Company's businesses, and review the same periodically.

(vii) Culture Building

Ability to contribute to the Board's role towards promoting an ethical organisational culture, eliminating conflict of interest, and setting & upholding the highest standards of ethics, integrity and organisational conduct.

(ix) Board Cohesion

Ability to comprehend the statutory roles and responsibilities of a Director and of the Board as a whole. Ability to encourage and sustain a cohesive working environment and to listen to multiple views and thought processes and synergise a range of ideas for organisational benefit.

Certification of Chief Executive Officer and Chief Financial Officer under Schedule II Part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We, Manoj Mishra, Chairman & Managing Director and Rajiv Kumar Chandiok, Director (Finance) certify that:

a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2019 and to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2019, which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control system or the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation or such internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee

   1. Significant changes in internal control over financial reporting during the year ended 31st March, 2019;

   2. Significant changes in accounting policies during the year ended 31st March, 2019 and that the same have been disclosed in the notes to the financial statements; and

   3. We have not come across any instance during the year ended 31st March, 2019 of any significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

(Rajiv Kumar Chandiok)
Director (Finance)
DIN: 05146544

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi – 110003.
Date : 02nd May, 2019

Annexure- 4

S. MANN & COMPANY
CHARTERED ACCOUNTANTS
1006, 10TH FLOOR, VIKRANT TOWER,
RAJENDRA PLACE, NEW DELHI -110013

HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS
E-21, JANGPURA EXTN,
NEW DELHI – 110014

Certificate on Corporate Governance

To,
The Members,
National Fertilizers Limited,

We have examined the compliance of conditions of Corporate Governance by National Fertilizers Limited for the year ended 31st March, 2019, as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as "SEBI (LODR) Regulations, 2015") and guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination has been limited to review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause and guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance except:

i) Regulation 17(1) of SEBI (LODR) Regulations, 2015 and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance require that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors and shall have a woman Director on its Board. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board members, however, during the year, Company did not have required number of Independent Directors.

ii) Regulation 17(10) of SEBI (LODR) Regulations, 2015, that required that performance evaluation of Independent Directors shall be done by the entire Board of Directors.

iii) Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee shall:

(a) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;

The Independent Directors met on 30.11.2018 whereas inter-alia the review of performance of the Board as a whole was made. Further, at the said meeting, the Independent Directors also assessed the quality, quantity and timeliness of flow of information, as required under Regulation 25(4) (c) of SEBI (LODR) Regulations, 2015.

The appointment of functional Directors, part-time official Directors as well as Independent Directors on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of Directors are also decided by GOI and there is a well laid down procedure for evaluation of functional Directors and C&MD by Administrative Ministry.

The National Stock Exchange of India Limited and BSE Limited have levied monetary fines for non-compliance with Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 against which the Company has submitted waiver requests.

We further state that such compliance certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For S. MANN & COMPANY
CHARTERED ACCOUNTANTS

(Subhash Chander Mann)
PARTNER
(MEMBERSHIP NO. 080500)
FIRM REGD. NO. 000075N

For HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS

(Harbir Gulati)
PARTNER
(MEMBERSHIP NO. 084072)
FIRM REGD. NO. 002871N

Date: 03.07.2019
Place: New Delhi

Annexure- 4

Management's Explanation to the Observations of Statutory Auditors for the financial year 2018-19

Sr. No.	Statutory Auditors' Observations	Management's Explanation
01.	Regulation 17(1) of SEBI (LODR) Regulations, 2015 and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance require that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors and shall have a woman Director on its Board. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board members, however, during the year, Company did not have required number of Independent Directors.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors of the Company are appointed by the Government of India (GOI). The remuneration and tenure of Directors are also fixed by GOI. The Company has been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.
02.	Regulation 17(10) of SEBI (LODR) Regulations, 2015, that required that performance evaluation of Independent Directors shall be done by the entire Board of Directors.	(a) Regulation 17(10) of SEBI (LODR) Regulations, requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification dated 05th June, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies. (b) Further MCA vide notification dated 05th June, 2015 has also notified that in case of government companies Section 134(3)(p) of the Companies Act, 2013 shall not apply in case the directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company. (c) The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors by Administrative Ministry (d) Performance evaluations to which the Government Companies and their Directors are subjected to are as follows: (i) All the functional Directors (through C&MD) and C&MD are accountable to the Board and the Administrative Ministry. (ii) For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is negotiated by Department of Public Enterprises, Niti Aayog, Ministry

		of Statistics & Programme Implementation and the Administrative Ministry officials. Targets are set for various MoU parameters. The performance of the Company vis-à-vis MoU indicates the overall performance of the Board and individual Directors. Performance of the Company is reviewed on quarterly basis through Quarterly Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters. (iii) Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive Directors, Functional Directors and C&MD major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters. (iv) Annual performance appraisal of the C&MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister. (v) Tenure of Functional Directors and C&MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry. (vi) All the government companies are also subject to regular review by various Parliamentary Committees on different subjects. (vii) In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and Part-time Official Directors was not carried out.
03.	Regulation 19(4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015 Nomination Remuneration Committee shall: (a) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; (b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;	Same as above

04.	The National Stock Exchange of India Limited and BSE Limited have levied monetary fines for non-compliance with Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors of the Company are appointed by the Government of India (GOI). The remuneration and tenure of Directors are also fixed by GOI. The Company has been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company. Further, the Company has made appeal to NSE & BSE for withdrawal of the Notice and waiver of fine.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
Date : 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Annexure -5

Annual Report on Corporate Social Responsibility Activities

1) A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programmes.

In alignment with the vision of the company, NFL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its products, services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with concern for ecology. Towards this commitment, the company shall:

a) Increase efficiency by optimum utilization of resources and technology.

b) Promote sustainable farming practice to boost crop productivity in rural India through its soil testing facilities and other advisory services.

c) Continue to take up wide range of welfare activities mainly focusing on economically, socially and environmentally sustainable development of underdeveloped villages.

d) Work towards improving the quality of life by making the communities self-reliant in areas within which it operates.

e) Build lasting social capital through interventions in the infrastructure, healthcare, education, vocational domains and other social welfare initiatives for the community residing in the vicinity of its plants and other places in India.

f) Ensure welfare, growth and safety of all people associated with the Company.

g) Build a sustainable enterprise that effectively balances financial strengths with social and environmental responsibilities.

h) Undertake activities contributing towards improving the quality of life of underdeveloped sections of society at large.

i) Facilitate development by maintaining a healthy relation between People, Planet and Profit.

Web Link:

CSR Policy: http://nationalfertilizers.com/images/pdf/csr/csr_policy_en.pdf

CSR Project Report: http://nationalfertilizers.com/index.php?option=com_content&view=article&id=109&Itemid=140&lang=en

2) Composition of CSR Committee

- Ms. Bhavnaben Kardambhai Dave* - Chairperson
- Dr. Ramesh Kumar Aggarwal - Member
- Dr. (Mrs.) Kalpana Saini - Member
- Sh. Rajiv Kumar Chandiok** - Member
- Sh. D. S. Ahuja - Member
- Sh. V. N. Datt - Member

* Ceased to be Chairperson w.e.f. 30.06.2019
** Ceased to be Member w.e.f. 28.06.2019

Shri Anil Verma was appointed as chairperson w.e.f. 19.07.2019

3) Average Net Profit/ Loss of the Company for last three financial years

₹ 31304.71 Lakh

4) Prescribed CSR Expenditure (Two percent of the amount as in Item 3 above)

₹ 630.00 Lakh

5) Details of CSR spend for the financial year

a) Total amount spent for the financial year: ₹ 228.81 Lakh

b) Amount unspent : ₹ 401.19 Lakh

c) Manner in which the amount spent during the financial year is detailed below:

S. No.	Project/Activity	Sector of the Project	Location	Amount outlay Budget of the Project (₹ in Lakh)	Amount Spent on the Project (₹ in Lakh	Cumulative Expenditure up to reporting period (₹ in Lakh)	Amount spent Direct or through Implementing Agency (Name of the Agency)
01.	Construction of Anganwadi Centre in Bavrikhera Village, Raghogarh, Madhya Pradesh	Health & Hygiene	Vijaipur	10.70	5.48	9.49	Direct
02.	Excavation / deepening of the existing pond / water reservoir at Udaipuri & Vijaipuri Village	Environment & Education Promotion	Vijaipur	31.48	10.50	10.50	Direct
03.	Support to Para Players through Paralympic Committee of Delhi	Promotion of Paralympic sports	CO	19.20	8.64	14.40	Paralympic Committee of Delhi
04.	Installation of solar street lights in 5-6 villages in Nangal, Punjab	Environment and Rural Development	Nangal	29.00	15.29	15.29	Direct
05.	Distribution of Artificial limbs & Assistive Devices to Differently abled persons in Punjab & Himachal Pradesh	Health & Hygiene	Nangal	31.00	19.24	19.24	Direct
06.	Installation of 2 KWp Rooftop solar power plants in Govt. Primary School in village Jandawal, Bathinda, Punjab	Environment & Education Promotion	Bathinda	2.74	2.69	2.69	State Govt. Punjab
07.	Contraction of 9 No. Conventional Toilets at Govt. Middle & senior secondary Schools in Bathinda	Health & Hygiene	Bathinda	11.25	11.25	11.25	State Govt. Punjab
08.	Construction of toilets, floor, urinals at Govt. Schools in Panipat	Health & Hygiene	Panipat	10.00	8.40	8.40	Direct
09.	Construction of Government Primary School Building in Donger village in Vijaipur, M.P	Education Promotion	Vijaipur	15.00	16.37	16.37	Direct
10.	Construction of Swachhta Griha at Verul, Aurangabad (Maharashtra)	Health & Hygiene	CMO	15.00	11.97	11.97	Direct
11.	Installation of solar lights in villages in Dist. Kaithal Haryana.	Environment	CMO	6.00	3.38	3.38	Direct

S. No.	Project/Activity	Sector of the Project	Location	Amount outlay Budget of the Project (₹ in Lakh)	Amount Spent on the Project (₹ in Lakh	Cumulative Expenditure up to reporting period (₹ in Lakh)	Amount spent Direct or through Implementing Agency (Name of the Agency)
12.	Project to eradicate Corneal Blindness through NGO Saksham in Delhi	Health & Hygiene	CO	27.63	11.97	11.97	Direct
13.	Contribution to Armed to Forces Flag Day	Support to Army	CO	5.00	5.00	5.00	Direct
14.	Distribution of furniture, celling fans, water cooler & purifier in Government Schools in Nangal	Education Promotion	Nangal	5.10	2.14	2.14	Direct
15.	Installation of 11 no. R.O. water purifier, water cooler in Government Schools in villages under Bathinda and Goniana district	Health & Hygiene	Bathinda	15.00	8.48	8.48	Direct
16.	Construction of 6 nos. Conventional toilets in Government Schools in Villages under Bathinda district	Health & Hygiene	Bathinda	12.00	9.40	9.40	State Govt. Punjab
17.	Spreading awareness towards health & menstrual hygiene among girls in Govt. Schools in Vijaipur	Health & Hygiene	Vijaipur	30.00	29.66	29.66	Utkarsh, NGO
18.	Medical Camps in Bavrikhera and Vijaipur villages	Health & Hygiene	Vijaipur	1.80	1.06	1.06	Direct
19.	Extension of ongoing Swachhta project on Management of Soil Health and Productivity in Villages under various Districts of MP and Haryana	Environment & Rural Development	CMO	34.00	26.16	26.16	Direct
20.	Installation of 45 no. solar lights at Dhaurahra, U.P	Environment & Rural Development	CMO	10.00	9.68	9.68	Direct
21.	Installation of 41 nos. solar lights at Shravasti, U.P.	Environment & Rural Development	CMO	10.00	8.82	8.82	Direct
22.	Corpus for Skill Development	Skill Development	CO	25.00	3.23	16.38	NSFDC
			Total (₹)	356.90	228.81	251.73	

6) In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof the Company shall provide the reasons for not spending the amount in its Board Report.

The Company allocated a CSR budget of ₹630 lakh for the FY 2018-19 and incurred an expenditure of ₹228.81 lakh during the year. Out of this, CSR projects amounting to ₹572.58 lakh have been approved. These projects are at different stages of execution.

The allocation of budget for CSR @ 2% of average PBT of last three years is made subsequent to finalization of Accounts i.e. in the month of May. Thereafter projects are being approved by BoD in subsequent meeting. The execution against approved projects starts accordingly. Therefore, some projects are completed during the year while others commenced during the year are completed in the following year.

As per guidelines received from Department of Public Enterprises (DPE), Company adopted Aspirational district, Guna (Madhya Pradesh) for CSR activities in 2018-19. Accordingly, 50% of total CSR budget i.e. ₹315 lakh was allocated to district Guna. Currently, a number of projects are under implementation in District Guna (Madhya Pradesh). This includes a project of Construction of 377 Toilets at the budget of ₹253.70 lakh. Since the project is of high magnitude, it is being implemented in three phases. The project is likely to be completed in two years duration.

A number of other projects were approved in the 2nd, 3rd and 4th quarters of the financial year with implementation spread over one to two years. Furthermore, the CSR projects are executed in project mode with payments being linked to achievement of key deliverables. The actual expenditure against approved projects rolls beyond the financial year. Hence, payments for projects committed during the reported year, will be released during the subsequent year.

7) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee confirms that the implementation and monitoring of CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

For and on behalf of the Board of Directors

(CA Anil Verma)
Chairperson CSR Committee
DIN: 02544789
Date : 02nd August, 2019

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure -6

FORM-A
DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
(Annexure to Board's Report)

				2018-19	2017-18
A. POWER & FUEL CONSUMPTION					
1. ELECTRICITY					
a)	**Purchased**				
		Unit	Mwh	180015	187067
		Total amount	₹ in Lakh	12646	13619
		Average rate/Unit	₹ /Mwh	7025	7280
b)	**Own Generation**				
	i)	**Through diesel generator Unit**			
		Unit	Mwh	3.726	5.520
		Unit per ltrs. of diesel oil	Mwh/ltrs	0.001	0.004
		Cost/Unit	₹/Mwh	76861	56543
	ii)	**Through Steam Turbine/Gas Turbine**			
		Unit	Mwh	582567	569504
		Coal/unit of Power	MT/Mwh	0.800	0.863
		Gas/unit of Power	000sm^3/Mwh	0.127	0.122
		Cost per Unit	₹/Mwh	6147	5219
	iii)	**From Waste Steam**	Mwh	-	-
2. COAL(Specify quality & where used)					
(Slack coal used for operating boilers)					
		Quantity	MT	635270	667456
		Total cost	₹ in Lakh	38536	40053
		Average rate	₹ /MT	6066	6001
3. OTHER/INTERNAL GENERATION					
		Natural Gas			
		Quantity 000M3	000sm^3	261264	251112
		Total cost (₹/Lakh)	₹ in Lakh	74007	51589
		Rate / Unit (₹)	₹/000sm^3	28327	20544
B. CONSUMPTION PER UNIT OF PRODUCTION					
	i)	Electricity	Mwh	0.194	0.193
	ii)	Coal	MT	0.374	0.401
	iii)	Gas	000M^3	0.068	0.066

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date : 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Annexure-6

FORM –B

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

a) Energy Conservation Measures

Commitment to achieve lowest possible energy consumption is one of the foremost goals of the company. Taking this forward, Bathinda and Panipat Unit have installed Advance Process Control (APC) system at a cost of ₹1.9 Crore/unit for fine tuning of process parameters. This has resulted in reduction of energy consumption by 0.016-0.017 Gcal/MT of Urea at each of the Units.

All the NFL Units are in the process of replacing conventional lighting with eco-friendly LED lights in a phased manner. The replacement at a cost of ₹20 crores is likely to be completed by March 2020 which will lead to power conservation. Upto March 2019, 27202 non-flame proof lights corresponding to 60% and 4208 flame proof corresponding to 54% have been replaced at various units. This has led to annual saving of 1191 MWH at Bathinda, 1597 MWH at Panipat and 1331 MWH at Nangal and around 3700 MWH at Vijaipur Unit.

In addition to above, latest maintenance practices have been adopted by all units for reducing the downtime and consequently leading to ever lowest specific energy consumption at Bathinda, Panipat and Nangal Units.

b) Technology Absorption

- In order to improve efficiency of coal fired boilers, trial use of coal additives at Bathinda, Panipat and Nangal unit has been successful and it has been observed that there is reduction in combustibles in fly ash leading to improvement in boiler efficiency. Now coal additive is being used at all three units i.e. Panipat, Nangal and Bathinda Unit on continuous basis.
- To meet revised energy norms as stipulated in New Urea Policy-2015 at Panipat, Bathinda & Nangal, LSTK contract has been awarded to M/s Thermax Ltd, Pune, on 01.02.2018 for installation of GTG-HRSG at a total revised project cost of ₹674.56 crore. The above shall bring down the energy consumption to less than 6.4 Gcal/MT of Urea at each of these three plants. Zero date of project is 01.02.2018 and projects are scheduled to be completed by 30.11.2019.
- In order to mitigate the risk arising due to implementation of new energy norms at Vijaipur-I (5.5 Gcal/MT of Urea), following Energy Reduction Schemes at Vijaipur Complex (Vijaipur-I & Vijaipur-II) are being implemented at an estimated cost of ₹234.60 Crore with scheduled target completion date of 31.03.2020:-

  1. Revamp of Synthesis gas Compressor and turbine of Ammonia –I plant.
  2. Switchover from Process condensate stripping process from low pressure to medium Pressure in Ammonia-I.
  3. Installation of Vapor Absorption machines to chill Process Air Compressor (PAC) Suction air & 3rd stage suction of synthesis gas comp in Ammonia-II and for GTGs (Gas Turbo-Generators) in CPP (Captive Power plant).
  4. Switch over of steam drive to motor drives of GV solution & Cooling Tower pumps in Ammonia-II along with installation of Vapor absorption machine for Gas Turbine in CPP.

After implementation of proposed schemes, energy levels of Vijaipur-I is anticipated to be 5.55 Gcal/MT of Urea and energy levels of Vijaipur-II is anticipated to be 5.31 Gcal/MT of Urea.

c) Foreign Exchange Earnings/Outgo

Foreign Exchange Earning during the year were ₹5.10 crore. The Foreign Exchange Outgo by way of imports and other expenses amounted to ₹2263.87 crore.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
Date : 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Annexure-7

Report on Safety, Environment and Sustainable Development

Inclusive and sustainable development is the need of the hour in view of increasing climatic changes and rising disparities in the society at large. Company has taken various initiatives for adopting best practices for health safety and environment management, energy conservation and social upliftment of society.

Health, Safety and Environmental Consciousness:

Company strives to achieve excellence in improving employees occupational and personal health by minimizing health hazards and providing model facilities. Company has well equipped hospitals at all Units. In addition to that the employees have also access to specialized medical services wherever required. Periodic medical examinations health checkup of all employees is being done as per occupational health policy.

Company remained focused towards achieving Sustained energy efficiency operations of its ageing manufacturing facilities while maintaining pollution free environment and process safety. All manufacturing units continue to be ISO 9001-2008, ISO 14001 and OHSAS-18001 certified which indicate Company's commitment to quality, Environment and Occupational Health and Safety.

To tackle climate change company remained focused towards achieving a low carbon society, reducing emission level and effluent discharge from the units. All the units have installed On-line monitoring system both for effluent and emission discharge. On-line monitoring systems are already integrated with Central and State Pollution Control Board in order to monitor the level of pollutants on continuous basis.

Quarterly review meeting are conducted regularly at all units to review Health and Safety issues. Modern method and latest technologies such as 'Hazard and Operability Study' have been implemented in various units to improve process safety. For updating knowledge of employees regular training programs are conducted at units and employees are being sent outside for attending Safety programs.

To safeguard the plants from emergencies like Fire, Explosion and Toxic gases, "On site & Off site Emergency Disaster Plans" are available in the units. These plans aim to train people and act efficiently and confidently in emergency with minimum damage to humans and asset. The procedures are regularly reviewed and updated by the company for carrying out surprise mock drills for On site & Off site Disaster Plans. Performance of each mock drill is evaluated and reviewed to bring improvements in the system. All Units of NFL are also the member of Mutual aid group with their neighboring industries to handle any emergency situation that may arise in future. Visits of local Authorities and central agencies such as National Disaster Management Authority are regularly conducted in order to remain updated on safety related issues in all the plants. All the units are having their "Disaster Management Quick Response Team" to address the incidents that may occur outside the factory area for transportation of liquid Ammonia, Chlorine Gas and Ammonium Nitrate.

To protect, restore and promote sustainable use of trees and trial ecosystem, afforestation has been adopted in all units to improve the environment surrounding the units. A total of 14660 tree saplings were planted in and around various units during 2018-19 for cleaner and greener earth for future generation. The cumulative plantation since commencement is about 8.47 lakhs for all the units.

All units of NFL are in the process of installation of Rain Water Harvesting System to increase the sub soil water level. Five (05) rain water harvesting system have already been installed in units. This would help in conservation of water, increase in underground water table and increase greenery in the surroundings.

Use of Green Power:

Company is committed to promote ecologically sustainable growth by utilizing cleaner fuel i.e. Natural Gas for power generation. In this respect Vijaipur unit since commissioning is utilizing Natural Gas for its Captive power generation. However Bathinda and Panipat units are presently using coal for power generation and Nangal unit is importing power from Bhakra Grid. In an attempt to reiterate its commitment towards utilization of green power, NFL is in the process of installing GTG (Gas turbo Generator) along with heat recovery steam generation (HRSG) at Nangal, Bathinda & Panipat Units. The above GTG-HRSG system are likely be commissioned by November 2019, which shall reduce the energy consumption besides lowering CO2 emission from these plants.

Further to ensure affordable, reliable, sustainable and modern energy for the community, solar street lights have been installed in nearby villages of all NFL Units. During 2018-19 about 23845 conventional lights were replaced with ecofriendly LED lights in NFL units.

Development of Sustainable Product:

Neem Coated Urea: During 2018-19 the total production of Neem Coated Urea was 38.59 lakh MT. Neem Coated Urea is useful for slow release of Nitrogen in soil as compared to normal Urea. Further, it acts as a bio-pesticide for crops.

Manufacturing of Bio fertilizers: Bio Fertilizers more commonly known as microbial inoculants are artificially multiplied cultures of certain soil organisms that can improve soil fertility and crop productivity. Besides accessing nutrients, bio fertilizers control soil borne diseases and improve the soil health and soil properties. Bio fertilizers help in effective use of Chemical Fertilizers for higher yields.

Company was earlier producing three types of bio fertilizers in both powder and liquid base i.e. Rhizobium, Azectobactor and PSB. However Company has now introduced a fourth strain Zinc solubilizing bacteria (ZSB). To increase the shelf life of Bio Fertilizers, NFL is gradually shifting from Powder Bio Fertilizers to Liquid Bio Fertilizers. This has resulted in less use of lignite, which is used as a carrier for Powder Bio Fertilizers. This has also resulted in lesser use of Natural resources. During 2018-19, the sale of Liquid & Powder Bio Fertilizers was 630.28 MT.

NFL is committed to Government of India's dream of Swachh Bharat Mission by marketing of 21314.85 MT of city compost sourced from manufacturers located in various states during 2018-19. Beside this Vijaipur Unit of NFL produces compost from the biodegradable waste and is being used as environment friendly manure with in the unit premises in horticulture. City Compost is a soil conditioner which is produced out of bio-degradable waste. Compost from city garbage would not only provide carbon and primary/secondary nutrients to soil but also help in keeping the city clean. Use of City Compost is also undertaken by NFL in the adopted villages in the states of Haryana and Madhya Pradesh. NFL is further working to increase trading business in this field.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
Date : 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Annexure -8

Form MBP 2

(2018-19)

Particulars of loans, guarantee, security and acquisition made by the company

[Pursuant to section 186(9) of the Companies Act, 2013 & Rule 12(1) of the Companies (Meetings of Board and its Powers) Rules, 2014]

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition / giving guarantee/ providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted entities)	Amount of loan/ security/ acquisition / guarantee	Time period for which it is made/ given	
(1)	(2)	(3)	(4) in (₹)	(5)	
Subscription to equity capital	04.07.2018 06.08.2018	Ramagundam Fertilizers and Chemicals Limited (RFCL)	300000000 250000000	Investment in equity	
			Total 550000000		
Purpose of loan/ acquisition / guarantee/ security	**% of loan/ acquisition / exposure on guarantee/ security provided to the paid up capital, free reserves and securities premium account and % of free reserves and securities premium**	**Date of passing Board Resolution**	**Date of passing Special Resolution, if required**	**For loans**	
				Rate of interest	**Date of maturity**
(6)	(7)	(8)	(9)	(10)	(11)
-	-	-	-	-	-
For acquisitions					
Number and kind of securities	**Nominal value and paid up value**	**Cost of acquisition (in case of securities how the purchased price was arrived at)**	**Date of selling of investment**	**Selling price (how the price was arrived at)**	**Signatures and Remarks**
(12)	(13)	(14)	(15)	(16)	(17)
5,50,00,000 Equity Shares	₹10/-	-	-	-	-

Registered Office:
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Date : 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure –9

Form AOC-1

(2018-19)

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sl. No.	Particulars	Details
01.	Name of the subsidiary	N.A.
02.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
03.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
04.	Share capital	N.A.
05.	Reserves & surplus	N.A.
06.	Total Assets	N.A.
07.	Total Liabilities	N.A.
08.	Investments	N.A.
09.	Turnover	N.A.
10.	Profit before taxation	N.A.
11.	Provision for taxation	N.A.
12.	Profit after taxation	N.A.
13.	Proposed Dividend	N.A.
14.	% of shareholding	N.A.

Notes:	1. Names of subsidiaries which are yet to commence operations	N.A.
	2. Names of subsidiaries which have been liquidated or sold during the year.	N.A.

Annexure - 9

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Ramagundam Fertilizers and Chemicals Limited (RFCL)	Urvarak Videsh Limited (UVL) has got the status of Dormant Company under Companies Act w.e.f. 04th November, 2015.
1. Latest audited Balance Sheet Date	31.03.2019	31.03.2019
2. Shares of Associate/Joint Ventures held by the company on the year end No. (shares)	273690004	180002
Amount of Investment in Associates/ Joint Venture (in ₹)	₹ 2736900040.00	₹1800020.00
Extend of Holding%	26.86%	33.33%
3. Description of how there is significant influence	There is significant influence due to percentage (%) of Share Capital in the Jointly Controlled Entity as mentioned above	There is significant influence due to percentage (%) of Share Capital in the Jointly Controlled Entity as mentioned above.
4. Reason why the associate/joint venture is not consolidated	N.A.	N.A.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 2686239054.00	₹253516.00
6. Profit/Loss for the year	Loss of ₹33740458.00	Loss of ₹ 30269.00
i. Considered in Consolidation	Yes	Yes
ii. Not Considered in Consolidation	N.A.	N.A.

Notes:	1. Names of associates or joint ventures which are yet to commence operations	N.A.
	2. Names of associates or joint ventures which have been liquidated or sold during the year.	N.A

For and on behalf of the Board of Directors

(Raj Kumar)
Company Secretary
A-11914

(Rajiv Kumar Chandiok)
Director (Finance)
DIN: 05146544

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date : 02nd May, 2019

Annexure - 10

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013.

1. Details of Contracts or arrangements or transactions not at arm's length basis.

Name(s) of related party and nature of relationship	Nature of Contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient term of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advance, if any	Date on which the Special Resolution was passed in General Meeting as required under first proviso to Section 188 of the Companies Act, 2013
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of related party and nature of relationship	Nature of Contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient term of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as
NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

(Raj Kumar)
Company Secretary
A-11914

(Rajiv Kumar Chandiok)
Director (Finance)
DIN: 05146544

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date : 02nd May, 2019

Annexure- 11

Procurement made from Micro and Small Enterprises (MSEs) during 2018-19

Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 which stipulated that 20% of total annual procurement of goods and services shall be made by all Central Ministries / Departments /CPSEs from Micro & small Enterprises (MSEs). Within this percentage, a sub total of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs. This Policy has become mandatory w.e.f. 01.04.2015.

Recently, Ministry of MSME has issued amendment on 09th November, 2018 to the aforesaid policy and increased percentage from 20% to 25% and out of which 3% has also been reserved for women entrepreneurs and 4% for SC/ST entrepreneurs.

Clause no. 12(2) of Ministry of MSME Order, 2012 inter alia stipulates that Central Ministries or Departments or Public Sector Undertakings can be considered for exemption from mandatory procurement from MSEs on case to case basis.

NFL has requested Ministry of Micro, Small and Medium Enterprises through Ministry of Chemicals & Fertilizers for waiver to NFL from mandatory procurement from MSEs, for following items required for fertilizer business, since the same are not available from MSEs:

- Raw Materials (Natural Gas/RLNG etc.).
- Traded products (DAP, Bentonite Sulphur, Seeds, Pesticides etc.).
- Power and fuel (Coal etc.).
- Petrol, diesel, Lubricants etc.
- OEM spares (Proprietary/Imported).
- High tech items, services and consultancies, etc.

NFL has taken following actions to maximize procurements from MSEs:

i. Items identified for procurement from MSEs at respective plants have been displayed on NFL website www.nationalfertilizers.com. All other items which are being procured at our units are also displayed on NFL website for prequalification of Vendors, for wider participation by suppliers including MSEs.

ii. Enabling provisions have been made in Purchase Manual for providing purchase preference for participating MSEs including SC/ST bidders in case they match L1-Price as per Procurement Policy.

iii. Units have been instructed to buy exclusively from MSEs their requirements of 358 items reserved for procurement from MSEs.

iv. Nodal officers have been appointed for respective Units to help/provide hand holding support to MSEs.

v. In FY 18-19, five vendor development Programmes have been organized by NFL Units as detailed below:

   a. Panipat Unit has organized two Vendor Development Programmes. Out of which one programme was for SC/ST entrepreneurs in association with DICCI, NSIC-National SC/ST hub Ludhiana and also MSME-DI, Karnal and one programme was for General MSEs.

   b. Bathinda Unit has organized a Vendor Development Programme in association with DICCI and NSIC, exclusively for SC/ST MSEs.

   c. Vijaipur Unit has organized a Vendor Development Programme with special focus on SC/ST & women entrepreneurs, which was also attended by delegates from MSME Indore as well as DICCI, Gwalior.

   d. Nangal Unit has organized a Vendor Development Programme for MSEs, which was also attended by SC/ST MSME Director from Ludhiana.

With concerted efforts NFL has been able to achieve a percentage of 40.60 % during FY 2018-19 from MSEs, out of total procurement of Goods and Services after excluding raw materials, traded products, power & fuel, and other goods/services which cannot be procured from MSEs.

The details of the procurement of Goods and Services made by Company during FY 2018-19 are as below:

Sr. No.	Particulars	Annual procurement Target for the year 2018-19	Target achieved for the year 2018-19
I.	Annual procurement of Goods and Services *	₹445.00 Cr.	₹528.88 Cr.
II.	Total value of Goods and Services procured from MSEs (including MSEs owned by SC/ST and women entrepreneurs)	₹89.00 Cr.	₹214.73 Cr.
III.	Total Value of Goods and Services procured from only MSEs owned by SC/ST entrepreneurs.	₹17.80 Cr.	₹1.11 Cr.
IV.	Total Value of Goods and Services procured from only MSEs owned by women entrepreneurs.	—	₹0.96 Cr.
V.	%age of procurement of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement.	25.00 %	40.60 %
VI.	%age of procurement of Goods and Services from only MSEs owned by SC/ST entrepreneurs out of total procurement.	4.00 %	0.21 %
VII.	%age of procurement of Goods and Services from only MSEs owned by women entrepreneurs out of total procurement.	—	0.18%
VIII.	Total number of vendor development programmes for MSEs	4 (Nos.)	5 (Nos.)

* Annual Procurement of Goods and Services after excluding raw materials, traded products, power, fuel & other goods/services which cannot be procured from MSEs

Registered Office:
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Date: 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure-12

Initiatives taken for development of employees belonging to Scheduled Caste / Scheduled Tribes / Other Backward Classes (SC/ST/ OBC categories) -

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer has been appointed in each Unit/Office and Chief Liaison Officer at CO, NOIDA to ensure due compliance of orders and instructions pertaining to reservation for SCs and STs and other concessions admissible to them. Meetings were periodically held at Unit level as well as at corporate level with the SC/ST Employees Welfare Associations by the Management for redressal of grievances of SC/ST employees. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for attending such programmes conducted by external agencies. During 2018-19, 2695 man-days training (in-house as well as external training programmes) were imparted to SC/ST employees. A statement showing representation of employees belonging to Scheduled Caste / Scheduled Tribes / Other Backward Classes / Persons with disabilities is as below:

Information on persons belonging to Scheduled Castes / Scheduled Tribes/ Other Backward Classes / Persons with disabilities category :

REPRESENTATION OF SCs/STs/OBCs AS ON 31.03.2019									
Group	**Employees on Rolls**	**SC**	**%age**	**ST**	**%age**	**OBC**	**%age**	**Divyang**	**%age**
A	1433	274	19.12	82	5.72	156	10.89	3	0.21
B	1346	370	27.49	85	6.32	114	8.47	11	0.82
C	476	88	18.49	29	6.09	128	26.89	23	4.83
D	31	16	51.61	1	3.23	3	9.68	0	0
D (Safai karamchari)	47	47	100	0	0	0	0	0	0
Total	**3333**	**795**	**23.85**	**197**	**5.91**	**401**	**12.03**	**37**	**1.11**

RECRUITMENT OF SCs/STs/OBCs DURING THE YEAR 2018-19									
Group	**Total Recruitment**	**SC**	**%age**	**ST**	**%age**	**OBC**	**%age**	**Divyang**	**%age**
A	65	8	12.31	2	3.08	11	16.92	0	0.00
B	0	0	0	0	0	0	0	0	0.00
C	95	15	15.79	6	6.32	36	37.89	1	1.05
D	0	0	0	0	0	0	0	0	0.00
D (Safai karamchari)	0	0	0	0	0	0	0	0	0.00
Total	**160**	**23**	**14.38**	**8**	**5.00**	**47**	**29.38**	**1**	**0.62**

PROMOTION OF SCs/STs/OBCs DURING THE YEAR 2018-19									
Group	**Total Promotions**	**SC**	**%age**	**ST**	**%age**	**OBC**	**%age**	**Divyang**	**%age**
A	219	47	21.46	12	5.48	12	5.48	1	0.46
B	9	2	22.22	0	0	0	0	0	0
C	15	4	26.67	1	6.67	6	40	0	0
D	0	0	0	0	0	0	0	0	0
D (Safai karamchari)	0	0	0	0	0	0	0	0	0
Total	**243**	**53**	**21.81**	**13**	**5.35**	**18**	**7.41**	**1**	**0.41**

The overall reservation percentage achieved for SC category employees is 23.85%which is more than the prescribed reservation. In case of ST, the percentage achieved is 5.91%. There is a slight shortfall than the prescribed reservation because the reservation in Group 'C' and 'D' posts filled up by Direct Recruitment in the States of Punjab and Haryana where three plants of the Company are located was abolished w.e.f 01st June, 1985. For other backward classes, the percentage achieved is 12.03%.

Registered Office:
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Date: 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure -13

Secretarial Audit Report
For the financial year ended 31st March, 2019

{Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015}

To

The Members
National Fertilizers Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **National Fertilizers Limited** (hereinafter called 'the Company' or 'NFL'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial period ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not applicable

  (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable

  (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not applicable

  (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not applicable

  (h) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; and

  (i) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. Not applicable

(vi) Compliances/processes/systems under other specific applicable Laws (as applicable to the industry) to the Company are being verified on the basis of periodic certificate under internal Compliance system submitted to the Board of Directors of the Company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards, as amended from time to time, issued by the Institute of Company Secretaries of India. - Generally complied with.

(ii) The Listing Agreements and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LoDR) Regulations, 2015}.

(iii) DPE Guidelines on Corporate Governance for CPSE.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observations:

1. Regulation 17 (1) of SEBI (LoDR) Regulations, 2015 and as per Clause 3.1.4 of DPE Guidelines, the Company did not had requisite number of Independent Directors on the Board of the Company.
2. Regulation 17 (10) of SEBI (LoDR) Regulations, 2015, the performance evaluation of independent directors shall be done by the entire Board of Directors.
3. Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LoDR) Regulations, 2015, the Nomination and Remuneration Committee shall:
   (a) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
   (b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;

We further report that the Board of Directors of the Company has to be constituted in terms of the provisions of the Companies Act, 2013, DPE Guidelines and Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015. The number of independent directors on the Board is less than 50% of the total strength of the Board. The Company is required to be compliant with provisions of appointment of requisite number of Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Generally, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions made in the Board/Committee meeting(s) were carried out with unanimous consent of the all the Directors/Members present during the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

We further report that the National Stock Exchange of India Limited and BSE Limited have levied monetary fines for non-compliance with Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 against which the Company has submitted waiver requests.

For Agarwal S. & Associates,
Company Secretaries,
ICSI Unique Code: P2003DE049100

CS Karishma Singh
Partner

ACS No.: 26054
CP No.: 16055

Place: New Delhi
Date: 03.06.2019

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

"Annexure A"

To,

The Members,
National Fertilizers Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records, based on our inspection of records produced before us for Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and our report is not covering observations/comments/ weaknesses already pointed out by the other Auditors.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis and to give our opinion whether Company has proper Board-processes and Compliance-mechanism in place or not.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Agarwal S. & Associates,
Company Secretaries,
ICSI Unique Code: P2003DE049100

CS Karishma Singh
Partner
ACS No.: 26054
CP No.: 16055

Place: New Delhi
Date: 03.06.2019

Management's Explanation to the Observations of Secretarial Auditor Report for the financial year 2018-19

Sr. No.	Secretarial Auditors' Observations	Management's Explanation
01.	Regulation 17 (1) of SEBI (LODR) Regulations, 2015 and as per Clause 3.1.4 of DPE Guidelines, the Company did not had requisite number of Independent Directors on the Board of the Company.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors of the Company are appointed by the Government of India (GOI). The remuneration and tenure of Directors are also fixed by GOI. The Company has been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.
02.	Regulation 17 (10) of SEBI (LODR) Regulations, 2015, the performance evaluation of independent directors shall be done by the entire Board of Directors.	(a) Regulation 17(10) of SEBI (LODR) Regulations, requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification dated 05th June, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies. (b) Further MCA vide notification dated 05th June, 2015 has also notified that in case of Government Companies Section 134(3)(p) of the Companies Act, 2013 shall not apply in case the directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company. (c) The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors by Administrative Ministry. (d) Performance evaluations to which the Government Companies and their Directors are subjected to are as follows: (i) All the functional Directors (through C&MD) and C&MD are accountable to the Board and the Administrative Ministry. (ii) For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is negotiated by Department of Public Enterprises, Niti Aayog, Ministry of Statistics & Programme Implementation and the Administrative Ministry officials. Targets are

		set for various MoU parameters. The performance of the Company vis-à-vis MoU indicates the overall performance of the Board and individual Directors. Performance of the Company is reviewed on quarterly basis through Quarterly Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters. (iii) Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive Directors, Functional Directors and C&MD major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters. (iv) Annual performance appraisal of the C&MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister. (v) Tenure of Functional Directors and C&MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry. (vi) All the government companies are also subject to regular review by various Parliamentary Committees on different subjects. (vii) In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and Part-time Official Directors was not carried out. (e) In view of the above exemption, no performance evaluation of the Independent Directors was required to be carried out.
03.	Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee shall: (a) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; (b)formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;	Same as above

04.	NSE and BSE have levied monetary fines for non-compliance with Regulation 17(1) of SEBI (LODR) Regulations, 2015 against the Company.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors of the Company are appointed by the Government of India (GOI). The remuneration and tenure of Directors are also fixed by GOI. The Company has been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company. Further, the Company has made appeal to NSE & BSE for withdrawal of the Notice and waiver of fine.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date: 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

ANNUXURE- 14

SECRETARIAL COMPLIANCE REPORT
OF
NATIONAL FERTILIZERS LIMITED
For the year ended 31st March, 2019

We, Agarwal S. & Associates, Company Secretaries, have examined:

(a) all the documents and records made available to us and explanation provided by **National Fertilizers Limited** ("the listed entity/NFL"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March, 2019 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable for the period under review

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable for the period under review

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable for the period under review

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable for the period under review

(g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013; Not Applicable for the period under review

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and circulars/ guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
01.	Regulation 17 (1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors.	The number of Independent Directors on the Board is less than fifty percent.	The Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board Members. As explained by the management, National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors of the Company are appointed by the Government of India. The remuneration and tenure of Directors are also fixed by GOI. The Company is requesting from time to time, DoF for appointment of Independent Directors on the Board of the Company.
02.	Regulation 17 (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of independent directors shall be done by the entire Board of Directors.	The performance evaluation of independent directors has not been done by the entire Board of Directors.	The entire Board of Directors shall carry out the performance evaluation of Independent Directors. As explained by the management, the appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors by Administrative Ministry.
03. (a) (b)	Regulation 19 (4) read with Schedule II Part D (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, the Nomination and Remuneration Committee shall: formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.	The Nomination and Remuneration Committee has not: (a) formulated the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; (b) formulated the criteria for evaluation of performance of Independent Directors and the Board of Directors.	The Nomination Committee shall formulate the said policies/criteria's. As explained by the management, the appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors by Administrative Ministry.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
01.	National Stock Exchange Limited non-executive chairperson, at least half of the board of directors shall comprise of independent directors.	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended September 30, 2018.	NSE vide its letter dated November 05, 2018 has imposed a fine of Rs. 5,42,800/- inclusive of GST.	The Company has submitted a response vide their letter dated 28.11.2018 and has requested to waive off the penalty on the grounds that the Company is an Government Company and Independent Directors are appointed by Government of India.
02.	BSE Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended September 30, 2018.	BSE vide its letter dated October 31, 2018 has imposed a fine of Rs. 5,42,800/-inclusive of GST.	The Company has submitted a response vide their letter dated 16.11.2018 and has requested to waive off the penalty on the grounds that the Company is an Government Company and all Independent Directors are appointed by Government of India.
03.	National Stock Exchange Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended December 31, 2018.	NSE vide its letter dated January 31, 2019 has imposed a fine of Rs. 5,42,800/-inclusive of GST.	The Company has submitted a response vide their letter dated 12.02.2019 and has requested to waive off the penalty on the grounds that the Company is an Government Company and Independent Directors are appointed by Government of India.
04.	BSE Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended December 31, 2018.	BSE vide its letter dated January 31, 2019 has imposed a fine of Rs. 5,42,800/-inclusive of GST.	The Company has submitted a response vide their letter dated 12.02.2019 and has requested to waive off the penalty on the grounds that the Company is an Government Company and Independent Directors are appointed by Government of India.
05.	National Stock Exchange Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended March 31, 2019.	NSE vide its letter dated May 02, 2019 has imposed a fine of Rs. 5,31,000/-inclusive of GST.	The Company has submitted a response vide their letter dated 08.05.2019 and has requested to waive off the penalty on the grounds that the Company is an Government Company and Independent Directors are appointed by Government of India.

Sr. No	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
06.	BSE Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended March 31, 2019.	BSE vide its letter dated May 02, 2019 has imposed a fine of Rs. 5,31,000/-inclusive of GST.	The Company has submitted a response vide their letter dated 10.05.2019 and has requested to waive off the penalty on the grounds that the Company is an Government Company and Independent Directors are appointed by Government of India.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended _____ (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
N.A.	N.A.	N.A.	N.A.	N.A.

For Agarwal S. & Associates,
Company Secretaries,
ICSI Unique Code: P2003DE049100

Sd/-

Name of the Practicing Company Secretary: CS Karishma Singh

ACS No.: 26054

C P No.: 16055

Place: New Delhi
Date: 29th May, 2019

Annexure-15

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	L74899DL1974GOI007417
ii	Registration Date	23.08.1974
iii	Name of the Company	National Fertilizers Limited
iv	Category/Sub-category of the Company	Company Limited by Shares
v	Address of the Registered office & contact details	Scope Complex Core-III, 7, Institutional Area, Lodhi Road, New Delhi - 110003 Phone : 0120-2412294, 412445, 3292201-08, Fax: 0120-2412397
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. MAS Services Limited, T-34, 02nd Floor, Okhla Industrial Area, Phase-II, New Delhi – 110 020. PH: 011-26387281-83 FAX: 011-26387384 Email: mas_serv@yahoo.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
01.	Own Urea	20121	77.76%
02.	Imported DAP	46692	15.38%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
01.	M/s Urvarak Videsh Limited (UVL)	U24120DL2008GOI181057	Associate	33.33%	2(6)
02.	M/s. Ramagundam Fertilizers and Chemicals Limited (RFCL)	U24100DL2015PLC276753	Associate	26.86%	2(6)

Note: Uravark Videsh Limited (UVL) has got the status of Dormant Company under Companies Act w.e.f. 04th November, 2015.

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt. or State Govt.	366529532	-	366529532	74.71	366529532	-	366529532	74.71	0.00
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	**366529532**	**-**	**366529532**	**74.71**	**366529532**	**-**	**366529532**	**74.71**	**0.00**
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other…	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**366529532**	**-**	**366529532**	**74.71**	**366529532**	**-**	**366529532**	**74.71**	**0.00**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	78568779	-	78568779	16.02	76959357	-	76959357	15.69	-0.33
c) Central Govt./State Govt.	-	-	-	-	-	-	-	-	-
d) Venture Capital Fund	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	2000	2000	0.00	-	2000	2000	0.00	0.00
f) FIIs	-	-	-	-	-	-	-	-	-
g) Foreign Portfolio Investors	8033666	-	8033666	1.64	5022017	0	5022017	1.02	-0.62
h) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	**86602445**	**2000**	**86604445**	**17.65**	**81981374**	**2000**	**81983374**	**16.71**	**-0.94**
(2) Non Institutions									
i) Indian									
a) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	23515334	38901	23554235	4.80	28935400	26176	28961576	5.90	1.10
ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakh	4888905	-	4888905	1.00	5311670	-	5311670	1.08	0.08
b) NBFCs registered with RBI	335500	-	335500	0.07	9471	-	9471	0.00	-0.07
c) Others (specify)									
1. NRI	-	-	-	-	-	-	-	-	-
a) NRI (Non-Repeat)	136181	-	136181	0.03	190980	-	190980	0.04	0.01
b) NRI (Repeat)	747639	246500	994139	0.20	1033970	246500	1280470	0.26	0.06
2. Clearing Member	1953947	-	1953947	0.40	1199176	-	1199176	0.24	-0.16
3. Trust	6800	-	6800	0.00	6800	-	6800	0.00	0.00
4.Custodian/DR Holder	-	-	-	0.00	-	-	-	0.00	0.00
5. Bodies corporates	5562329	-	5562329	1.13	5087275	-	5087275	1.04	-0.09
6. Unclaimed Suspense A/c	11887	-	11887	0.00	17576	-	17576	0.00	0.00
7. OCB	500	-	500	0.00	500	-	500	0.00	0.00
SUB TOTAL (B)(2):	**37159022**	**285401**	**37444423**	**7.63**	**41792818**	**272676**	**42065494**	**8.57**	**0.94**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**123761467**	**287401**	**124048868**	**25.29**	**123774192.00**	**274676**	**124048868.00**	**25.29**	**0.00**
C. Non promoter-Non Public (Shares held by Custodian for GDRs & ADRs)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**490290999**	**287401**	**490578400**	**100.00**	**490303724**	**274676**	**490578400**	**100.00**	**0.00**

(ii) Share Holding of Promoters

Sl No.	Shareholders Name	Shareholding at the beginning of the year				Shareholding at the end of the year			% change in share holding during the year
			No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
01.	President of India		366529532	74.71	0.00	366529532	74.71	0.00	0.00
	Total		**366529532**	**74.71**	**0.00**	**366529532**	**74.71**	**0.00**	**0.00**

(iii) Change in Promoters' Shareholding (Specify if there is no change)

Sl. No.		Shareholding at the beginning of the Year		Cumulative Share holding during the year		%Change during the year
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company	
01.	At the beginning of the year	366529532	74.71	366529532	74.71	0.00
02.	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-	-
03.	At the end of the year	366529532	74.71	366529532	74.71	0.00

Note:- No Change in Promoters' Shareholding during the year 2018-19.

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No		Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No. of shares	% of total shares of the company
01.	LIFE INSURANCE CORPORATION OF INDIA	55523101	11.318	0	0		31-Mar-19	55523101	11.318
02.	THE NEW INDIA ASSURANCE COMPANY LIMITED	8647990	1.763	0	0		31-Mar-19	8647990	1.763
03.	GENERAL INSURANCE CORPORATION OF INDIA	7286397	1.485	0	0		31-Mar-19	7286397	1.485
04.	CANARA BANK	3400626	0.693	0	0		01-Apr-18	3400626	0.693
				626		Transfer	13-Apr-18	3400000	0.693
							31-Mar-19	3400000	0.693
05.	ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND LLC	1680063	0.342	0	0		31-Mar-19	1680063	0.342
06.	THE ORIENTAL INSURANCE COMPANY LIMITED	1425288	0.291	0	0		31-Mar-19	1425288	0.291
07.	SWARN KUMAR KHOSLA	789309	0.161	0	0		01-Apr-18	789309	0.161
					10000	Transfer	13-Apr-18	799309	0.163
					1500	Transfer	20-Apr-18	800809	0.163
					3000	Transfer	11-May-18	803809	0.164
					16000	Transfer	18-May-18	819809	0.167
					310000	Transfer	06-Jul-18	1129809	0.230
					13191	Transfer	17-Aug-18	1143000	0.233
				310000		Transfer	12-Oct-18	833000	0.170
					500	Transfer	16-Nov-18	833500	0.170
				2500		Transfer	11-Jan-19	831000	0.169
					6000	Transfer	25-Jan-19	837000	0.171
				97756		Transfer	01-Feb-19	739244	0.151

Sl. No		Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No. of shares	% of total shares of the company
				83234		Transfer	08-Feb-19	656010	0.134
				289		Transfer	08-Mar-19	655721	0.134
				23414		Transfer	22-Mar-19	632307	0.129
					148003	Transfer	29-Mar-19	780310	0.159
							31-Mar-19	780310	0.159
08.	WISDOMTREE INDIA INVESTMENT PORTFOLIO, INC.	-	-	-	649660	Transfer	28-Sep-18	649660	0.132
					10929	Transfer	05-Oct-18	660589	0.135
					8788	Transfer	12-Oct-18	669377	0.136
				10929		Transfer	21-Dec-18	658448	0.134
				15295		Transfer	28-Dec-18	643153	0.131
				8796		Transfer	18-Jan-19	634357	0.129
				11005		Transfer	01-Feb-19	623352	0.127
				8772		Transfer	08-Feb-19	614580	0.125
				26324		Transfer	14-Feb-19	588256	0.120
				8760		Transfer	15-Feb-19	579496	0.118
				15323		Transfer	22-Feb-19	564173	0.115
				8748		Transfer	01-Mar-19	555425	0.113
				6531		Transfer	08-Mar-19	548894	0.112
							31-Mar-19	548894	0.112
09.	NATIONAL INSURANCE COMPANY LIMITED	505509	0.103	0	0		31-Mar-19	505509	0.103
10.	PENSION RESERVES INVESTMENT TRUST FUND-ACAD	475080	0.097	0	0		31-Mar-19	475080	0.097

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
01.	**Shri Rajiv Kumar Chandiok**				
	At the beginning of the year	1000	0.00	1000	0.00
	At the end of the year	1000	0.00	1000	0.00

V Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in crore)

For Each of the Directors and KMP	Secured Loan excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1765.83	1294.71	0.00	3064.54
ii) Interest due but not paid			0.00	0.00
iii) Interest accrued but not due	0.06	0.11	0.00	0.17
Total (i+ii+iii)	**1765.89**	**1294.82**		**3060.71**
Change in Indebtedness during the financial year				
Additions		4768.59		4768.59
Reduction	1365.70		0.00	1365.70
Net Change	**1365.70**	**4768.59**	**0.00**	**3402.89**
Indebtedness at the end of the financial year				
i) Principal Amount	400.14	6061.74	0.00	6461.88
ii) Interest due but not paid			0.00	0.00
iii) Interest accrued but not due	0.05	01.67	0.00	01.72
Total (i+ii+iii)	**400.19**	**6063.41**	**0.00**	**6463.60**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

in (₹)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager				Total Amount
		Shri Manoj Mishra (C&MD)	Shri Rajiv Kumar Chandiok Director (Finance)	Shri D. S. Ahuja Director (Technical)	Shri Virendra Nath Datt Director (Marketing)	
	Period	**2018-19**	**2018-19**	**2018-19**	**2018-19**	**2018-19**
01.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	4074591.00	4632817.00	4112033.00	1850500.00	14669941.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	1647890.00	1184559.00	1022085.00	295143.00	4149677.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
02.	Stock option	-	-	-	-	-
03.	Sweat Equity	-	-	-	-	-
04.	Commission	-	-	-	-	-
	as % of profit	-	-	-	-	-
	others (specify)	-	-	-	-	-
05.	Others, please specify	-	-	-	-	-
	Total (A)	**5722481.00**	**5817376.00**	**5134118.00**	**2145643.00**	**18819618.00**
	Ceiling as per the Act	-	-	-		-

B. Remuneration to other directors:

in (₹)

Sl.No	Particulars of Remuneration	Name of the Directors				Total Amount
		Smt. B.K. Dave	CA Anil Verma	Dr. Ramesh Kumar Agarwal	Dr. (Mrs.) Kalpana Saini	
		2018-19	2018-19	2018-19	2018-19	2018-19
01.	**Independent Directors**					
	(a) Fee for attending board committee meetings	**470000.00**	**430000.00**	**130000.00**	**445000.00**	**1475000.00**
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (1)	**470000.00**	**430000.00**	**130000.00**	**445000.00**	**1475000.00**
02.	**Other Non-Executive Directors**					
	(a) Fee for attending board committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-
	Total (2)	**470000.00**	**430000.00**	**130000.00**	**445000.00**	**1475000.00**
	Total (B)=(1+2)	**470000.00**	**430000.00**	**130000.00**	**445000.00**	**1475000.00**
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

in (₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Company secretary (Sh. Raj Kumar)	
	Period	**2018-19**	**2018-19**
01.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	2954989.00	2954989.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	911283.00	911283.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
02.	Stock Option	-	-
03.	Sweat Equity	-	-
04.	Commission	-	-
	as % of profit	-	-
	others, specify	-	-
05.	Others, please specify	-	-
	Total	**3866272.00**	**3866272.00**

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date: 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure -16

Director's Profile

Shri Manoj Mishra (DIN 06408953)

Shri Manoj Mishra aged about 58 years has taken over as Chairman & Managing Director (C&MD) of National Fertilizers Limited (NFL) with effect from June 3rd 2015. Shri Manoj Mishra is a member of the Institute of Cost Accountants of India.

Shri Mishra has professional experience of 32 years in various Public Sector Undertakings and Co-operative sector. Prior to his appointment as C&MD, NFL, he held the position of Director (Finance) in the State Trading Corporation of India Limited (STC). He was also holding additional charge of Director (Marketing) for bullion and other divisions in STC.

Prior to his joining STC in 2010, Shri Mishra held various positions in Krishak Bharati Co-operative Limited (KRIBHCO) for 23 years. Earlier, he had worked in HHEC of India Ltd. He is Director and Co-chairman of Fertilizer Association of India. He is also a Director on the Board of International Fertilizer Association. He is also a Member of Nomination & Remuneration Committee of the Company.

Shri Devinder Singh Ahuja (DIN 07687173)

Aged about 59 years, Shri Devinder Singh Ahuja has taken over as Director Technical on 6th February, 2017. Shri Ahuja joined NFL as Jr. Executive (Trainee) in the year 1980 and rose to the level of Executive Director before his appointment as Director (Technical).

Shri Ahuja is B.Sc. (Chemical) with Hons. and also holds Post Graduate Diploma in Project Management. He has worked across entire spectrum of a project cycle starting from concept development to front end engineering, asset construction, commissioning, operation, etc. He has 38 years long experience spanning across production, technical services and other departments at different Units of NFL. He has been responsible for commissioning of Ammonia plants in India and abroad and implementing various retrofits and energy saving schemes flawlessly. Shri Ahuja is also Nominee Director of NFL on Board of Ramagundam Fertilizers and Chemicals Limited.

Shri Ahuja is also Member of Audit Committee, Stakeholder Relationship Committee, Committee on Corporate Social Responsibility & Sustainable Development and Risk Management Committee of the Company.

Shri Virendra Nath Datt (DIN 07823778)

Shri Virendra Nath Datt was born on 20.02.1962 aged about 57 years, Shri Datt has taken over as Director Marketing on 11.10.2018. He is also holding Additional Charge as Director (Finance) since 15.07.2019. He is MBA from Maharshi Dayanand University. Prior to NFL, he was Executive Director (Corporate Strategy, Planning & Advocacy) with GAIL (India) Limited. He was also on the board of Mahanagar Gas Ltd., Mumbai. Shri Datt has a rich marketing experience of over 33 years in the Natural Gas industry in India. He started his career with ONGC in 1985 and then moved to GAIL in 1995. Shri Datt has handled many important assignments in the Natural Gas business including import & marketing of regasified LNG in India, pooling of gas price for urea plants and numerous policy initiatives of the Government.

Shri Datt was a member of Audit Committee upto 19.07.2019. He is also a member of Stakeholders Relationship Committee, Corporate Social Responsibility and Sustainable Development Committee and Risk Management Committee of the Company. Shri Datt is also Nominee Director of NFL on the Board of Ramagundam Fertilizers and Chemicals Limited.

Shri Dharam Pal (DIN 02354549)

Shri Dharam Pal aged about 56 years is a senior IAS Officer. He is presently holding the position of Additional Secretary, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

Shri Pal is BE (Electronics & Telecommunications) and also holds Master of Technology (Computer Controls & Instrumentation). He is also holding PG Diploma in Disaster Management. Shri Pal has held many senior positions with the Central Government, Government of NCT of Delhi and UTs. He has also been conferred with National e-Governance Award. Shri Dharam Pal is also Chairman & Managing Director of Fertilizer Corporation of India Limited and Hindustan Fertilizer Corporation Limited.

Shri Partha Sarthi Sen Sharma (DIN 03210350)

Shri Partha Sarthi Sen Sharma was born on 30.06.1970. Shri Partha Sarthi Sen Sharma is an Engineering graduate in Mechanical Engineering from Delhi College of Engineering (now Delhi Technological University) and holds the degree of MBA from University of Ljubljana, Slovenia.

Prior to his appointment as Joint Secretary in Department of Fertilizers (DoF), Ministry of Chemicals & Fertilizers, and Government of India in September 2018, he has held various significant posts in UP State bureaucracy such as CEO Greater Noida Industrial Development Authority (GNIDA); Commissioner of Rural Development, Uttar Pradesh and Project Director-Community Project, Rural Development; Secretary in UP Chief Minister Office, Uttar Pradesh; Secretary Uttar Pradesh Secondary Education; Secretary Additional Sources of Energy etc. He has also worked in Corporate Sector with TELCO, Jamshedpur before becoming an IAS Officer. Presently, he is also Chairman & Managing Director of Projects and Development India Limited and FCI Aravali Gypsum and Minerals India Limited.

Shri Anil Verma (DIN 02544789)

CA Anil Verma aged about 54 years is a member of Institute of Chartered Accountants of India and has been a Practicing Chartered Accountant since 1990. His areas of practice include Auditing, Taxation and Finance. Looking to his contribution to the Profession, he was nominated as Co-opted Member of Committee of Government Accounting by Institute of Chartered Accountants of India during 2009-10. He is working with many Social Organizations, Trusts and Educational Institutions. Shri Verma is also a Professional speaker and has been delivering lectures on various topics of Profession and Social issues. He is a Member of Advisory Board of Mewar University, Chittorgarh. He is also a Member of Institutional Animal Ethics Committee (IAEC) related to the Department of Pharmaceutical Sciences, Faculty of Ayurved and Medical Sciences, Gurukul Kangri University, Haridwar. Shri Verma is also Member of Advisory Board of Patanjali Research Foundation Trust.

He is also the Chairperson of Audit Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility and Sustainable Development Committee (w.e.f. 19.07.2019). Shri Verma is also a Member of Nomination & Remuneration Committee of NFL.

Dr. Ramesh Kumar Agarwal (DIN 00601353)

Aged about 60 years, Dr. Ramesh Kumar Agarwal has taken over the position of Non- Executive Independent Director of National Fertilizers Limited (NFL) as on14.02.2017. By Profession he is an Eye Specialist having Degree of MBBS, D.O. & M.S. Ophthalmology from Assam Medical College, Dibrugarh. He has also obtained Intra Ocular Micro Surgery Course at Madurai.

He is President of Dr. Hedgewar Sewa Pratisthan & National Medicos Organisation. He is a Life Member of All India Ophthalmic Society, Dibrugarh Academy of Ophthalmology, All India Intra Ocular and Refractive Society & Marwari Arogya Bhawan. He has personally collected more than 300 corneas from Donor eye. He is a project Director of Drishti Eye Bank. He is also District Co-coordinator of CAMBA. Dr. Ramesh Kumar Agarwal is Director of Berlia Diagnostic & Research Institute Private Limited.

Dr. Ramesh Kumar Agarwal is also the Chairperson of Nomination and Remuneration Committee and Member of Corporate Social Responsibility and Sustainable Development (CSR&SD) Committee and Audit Committee of NFL.

Dr. (Smt.) Kalpana Saini (DIN 07820260)

Aged about 60 years, Dr. Kalpana Saini has taken over the position of Non-Executive Independent Director of NFL w.e.f. 18.05.2017. She holds a Ph.D. degree in Sanskrit. She began her career as lecturer and served as principal at Gandhi Mahila Shilp Vidhalaya from 1987. She has been associated with social activities and also associated with women welfare. Smt. Saini is also a Member of Audit committee, Nomination & Remuneration Committee, Corporate Social Responsibility & Sustainable Development Committee and Risk Management Committee of the company.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date: 02nd August, 2019

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

AUDITED FINANCIAL STATEMENTS 2018-19

Auditor's Report

HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS
E-21, JANGPURA EXTN.
NEW DELHI- 110014

S. MANN & COMPANY
CHARTERED ACCOUNTANTS
1006, 10TH FLOOR, VIKRANT TOWER, RAJENDRA PLACE,
NEW DELHI-110008

INDEPENDENT AUDITOR'S REPORT

To the Members of
National Fertilizers Limited

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of National Fertilizers Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2019, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Going concern

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Company to cease to continue as a going concern.

As per the sufficient and appropriate audit evidence obtained during the audit, we conclude that, based on the audit evidence obtained, we have not found any indication of having existence of material uncertainty. Accordingly, we assume going concern assumption of the audit. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. Summary of the same is mentioned here under:

Sr. No.	Key Audit Matters	Auditor's Response
1.	**Revenue recognition** The application of the new revenue accounting standard Ind As 115, involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date, for which we have also stated a separate note in the notes to accounts. Revenue is recognized net of returns, trade allowances, rebates etc. when performance obligation is satisfied by transferring control of goods or services (i.e. asset) to a customer and it is probable to collect the consideration. Price and freight subsidy: The same is recognised on the basis of notifications/principles received from the FICC (Fertilzer Industry Coordination Committee) an office of Government of India which regulates such subsidy and the bills raised on such notifications. Escalations/de-escalations in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given. **Please refer note no 32 in Balance Sheet.**	***Principal Audit Procedures*** We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit process involved assessing the management's assessment/estimates worked out based on the policies/ interpretations/ guidelines of the Govt. relating to payment of subsidy. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing.
2.	**Property, Plant and Equipment** Management judgement is utilised for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/ amortization rates. These include the decision to capitalise or expense costs; the annual asset life review; the timelines of the capitalisation of assets and the measurement and recognition criteria for assets retired from active use. Please refer accounting policy no 1.2.9.	We have done verification of controls in place over the fixed assets cycle, evaluated the appropriateness of capitalisation process, performed tests to verify the capitalised costs, assessed the timelines of the capitalisation of the assets and assessed the de-recognition criteria for assets retired from active use. Useful life review of assets has been assessed by the management. In performing these procedures, we reviewed the judgements made by management including the nature of underlying costs capitalised; determination of realizable value of the assets retired from active use; the appropriateness of asset lives applied in the calculation of depreciation/ amortization; and the useful lives of assets prescribed in Schedule II of the Companies Act, 2013.
3.	**Capital Work-in-Progress** The Company is in the process of executing various energy reduction projects in all units of the Company. This is a major capitalization against which major debt has been taken from Bank(s). Please refer accounting policy no 1.2.11.	Our audit process included a review of the progress of the projects and the intention and ability of the management to carry forward and bring the asset to its state of intended use. We have verified all the relevant components of CWIP including interest on loan on borrowing cost, supply and RA bills of contractors and reviewed the related work orders terms and conditions.

4.	**Provisions and Contingent Liabilities** The Company is involved in certain legal and tax disputes and the assessment of the risks associated with the litigations is based on Management assumptions, which require the use of judgement and such judgement relates, primarily, to the assessment of the uncertainities connected to the prediction of the outcome of the proceedings. Please refer accounting policy no 1.2.24.	Our audit procedure in response to same is included, among others, • Assessment of the process to identify legal and tax litigations, and pending administrative proceedings. • Assessment of assumptions used in the evaluation of potential legal and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings/judgement in similar cases. • Analysis of opinion received from the tax consultant where available. • Review of the adequacy of the disclosures in the notes to the financial statements.
5.	**Provision for Direct Taxes** The Company has certain matters under dispute which involves judgment relating to the possible outcome of these disputes in estimation of the provision for income tax. Please refer accounting policy no 1.2.8.	Our audit process involved assessment of the management's underlying assumptions in estimating the tax provision (as confirmed by the Company's tax consultants) and the possible outcome of the disputes taking into account the legal precedence and other rulings/ judgement in evaluating management's position on these uncertain direct tax positions.
6.	**Indirect Taxes** Goods and Services Tax implemented with effect from 1st July, 2017 is applicable on majority of products and services of the Company. Company's main manufactured product i.e. Urea is a `controlled product' and is covered under GST. However, subsidy on urea and other traded fertilizers is exempt from GST. Since management was required to apply its judgment in the interpretation with respect to claim of refund of unavailed input tax credit for traded fertilizers under inverted tax structure. Please refer note no 16.	Our audit process involved assessing the management's judgement on the interpretations involved taking into account the advices and opinions received from indirect tax experts.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level

of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
   (e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 45 to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

3. As required by Section 143(5) of the Act, we have considered the direction and sub-directions issued by the Comptroller & Auditor General of India. We give our report in the attached **"Annexure C".**

For HDSG & ASSOCIATES
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

For S MANN & COMPANY
Chartered Accountants
Firm's Registration No.: 000075N

Subhash Chander Mann
Partner
Membership number: 080500

Place: New Delhi
Date: 2nd May, 2019

ANNEXURE "A"

The Annexure refer to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31st March, 2019, we report that:

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of the available information.

(b) As explained to us, the Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of fixed assets has been carried out by the management during the year. We are informed that discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the Company, the title deeds of immovable properties are held in the name of the Company except the following:

Immovable Properties	Area
Bhatinda Unit	14.261 Acres
Vijaipur Unit	1250.254 Acres
Alwar	0.164 Acres

(ii) The physical verification of the inventory has been carried out by the management in accordance with the perpetual inventory programme, at regular intervals during the year. The discrepancies noticed have been properly dealt within the books of account;

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, paragraph 3(iii)(a), (b), (c) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) According to the information and explanation given to us the Company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) We have broadly reviewed the Cost Records maintained by the Company specified by Central Government under Sub Section (1) of section 148 of the Act, and are of the opinion that prima facie the prescribed records have been maintained. We have, however, not made a detailed examination of the Cost Records with a view to determine whether they are accurate or complete.

(vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and Goods and Service Tax, other statutory dues.

According to the information and explanations given to us, no undisputed amounts remain payable in respect of such statutory liabilities as at 31st March, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the particulars of the disputed dues as at 31stMarch, 2019 which have not been deposited on account of matters pending in appeal before appropriate authorities are as under:

Name of Statute	Nature of Dues	Amount Involved (Rs. in crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act,1961	Income tax	29.25	AY 2006-07, AY 2006-07 and AY 2011-12 to 2014-15	ITAT
Central Excise Act,1944	Excise Duty	1.04	2005-06	Supreme Court
Customs Act 1962	Custom Duty	6.02	1996-97	CESTAT, Mumbai
Central Excise Act,1944	Excise Duty	3.56	2013	CESTAT
Punjab VAT Act	VAT	0.55	2006-07 to 2009-10	Dy. Excise and Taxation Commissioner (Appeal), Patiala
Finance Act 1994	Service Tax	0.33	2011-12 to 2014-15	CESTAT (Prayagraj)

Name of Statute	Nature of Dues	Amount Involved (Rs. in crore)	Period to which the amount relates	Forum where the dispute is pending
Punjab Municipal Act	Property Tax	0.81	2007-08 to 2009-10 & 2013-14	Municipal Council, Nangal
		0.09	1982-83 to 1990-91	Municipal Council, Nangal
Haryana Local Development tax Act,2000	Entry tax	6.72	2000-01 to 2002-03	Joint Excise Taxation Comm. Rohtak
Madhya Pradesh Value Added Tax Act, 2002	VAT	0.01	2008-09	Appellate Board, Commercial Tax
Entry Tax Act 1976	Entry Tax	0.07	2010-11, 2012-13, 2013-14 and 2014-15	Appellate Board, Commercial Tax
M P Vidyut Shulk Adhiniyam 2012	Electricity Generation Duty & Cess	0.47	2008-2012	MP High Court
Municipal Corporation Bathinda	Octroi Charges	0.40	FY 1998-99, 1991-92	Punajb and Haryana High Court

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank or bonds/debenture holders as at the Balance Sheet date.

(ix) As per the information and explanations given to us on an overall basis the term loans taken by the company have been applied for the purposes for which they were obtained.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For HDSG & ASSOCIATES
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

For S MANN & COMPANY
Chartered Accountants
Firm's Registration No.: 000075N

Subhash Chander Mann
Partner
Membership number: 080500

Place: New Delhi
Date: 2nd May, 2019

ANNEXURE "B"

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statement for the year ended 31st March, 2019.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of National Fertilizers Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For HDSG & ASSOCIATES
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

For S MANN & COMPANY
Chartered Accountants
Firm's Registration No.: 000075N

Subhash Chander Mann
Partner
Membership number: 080500

Place: New Delhi
Date: 2nd May, 2019

ANNEXURE "C"

HDSG & ASSOCIATES
CHARTEREDACCOUNTANTS
E-21, JANGPURA EXTN.
NEW DELHI-110014

S. MANN & COMPANY
CHARTERED ACCOUNTANTS
1006, 10Th FLOOR, VIKRANT TOWER
RAJENDRA PLACE
NEW DELHI-110008

COMPLIANCE CERTIFICATE

We have conducted the audit of the accounts of **National Fertilizers Limited** for the year ended 31st March, 2019 in accordance with the Directions / Sub-Directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions/sub-directions issued to us.

For HDSG & ASSOCIATES
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

For S MANN & COMPANY
Chartered Accountants
Firm's Registration No.: 000075N

Subhash Chander Mann
Partner
Membership number: 080500

Place: New Delhi
Date: 2nd May, 2019

AUDIT REPORT OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR 2018 -2019 PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013.

I. Directions for the year 2018-19

1. **Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**

   Yes, the company has its system in place to process all the accounting transactions through IT system except calculation of depreciation of fixed asset which is maintained on different computer software and has not been interconnected through the interface with financial accounting software of the Company. However, there is no implication of processing of accounting transactions outside IT system on the integrity of the accounts.

2. **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.**

   There has been no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.

3. **Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.**

   The funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions.

II. Sub-Directions under section 143(5) of Companies Act 2013 for the year 2018-19

Trade Receivable - Subsidy

1. **Whether subsidy received / recoverable from Government of India has been properly accounted for as per claims admitted.**

   Price and Freight Subsidy is measured and raised based on policy issued by DOF /principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification received from FICC is treated as current year income or expenditure and the effect of change in estimate

   Taking into consideration the above, the subsidy received /recoverable from Government of India has been properly accounted for by the company.

2. **Whether subsidy received during the year has been reconciled with subsidy disbursed by the Government of India**

   The subsidy received during the year has been reconciled with the subsidy disbursed by the Government.

3. **Impact of revision of subsidies for Fertilizer Product viz NPK, Ammonium Sulphate and imported MoP in valuation of closing stock may be stated.**

   The company has not purchased / imported Ammonium Sulphate / imported MoP during FY 2018-19. The company had imported NPK during the FY 2018-19.

   The closing stock of NPK imported by the company during FY 2018-19 have been valued at cost of procurement being lower than net realizable value therefore there is no impact of revision of subsidy in valuation of closing stock.

Land

1. **State the area of land under encroachment, if any, and briefly explain the steps taken by the company to remove the same.**

   Out of total land of 2578 acres at Nangal Unit, land measuring 325.70 acres at Nangal had been symbolically possessed by the Punjab Government on 29.10.1998. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners. The company had filed a Civil Writ Petition No 4446 of 2000 in The Punjab & Haryana High Court and the matter is sub-judice.

For HDSG & ASSOCIATES
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

For S MANN & COMPANY
Chartered Accountants
Firm's Registration No.: 000075N

Subhash Chander Mann
Partner
Membership number: 080500

Place: New Delhi
Date: 2nd May, 2019

Balance Sheet as at 31st March, 2019

₹ Crore

	Note	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	2	3989.94	4073.68
Capital Work In Progress	3	133.38	64.26
Other Intangible Assets	4	3.51	5.85
Financial Assets			
Investments	5	273.72	218.72
Loans	6	7.87	9.60
Other Financial Assets	7	8.13	8.19
Other Non-Current Assets	8	0.64	0.07
		4417.19	**4380.37**
CURRENT ASSETS			
Inventories	9	1586.04	525.94
Financial Assets			
Trade Receivables	10	7155.76	3924.38
Cash & Cash Equivalents	11	16.62	7.49
Other Bank Balances	12	2.44	2.33
Loans	13	3.93	4.63
Other Financial Assets	14	231.80	233.18
Current Tax Assets (Net)	15	49.69	90.47
Other Current Assets	16	446.32	457.04
		9492.60	**5245.46**
Assets Held for Disposal	17	2.36	2.58
		13912.15	**9628.41**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	18	490.58	490.58
Other Equity	19	1728.44	1496.82
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	20	279.62	114.64
Other Financial Liabilities	21	4.13	4.95
Provisions	22	178.00	155.71
Deferred Government Grant	23	2614.96	2766.52
Deferred Tax Liabilities (Net)	24	61.42	50.60
Other non-current Liabilities	25	19.80	16.93
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	26	6122.11	2890.43
Trade Payables	27	630.86	491.08
Other financial liabilities	28	1191.74	606.09
Provisions	29	217.80	223.62
Deferred Government Grant	30	184.06	211.37
Other Current Liabilities	31	188.63	109.07
		13912.15	**9628.41**
Significant accounting policies	1		

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(N. S. Verma)
ED (F&A)

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
DIN No.05146544

(Manoj Mishra)
Chairman & Managing Director
DIN No.06408953

For HDSG & ASSOCIATES
Chartered Accountants

(Harbir Gulati)
Partner
Membership number: 084072
Firm's Registration No.: 002871N

For S MANN & COMPANY
Chartered Accountants

(Subhash Chander Mann)
Partner
Membership number: 080500
Firm's Registration No.: 000075N

Place: Noida
Date: 2nd May, 2019

Statement of Profit and Loss for the year ended 31st March, 2019

₹ Crore

	Note	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Revenue			
Revenue from operations	32	12245.24	8954.36
Other Income	33	55.81	61.84
Total Revenue (I)		**12301.05**	**9016.20**
Expenses			
Cost of Materials consumed	34	4738.34	3399.15
Purchase of Stock- in- Trade	35	2964.80	1025.18
Excise duty		-	11.82
Change in inventories of finished goods, work-in-progress and stock -in- trade	36	(1019.05)	6.70
Employee Benefits Expense	37	556.01	724.77
Power and Fuel	38	3122.74	2398.92
Freight and Handling		797.24	607.36
Repair and Maintenance	39	71.68	73.77
Finance Cost	40	316.36	189.57
Depreciation and Amortization Expense	41	101.14	73.30
Other Expenses	42	188.42	170.83
Total Expenses (II)		**11837.68**	**8681.37**
Profit / (Loss) before exceptional item and tax (III) = (I) - (II)		**463.37**	**334.83**
Exceptional Item (IV)		-	-
Profit/(Loss) before Tax (V)=(III)-(IV)		**463.37**	**334.83**
Tax expenses:			
Current tax		154.10	80.42
Deferred tax		10.82	41.64
Total Tax Expense (VI)		**164.92**	**122.06**
Profit/(Loss) for the year (VII)=(V)-(VI)		**298.45**	**212.77**
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Remeasurement of Post Employment Benefit obligations		**(3.65)**	**(2.78)**
Income Tax relating to above items		**1.28**	**0.96**
Other Comprehensive Income (net of tax) (VIII)		**(2.37)**	**(1.82)**
Total Comprehensive Income (IX) = (VII) + (VIII)		**296.08**	**210.95**
Earnings per share	44		
Basic earnings per share of ₹10 each		**6.08**	**4.34**
Diluted earnings per share of ₹10 each		**6.08**	**4.34**
Significant accounting policies	1		
The accompanying notes forms an integral part of these financial statements			

For and on behalf of the Board of Directors

(N. S. Verma)	**(Rajkumar)**	**(R.K. Chandiok)**	**(Manoj Mishra)**
ED (F&A)	Company Secretary	Director (Finance)	Chairman & Managing Director
	A-11914	DIN No.05146544	DIN No.06408953

For HDSG & ASSOCIATES
Chartered Accountants

(Harbir Gulati)
Partner
Membership number: 084072
Firm's Registration No.: 002871N

For S MANN & COMPANY
Chartered Accountants

(Subhash Chander Mann)
Partner
Membership number: 080500
Firm's Registration No.: 000075N

Place: Noida
Date: 2nd May, 2019

Cash Flow statement for the year ended 31st March 2019

₹ Crore

	Note	Year Ended 31st March, 2019	Year Ended 31st March, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/(Loss) Before Tax		463.37	334.83
Adjustments For :			
Depreciation / Amortization		101.14	73.30
Finance Charges		316.36	189.89
Interest Income		(4.98)	(17.10)
Profit on Sale of Fixed Assets		(2.15)	(40.06)
Exchange Rate Variation (Net)		(4.66)	2.87
Provision for Doubtful Debts/ Advances		(0.84)	0.42
Provision for Obsolete/Surplus Stores		(0.02)	(0.18)
Stores and Spares write offs		4.72	5.20
Assets written off		(9.72)	0.28
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**863.22**	**549.45**
Adjustments For :			
Trade and Other Receivables		(3216.41)	603.43
Inventories		(1064.80)	44.19
Trade Payables, Provisions & Others Liabilities		798.79	555.19
Direct Taxes paid		(87.52)	(91.11)
NET CASH FROM OPERATING ACTIVITIES	**"A"**	**(2706.72)**	**1661.15**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (including CWIP)		(246.12)	(340.70)
Investment in Joint Ventures		(55.00)	(65.25)
Fixed Assets Sold/Discarded		(10.08)	43.06
Interest Received		4.98	17.10
NET CASH FROM INVESTING ACTIVITIES	**"B"**	**(306.22)**	**(345.79)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans		3231.68	(263.30)
Long Term Loans		171.21	(810.60)
Interest Paid		(316.36)	(189.89)
Dividend/Distribution Tax paid		(64.46)	(50.19)
NET CASH FROM FINANCING ACTIVITIES	**"C"**	**3022.07**	**(1313.98)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**9.13**	**1.38**
Cash And Cash Equivalents (Closing Balance)		16.62	7.49
Cash And Cash Equivalents (Opening Balance)		7.49	6.11
NET INCREASE IN CASH AND CASH EQUIVALENTS		**9.13**	**1.38**
Reconciliation of Cash and Cash Equivalents with the Balance Sheet			
Components of Cash and Cash Equivalents (Note - 11)			
Balances with banks			
Current accounts		0.30	0.90
Cheques in hand/remittances in transit		16.30	6.58
Cash on hand		0.02	0.01
	Total	**16.62**	**7.49**

For and on behalf of the Board of Directors

(N. S. Verma)
ED (F&A)

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
DIN No.05146544

(Manoj Mishra)
Chairman & Managing Director
DIN No.06408953

For HDSG & ASSOCIATES
Chartered Accountants

(Harbir Gulati)
Partner
Membership number: 084072
Firm's Registration No.: 002871N

For S MANN & COMPANY
Chartered Accountants

(Subhash Chander Mann)
Partner
Membership number: 080500
Firm's Registration No.: 000075N

Place: Noida
Date: 2nd May, 2019

Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

₹ in crore

	Notes	Amount
As at 1st April 2017	18	490.58
Change in equity share capital during the year		-
As at 31st March 2018		**490.58**
As at 1st April 2018	18	490.58
Change in equity share capital during the year		-
As at 31st March 2019		**490.58**

B. OTHER EQUITY

₹ in crore

Particulars	Reserve & Surplus				
	Capital Reserve	General Reserve	Corporate Social Responsibility (CSR) Reserve	Retained Earning	Total
Opening balance as at 1st April 2017	**2.51**	**332.89**	**2.50**	**998.16**	**1,336.06**
Profit for the year	-	-	-	212.77	212.77
Comprehensive income for the year	-	-	-	(1.82)	(1.82)
Total Comprehensive Income for the year	**-**	**-**	-	**210.95**	**210.95**
Dividend Paid (Including Tax on Dividend)		-	-	(50.19)	(50.19)
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	1.38	(1.38)	-
Transfer to/(from) retained earnings	-	-		-	-
Closing balance as at 31st March 2018	**2.51**	**332.89**	**3.88**	**1,157.54**	**1,496.82**
Opening balance as at 1st April 2018	**2.51**	**332.89**	**3.88**	**1,157.54**	**1,496.82**
Profit for the year	-	-	-	298.45	298.45
Comprehensive income for the year	-	-	-	(2.37)	(2.37)
Total Comprehensive Income for the year	-	-	-	**296.08**	**296.08**
Dividend Paid (Including Tax on Dividend)	-	-	-	(64.46)	(64.46)
Transfer to/(from) Corporate Social Responsibility (CSR) Reserve	-	-	4.01	(4.01)	-
Closing Balance as at 31st March 2019	**2.51**	**332.89**	**7.89**	**1,385.15**	**1,728.44**

Significant accounting policies **1**

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

N. S. Verma)	**(Rajkumar)**	**(R.K. Chandiok)**	**(Manoj Mishra)**
ED (F&A)	Company Secretary	Director (Finance)	Chairman & Managing Director
	A-11914	DIN No.05146544	DIN No.06408953

For HDSG & ASSOCIATES
Chartered Accountants

(Harbir Gulati)
Partner
Membership number: 084072
Firm's Registration No.: 002871N

For S MANN & COMPANY
Chartered Accountants

(Subhash Chander Mann)
Partner
Membership number: 080500
Firm's Registration No.: 000075N

Place: Noida
Date: 2nd May, 2019

Notes to the Financial Statements and Significant Accounting Policies

1. Company Overview and Significant Accounting Policies

1.1 Company Overview

National Fertilizers Limited (the 'Company') is a company limited by shares, incorporated and domiciled in India. The Company is engaged in production and marketing of Neem Coated Urea, Bio-Fertilizers (solid & liquid) and other allied Industrial products like Ammonia, Nitric Acid, Ammonium Nitrate, Sodium Nitrite and Sodium Nitrate. The Company is also engaged in trading of Imported and Domestic Fertilizers, Compost, Seeds, Agro Chemicals and other Agro products. The registered office of the company is located at New Delhi, India. The Government of India is the principal shareholder of the Company. The shares of the Company are listed on National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE"), India.

The financial statements are approved for issue by the Company's Board of Directors on 02nd May, 2019.

1.2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2.1 Basis of preparation

(a) Compliance with Ind AS

The financial statements prepared on accrual basis, as a going concern, comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended) and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- assets held for sale -measured at the lower of carrying amount and fair value less cost to sell; and
- defined benefit plans — plan assets measured at fair value

1.2.2 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates and judgments affect the application of accounting policies and the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of financial statements and the reported amount of revenue and expenses during the period. Application of accounting policies that require critical accounting estimates involving judgments have been disclosed in note (1.2.3).

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of change in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

1.2.3 Critical Accounting Estimates and judgments

(a) Property Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(b) Revenue Recognition

Price and Freight Subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy and the bills are raised based on such notification. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification received is treated as current year income or expenditure and the effect of change in estimate, if material, is disclosed separately.

1.2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Refer note 48 for segment information presented.

1.2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit and Loss except in case of long term liability relating to acquisition of fixed assets acquired upto March 31, 2016, where the same are adjusted to carrying amount of such assets.

Foreign exchange gains and losses regarded as an adjustment to borrowing costs are charged in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

1.2.6 Revenue recognition

Revenue is recognized net of returns, trade allowances, rebates etc. when performance obligation is satisfied by transferring control of goods or services (i.e. an asset) to a customer and it is probable to collect the consideration.

Sale of scrap/ waste materials is recognized on disposal.

1.2.7 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase / acquisition of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented as deduction from related depreciation expenses.

Interest subsidy received/receivable from Government for changeover of Ammonia Feed Stock Conversion Project from FO/ LSHS to Gas is recognized in the Statement of Profit and Loss and is being deducted in reporting the related expense.

1.2.8 Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in Joint Ventures where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.2.9 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised where the carrying value of an asset to be replaced is not separately identifiable it is derecognized on estimated/technical report basis. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are aligned to useful life specified under Schedule II of the Companies Act, 2013 except for certain items of plant and machinery which are depreciated as below:

a) Reformer Package and Instrumentation: 15 years

b) Heat Exchangers, pumps, turbines and CO2 Booster: 20 years

In respect of Plant and Machinery, Computer and data processing units residual value of five percent and rupee one in respect of other Fixed Assets is retained.

Leasehold land and buildings are amortized over the lease period. Buildings constructed over leasehold land are depreciated at the estimated useful life which is in line with useful life as specified under Schedule II of the Companies Act, 2013, where the lease period is beyond the useful life of the building.

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

Spares that can be used only in connection with an item of fixed asset is depreciated over a period not exceeding the useful life of the principal item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss with in other Income.

1.2.10 Intangible Assets

Intangible Assets are stated at cost less accumulated amortization and impairment.

License and process know-how having future economic benefits is amortized on straight line method over a period of ten years or license period, whichever is less.

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.2.11 Capital Work in Progress

All revenue expenses incurred during Construction period, which are exclusively attributable to acquisition/construction of fixed assets, are capitalised at the time of commissioning of Assets.

Pre-project expenditure relating to Projects which are considered unviable/closed is charged off to Revenue in the year of declaration/closure.

The capital work in progress includes Construction Stores including Material in Transit/Equipment/Services etc. received at site for use in the projects.

1.2.12 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.2.13 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non¬financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.2.14 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks/ financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.2.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.2.16 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.2.17 Inventories - Raw materials and stores, work in progress, packaging material and finished goods

Raw materials, packaging materials and stores and spares are stated at the lower of monthly weighted average cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In case of stores and spares not moved for more than two years and upto five years, provision for obsolescence is made at five percent per annum (on straight line basis) and charged to revenue. In case of stores and spares which have not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

Finished and semi-finished goods are valued at lower of weighted average cost and net realizable value based on the applicable Concession/Sale Price. In warehouses carrying Finished Goods of more than one Plant, the Plant wise finished stocks are determined on first-in-first-out basis and costs worked out accordingly.

Traded Fertilizers are valued at lower of cost determined on first-in-first-out basis and net realizable value.

Other Traded Goods are valued at lower of weighted average cost and net realizable value.

1.2.18 Investments and other financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses arising from fair valuation will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Measurement

Initial recognition

The Company measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, at fair value including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Investment in Joint Venture:

Investment in Joint venture is carried at cost in the financial statements.

(c) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 55 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(d) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(e) Derivatives

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value through profit or loss at the end of each reporting period.

1.2.19 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.2.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.2.21 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

1.2.22 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the statement of Profit and Loss Account in the period in which they are incurred.

1.2.23 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the

liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

The Company provides following long term benefits:

i) Leave Encashment (Earned Leave/Sick Leave/Half Pay Leave)

ii) Long Service Award (LSA)

The liability for Leave encashment and Long term service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the financial reporting period using the projected unit credit method as calculated by Actuary. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(c) Post-employment obligations

The Company operates the following post-employment schemes:

(i) defined benefit plans such as gratuity, provident fund, post retirement settlement benefits, social security benefits and employees' family economic rehabilitation scheme; and

(ii) defined contribution plans such as post-employment medical plan and pension plan.

(d) Defined Benefit Obligations

The defined benefit obligation (other than Provident Fund) is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The liability or asset recognised in the balance sheet in respect of defined benefit obligations (except Provident Fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(e) Provident Fund

Contribution to provident fund is accounted for on accrual basis. The provident fund contributions are made by employee and company as monthly contribution equal to specified percentage of covered employee's salary to a trust administered by the Company. The trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the trust is notified by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

(f) Defined Contribution Plans

The Company has a Post-Retirement Medical Benefits (PRMB) and pension plan for its employees. The Company has taken the insurance policies to meet its obligations under these plans. Accordingly, the liability of the company is limited upto the amount of insurance premium paid. These plans have been treated as defined contribution plans. The insurance premium paid for these plans is recognised as employee benefit expense and charged in statement of profit and loss account.

1.2.24 Provisions

Provisions (other than employee benefits) are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

1.2.25 Claims

Pending settlement, claims made on underwriters /railways /others as assessed by the Company on a probable realization basis are recognized at the time of lodgment.

1.2.26 Adjustment pertaining to Prior Period

Income/Expenditure pertaining to prior period upto Rs 10.00 crores in each case subject to cumulative limit of 0.50% of sales turnover of previous year are not considered material and are included under the income/expenditure of the current year.

1.2.27 Prepaid Expenditure

Prepaid expenditure upto Rupee one lakh in each case not being considered material is included under the expenditure of the current year.

1.2.28 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

1.2.29 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

(i) the profit attributable to owners of the Company

(ii) by the weighted average number of equity shares outstanding during the financial year.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

(i) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

(ii) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Note: 2 Property, Plant & Equipment

₹ in crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2018	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2019	Depreciation Accumulated Depreciation as on 1st April 2018	Depreciation For the year	Depreciation Deductions / Adjustments	Depreciation Upto 31st March 2019	Net carrying Amount As at 31st March 2019	Net carrying Amount As at 31st March 2018
LAND										
- Freehold	12.19	-	-	12.19	-	-	-	-	12.19	12.19
- Leasehold	6.35	-	-	6.35	0.30	0.10	-	0.40	5.95	6.05
BUILDINGS										
- on Freehold Land	117.39	2.79	-	120.18	17.52	4.69	-	22.21	97.97	99.87
- on Leasehold Land	34.96	0.88	-	35.84	15.00	1.57	-	16.57	19.27	19.96
Leasehold Buildings	0.45	0.14	-	0.59	0.18	0.18	-	0.36	0.23	0.27
Plant and Machinery	4679.07	181.48	(12.04)	4848.51	772.81	264.09	(9.39)	1,027.51	3821.00	3906.26
Furniture and Fixtures	1.95	0.59	(0.11)	2.43	0.84	0.29	(0.08)	1.05	1.38	1.11
Vehicles	2.86	0.69	(0.12)	3.43	0.74	0.41	(0.12)	1.03	2.40	2.12
Office Equipments	2.28	1.45	0.02	3.75	1.05	0.56	(0.01)	1.60	2.15	1.23
OTHERS										
Electrical Installations	10.28	7.38	-	17.66	3.77	6.21	-	9.98	7.68	6.51
Railway Sidings	0.61	-	-	0.61	0.38	0.05	-	0.43	0.18	0.23
EDP Equipments	11.43	3.27	0.18	14.88	2.45	2.47	0.23	5.15	9.73	8.98
Other Equipments	19.60	2.93	(0.07)	22.46	10.70	2.04	(0.09)	12.65	9.81	8.90
As at 31st March 2019	**4899.42**	**201.60**	**(12.14)**	**5088.88**	**825.74**	**282.66**	**(9.46)**	**1098.94**	**3989.94**	**4073.68**
As at 31st March, 2018	**4575.84**	**326.86**	**3.28**	**4899.42**	**529.17**	**296.57**	**-**	**825.74**	**4073.68**	

a. Title/Lease Deed for land acquired at Vijaipur (₹4.36 crore), Bathinda (₹0.15 crore), Alwar (*) , Building at Scope Complex, New Delhi (₹2.07 crore) and Building at Bhopal (₹0.51 crore) are pending execution.

b. Out of total land of 2578 acres, land Measuring 325.70 acres at Nangal (₹0.12 crore) had been symbolically possessed by the Punjab Government on 29.10.1998 without determination of consideration. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners.

c. Ammonia Feed Stock Conversion Projects from `LSHS/FO' to `Gas' at Bathinda, Panipat & Nangal Unit under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production have been capitalised on 11th March.2013, 28th March 2013 and 18th July 2013 respectively. Accordingly, Property, Plant & Equipment (Gross) include assets amounting to ₹3624.78 crore (CPLY ₹ 3973.24 crore) represented by capital grant as disclosed in Note: 23 & 30 Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹ 2793.91 crore(CPLY ₹ 2977.89 crore) as on 31.03.2019.

d. In terms of exemption granted under Ind AS 101, the company has opted to treat exchange difference arising from translation of long term foreign currency monetary items as addition/deletion to Property, Plant & Equipment. Accordingly, an exchange loss/(gain) of ₹11.75 crore (CPLY ₹(0.25) crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2019. The unamortized amount of exchange difference as on 31.03.2019 is ₹64.50 crore (CPLY ₹56.66 crore).

e. Buildings includes office premises given on operating lease. The details of such leased premises are as under:

₹ in crores

	Current Year	Previous year
Original Cost	2.72	1.26
Accumulated depreciation upto 31st March 2019	1.60	0.73
Net Written Down Value as at 31st March 2019	1.12	0.53
Depreciation recognized in Statement of Profit and Loss	0.07	0.03
Impairment losses recognized in Statement of Profit and Loss	-	-
Impairment losses reversed in Statement of Profit and Loss	-	-

* The value of Land at Alwar is ₹1, hence figures is not given.

Note : 3 Capital work-in-progress

₹ in crore

		As at 31st March, 2019	As at 31st March, 2018
Building		0.91	0.12
Plant and Machinery		78.65	50.59
Capital Stores		38.42	7.36
Others		0.40	-
Expenditure During Construction Period		15.00	6.19
		133.38	**64.26**
Details of Expenditure During Construction Period			
Opening Balance	**(A)**	**6.19**	**1.54**
Add: Expenditure during the year:			
Employees' Remuneration & Benefits		0.82	0.38
Power & fuel		0.04	0.07
Project Management fee		5.49	2.98
Other Expenses		3.29	0.05
Start-up Expenses (net)		(4.05)	1.17
Finance cost		2.71	-
Total	**(B)**	**8.30**	**4.65**
Total Expenditure	**(A+B)**	**14.49**	**6.19**
Less: Transfer to Property, Plant & Equipment		(0.51)	-
Closing Balance		**15.00**	**6.19**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note: 4 Other Intangible Assets

₹ in crore

DESCRIPTION	Gross Block				Amortization				Net Block	
	Gross Carrying Amount as on 1st April 2018	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2019	Accumulated Depreciation as on 1st April 2018	For the year	Deductions/ Adjustments	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
Computer Software	0.89	0.03	(0.35)	0.57	0.52	0.14	(0.35)	0.31	0.26	0.37
Licence and Know-how	26.18	-	-	26.18	20.70	2.23	-	22.93	3.25	5.48
As at 31st March, 2019	**27.07**	**0.03**	**(0.35)**	**26.75**	**21.22**	**2.37**	**(0.35)**	**23.24**	**3.51**	**5.85**
As at 31st March, 2018	**26.92**	**0.15**	**-**	**27.07**	**15.06**	**6.16**	**-**	**21.22**	**5.85**	

Note : 5 Investments

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Investment in joint venture (Unquoted) #		
1,80,002 Equity shares with face value of ₹10 each fully paid up in Urvarak Videsh Limited	0.18	0.18
Provision for diminution in value of investments	(0.15)	(0.15)
	0.03	0.03
27,36,90,004 Equity shares with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)$	273.69	218.69
	273.72	218.72
Aggregate amount of unquoted investments	273.87	218.87
Aggregate provision for diminution in value of investments	(0.15)	(0.15)
	273.72	**218.72**
Investment in Equity Instruments of Co-operative Societies (Unquoted)*		
1250 shares with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*
100 shares with face value of ₹ 50 each fully paid up (₹ 5000) in NFL Employees' Consumer co-operative stores	*	*
Investment in mutual fund (₹5000)	*	*
	273.72	**218.72**

* Being less than ₹ 50,000/-, figures not given.

In compliance with Accounting Standard (Ind AS) 28 - "Investment in Associates & Joint Venture". The Reporting information is as under :

Joint controlled entity

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31.03.2019	31.03.2018
Urvarak Videsh Limited	India	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00

$ Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited and Fertilizer Corporation of India has been incorporated on 17.02.2015 for setting up of Fertilizer Unit at Ramagundam, Telangana under New Investment Policy, 2012. The plant shall have the annual urea capacity of 12.71 Lakhs MT urea.

Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited was declared Dormant Company on 04.11.2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH ,2019

Note : 6 Loans

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Secured, considered good		
Loans to employees	7.45	9.10
Unsecured, considered good		
Loans to employees	0.42	0.50
	7.87	**9.60**

Note : 7 Other Financial Assets

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Security Deposits	0.03	0.09
Margin Money against Bank Guarantees (more than one year)	8.10	8.10
	8.13	**8.19**

Note :8 Other Non-Current Assets

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good		
Others	0.64	0.07
	0.64	**0.07**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 9 Inventories

₹ in crore

	As at 31st March, 2019		As at 31st March, 2018	
Raw materials	1.35		3.65	
Add: In transit	0.23	1.58	0.26	3.91
Packing Materials	21.61		10.69	
Add: In transit	2.94		1.96	
Less: Provision for Obsolescence	-	24.55	-	12.65
Stores and spares	138.80		115.97	
Add: In transit	24.34		15.64	
Less: Provision for Obsolescence	1.68	161.46	1.63	129.98
Semi-finished goods		32.58		21.57
Traded goods	977.44		133.48	
Add: In transit	163.30	1140.74	-	133.48
Finished goods	151.57		161.42	
Add: In transit	73.56	225.13	62.93	224.35
		1586.04		**525.94**

Inventories have been valued at lower of cost or net realizable value considering Note No.1.2.17 Accounting Policy.

Note : 10 Trade Receivables

₹ in crore

	As at 31st March, 2019		As at 31st March, 2018	
Trade Receivables outstanding for a period more than six months from the date they are due for payment				
Subsidy (Government of India)#	185.47		256.83	
Others	11.65	197.12	11.73	268.56
Trade Receivables less than six months				
Subsidy (Government of India)#	6376.43		3439.42	
Others	593.02	6969.45	227.30	3666.72
Provision for doubtful receivables		(10.81)		(10.90)
		7155.76		**3924.38**
Aggregate of trade receivables:				
Unsecured, considered good (including secured debts backed by bank guarantees ₹4.11 crore, (CPLY ₹4.06 crore)		7155.76		3924.38
Unsecured, considered doubtful		10.81		10.90
Provision for doubtful receivables		(10.81)		(10.90)
		7155.76		**3924.38**

#The Total Subsidy Receivable is ₹6561.90 crore. Loan against Subsidy under Special Banking Arrangement amounting to ₹1451.73 crore (CPLY ₹194.71 crore) was received during March 2019 and the same is appearing in Note No. 26 - Borrowings.

The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) Scheme in a phased manner for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea is released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of urea and P&K fertilizer totalling 10.34 lakh MT through POS machine to beneficiaries as on 31.03.2019, subsidy of ₹1590.85 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period (CPLY quantities 8.78 lakh MT and subsidy ₹1409.40 crore).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 11 Cash & Cash Equivalents

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Balances with banks		
Current accounts	0.30	0.90
Remittances in transit / Cheques in hand	16.30	6.58
Cash on hand	0.02	0.01
	16.62	**7.49**

Note: 12 Other Bank Balances

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Unclaimed dividend account	0.09	0.08
Margin Money against Bank Guarantees	2.35	2.25
	2.44	**2.33**

Note : 13 Loans

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Secured, considered good		
Loans to employees	2.17	2.22
Unsecured, considered good		
Loans to employees	1.76	2.41
	3.93	**4.63**

Note : 14 Other Financial Assets

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Security Deposits	24.65	24.12
Capital Grant recoverable from Government of India (GOI)$	203.43	202.48
Interest Subsidy recoverable from Government of India	2.23	3.54
Claims recoverable	1.73	3.40
Fixed deposit as case property	-	1.32
	232.04	**234.86**
Unsecured, considered good from above	231.80	233.18
Unsecured, considered doubtful from above	0.24	1.68
Provision for doubtful advances	(0.24)	(1.68)
	231.80	**233.18**

$ Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia feed stock conversion project from `LSHS/FO' to `Gas' as disclosed in Note 23 & 30.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 15 Current Tax Assets (Net)

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Tax refunds	49.69	90.47
	49.69	**90.47**

Note: 16 Other current assets

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless otherwise stated		
Advances		
Contractors	72.87	52.41
Suppliers $ #	297.33	414.92
Employees	3.12	1.39
Recoverable/Balances with customs and excise authorities	8.27	8.26
GST Input Credit*	165.34	49.95
Others	50.72	68.72
	597.65	**595.65**
Unsecured, considered good from above	458.54	457.04
Unsecured, considered doubtful from above	139.10	138.61
Provision for doubtful advances	(21.68)	(8.97)
Provision for doubtful advances appropriated from reserve	(129.64)	(129.64)
	446.32	**457.04**

Includes an advance of ₹130.69 crore (CPLY ₹130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹129.64 crore (after recovery of ₹1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

$ Includes amount recoverable on account of Gas Pooling amounting to ₹124.32 crore (CPLY ₹275.39 crore)

* Company has filed total refund of GST amounting to ₹43.78 crore under inverted duty tax structure in respect of traded fertilizers. Out of this, the refund applications of ₹12.84 crore after rejection, are in appeal.

Note: 17 Assets held for disposal

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Assest Held for Disposal	2.36	2.58
	2.36	**2.58**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 18 Equity Share Capital

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Authorized	1000.00	1000.00
100,00,00,000 Equity Shares of ₹10 each		
Issued, Subscribed and Paid -up		
49,05,78,400 Equity Shares of ₹10 each fully paid up	490.58	490.58
	490.58	**490.58**

a. There has been no movement in the Issued, Subscribed and Paid -up capital of the Company during the year.

b. Terms/Rights attached to equity shares

The Company has only one class of equity share having a face value of ₹10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends approved by shareholders.

In the event of liquidation of the company, the holders of equity share will be entitled to receive remaining assets of the company, after distribution to creditors and all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder

c. Details of shareholders holding more than 5% shares in the company

₹ in crore

Particulars	31st March, 2019		31st March, 2018	
	No.	%	No.	%
Equity Shares of ₹10 each fully paid				
Government of India	366529532	74.71	366529532	74.71
Life Insurance Corporation of India (LIC)	55523101	11.32	55523101	11.32

d. Movement of Equity Shares Capital

Particulars	31st March, 2019		31st March, 2018	
	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)
Opening Balance	490578400	490.58	490578400	490.58
Increase during the year	-	-	-	-
Closing Balance	**490578400**	**490.58**	**490578400**	**490.58**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 19 Other Equity

₹ in crore

		As at 31st March, 2019	As at 31st March, 2018
Capital Reserve			
Opening Balance		2.51	2.51
	A	**2.51**	**2.51**
General Reserve			
Opening Balance		332.89	332.89
	B	**332.89**	**332.89**
Corporate Social Responsibility (CSR) Reserve*			
Opening Balance		3.88	2.50
Transferred from statement of Profit and Loss		6.30	4.35
Less: Transferred to statement of Profit and Loss (Refer Note 53)		2.29	2.97
	C	**7.89**	**3.88**
Surplus in Statement of Profit & Loss			
Opening Balance		1157.54	998.16
Add : Transferred from CSR reserve		2.29	2.97
Less: Dividend Paid (including tax on dividend)		64.46	50.19
Less: Transferred to CSR reserve		6.30	4.35
		1089.07	946.59
Profit/(Loss) for the year transferred from Statement of Profit and Loss		298.45	212.77
Profit/(Loss) for the year transferred from Other Comprehensive Income		(2.37)	(1.82)
Net Surplus	**D**	**1385.15**	**1157.54**
Total (A+B+C+D)		**1728.44**	**1496.82**

* In terms of Section 135 of the Companies Act, 2013 read with guidelines on Corporate Social Responsibility (CSR) issued by Department of Public Enterprises (DPE), GOI, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The Company had opening CSR Reserve of ₹ 3.88 crore in respect of unspent CSR budget as per DPE guidelines. Budget of ₹ 6.30 crore was allocated as per Companies Act, 2013 for FY 2018-19. The company has incurred an amount of ₹ 2.29 crore during the year ended 31st March, 2019 (CPLY ₹ 2.97 crore) leaving balance CSR fund of ₹ 7.89 crore as on 31st March, 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 20 Borrowings

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Term Loans		
Foreign Currency Loans - External Commercial Borrowing from Bank (Secured)[$]	61.22	114.64
Rupee Term Loan (Secured)[#]	218.40	-
	279.62	**114.64**

$ Foreign Currency External Commercial Borrowing (ECB) loan from Bank, has been used for energy saving and urea capacity augmentation projects at Vijaipur complex and is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The ECB was earlier drawn from SBI, NY at rate of interest of 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility. ECB has been refinanced through DBS Bank, Singapore on 06.01.2016.

The rate of interest of refinanced ECB from DBS, Singapore is 3 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan has commenced from FY 2016-17. Foreign Currency External Commercial Borrowing (ECB) loan from DBS Bank is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The repayment of ECB loan will fall due for ₹61.87 crore in FY 2019-20, ₹61.87 crore in FY 2020-21. A sum of ₹123.74 crore (₹61.87 crore + ₹61.87 crore) is outstanding as on 31.03.2019 out of which the installments due for payment upto 31st March, 2020 amounting to ₹ 61.87 crore is disclosed in Note : 28 Other Financial Liabilities.

The borrowings of Rupee Term loan is secured by first pari-passu charge on the fixed assets (both movable and immovable) of the manufacturing units i.e. Nangal, Bathinda, Panipat, Vijaipur - I & Vijaipur - II and Corporate Office and over cash flow of the company. Repayment of sanctioned term loan would fall due for repayment in 40 quarterly installments of ₹26.10 crore each starting from June 2020 and ending in March 2030. The rate of interest on the term loan is 1year MCLR plus spread of 0.15%. During the year interest rate was 8.70% p.a. During the period, the amount of interest of Rs. 3.02 crore (CPLY - Nil) has been capitalised.

Note : 21 Other Financial Liabilities

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Security Deposits	4.13	4.95
	4.13	**4.95**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 22 Provisions

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits *^	178.00	155.71
	178.00	**155.71**
*** Item wise breakup of Provisions for employee benefits**		
Earned Leave	74.49	60.86
Half Pay Leave	89.44	80.20
Post Retirement Settlement Benefits	1.50	1.40
Long Service Award	0.42	0.43
Social Security Benefits	4.76	4.92
Employees' Family Economic Rehabilitation Scheme	7.39	7.90
	178.00	**155.71**

^Short term Provision for Employee Benefits of ₹173.70 crore is disclosed in Note 29.

Note: 23 Deferred Government Grant

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Opening Balance#		
Non Current	2766.52	2825.74
Current	211.37	187.17
Add: Addition/Adjustment during the year (AFCP)*	-	194.41
Add: Addition/Adjustment during the year (Others)	5.02	-
Less : Depreciation transferred from Statement of Profit & loss Account (Note No. 41)	183.89	229.43
Less : Transferred Deferred Government Grant Current (Note 30)	184.06	211.37
	2614.96	**2766.52**

The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate and actual value of disposal of redundant assets discarded after conversion.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note:24 Deferred Tax Liability (net)

₹ in crore

		As at 31st March, 2019	As at 31st March, 2018
Deferred tax liability (A)			
Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.		220.29	206.55
MAT Credit Entitlement -Assets			
	(A)	**220.29**	**206.55**
Deferred tax assets (B)			
Property, Plant & Equipment: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/amortization charged in Statement of Profit and Loss.		158.87	155.95
	(B)	**158.87**	**155.95**
Net Deferred Tax Liability (A-B)		**61.42**	**50.60**

Movement in deferred tax components

₹ in crore

	At April 1, 2018	Charged or (credited) to profit or loss	At March 31, 2019
Expenses allowed on cash basis	155.95	(2.92)	158.87
Property, Plant & Equipment impact	(206.55)	13.74	(220.29)
Total	**(50.60)**	**10.82**	**(61.42)**

Note : 25 Other Non Current Liabilities

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Others#	19.80	16.93
	19.80	**16.93**

Includes amount of ₹18.05 crore (CPLY ₹13.07 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

Note : 26 Borrowings

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Secured		
Cash credit from banks*	58.70	88.68
Working Capital Demand Loan#	-	1506.93
Unsecured		
Short Term loans from Banks$	6063.41	1294.82
	6122.11	**2890.43**

*Cash credit from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation of inventories, book debts and other current assets of the Company.

#Working Capital Demand Loan from Banks are secured by pari-pasu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.

$Includes borrowings of ₹1451.73 crore (CPLY ₹194.71 crore) under Special Banking Arrangement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note: 27 Trade Payables

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Trade Payable to Micro, Small and Medium Enterprises (MSMED)*	1.81	2.78
Others$	629.05	488.30
	630.86	**491.08**

*Interest amount due to MSMED parties during the year is neither due/accrued/nor paid or payable.

$ Includes amount of ₹386.94 crore (CPLY ₹320.58 crore) on account of Gas supplies.

Note: 28 Other Financial Liabilities

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Current maturities of long term borrowings		
Foreign Currency Loan*	61.87	55.64
Creditors for Capital Works	286.96	184.25
Security Deposits	160.66	143.70
Liability for employee benefits / remuneration	151.05	171.87
Unclaimed dividend	0.09	0.08
Others	531.11	50.55
	1191.74	**606.09**

*Details in respect of Interest and terms of repayment of Foreign Currency Loan are disclosed in Note 20: Borrowings.

Note : 29 Provisions

₹ in crore

	As at 31st March, 2019		As at 31st March, 2018	
Provisions for employee benefits*^		173.70		205.32
Provision for Corporate Tax				
Provision for tax	150.80		79.46	
Advance Tax / TDS	(113.42)	37.38	(67.88)	11.58
Provision for Local Area Development tax		6.72		6.72
		217.80		**223.62**
*** Item wise breakup of provisions for employee benefits:**				
Gratuity		150.65		181.58
Earned Leave		8.39		9.58
Half Pay Leave		11.66		11.11
Post Retirement Settlement Benefits		0.15		0.17
Long Service Award		0.09		0.12
Social Security Benefits		0.95		0.90
Employees' Family Economic Rehabilitation Scheme		1.81		1.86
		173.70		**205.32**

^ Long term Provision for Employee Benefits of ₹178.00 crore is disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Note: 30 Deferred Government Grant

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Deferred Government Grant*#	184.06	211.37
	184.06	**211.37**

The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate and actual value of disposal of redundant assets discarded after conversion.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

Non Current Deferred Government Grant is disclosed in Note No. 23

Note: 31 Other Current Liabilities

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Advances from customers	55.20	29.12
Statutory Dues	131.44	78.17
Others#	1.99	1.78
	188.63	**109.07**

Amount of ₹ 1.99 crore (CPLY ₹1.78 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 32 Revenue from operations

₹ in crore

		Year Ended 31st March, 2019	Year Ended 31st March, 2018
A) Sale of Goods			
Finished goods		2238.39	2270.57
Traded goods		1679.96	723.17
	(a)	**3918.35**	**2993.74**
Subsidy from Government of India:			
Finished goods (Urea)-Subsidy			
Price subsidy		7089.18	5133.44
Freight subsidy		407.55	395.19
		7496.73	**5528.63**
Traded goods (Di Ammonium Phosphate) Subsidy			
Price subsidy		524.11	292.91
Freight subsidy		110.38	63.75
		634.49	**356.66**
Traded goods (Compost) Subsidy			
Price subsidy		3.20	1.75
Freight subsidy		-	-
		3.20	**1.75**
Traded goods (Muriate of Potash) Subsidy			
Price subsidy		-	20.42
Freight subsidy		-	5.06
		-	25.48
Traded goods (NPK) Subsidy			
Price subsidy		60.98	-
Freight subsidy		11.63	-
		72.61	
Traded goods (Ammonium Phosphate Sulphate) Subsidy			
Price subsidy		18.52	17.15
Freight subsidy		3.28	4.88
		21.80	**22.03**
Traded goods (IMP UREA - Govt A/c) Subsidy			
Freight subsidy		66.85	-
		66.85	**-**
Total subsidy$	(b)	**8295.68**	**5934.55**
Revenue from operations (gross) (a)+(b)	**(A)**	**12214.03**	**8928.29**
Details of goods sold			
Finished goods (including subsidy)			
Urea		9521.56	7625.23
Industrial Products		199.05	163.71
Ammonia Sales		1.85	8.83
Bio Fertilizers		1.82	1.43
Bentonite Sulphur		10.83	-
		9735.11	**7799.20**
Traded goods (including subsidy)			
Seeds		24.89	13.00
Compost (including subsidy)		8.83	4.78
Di Ammonium Phosphate (Imported)		1,883.53	986.38
Bentonite Sulphur (Domestic)		-	0.10
Bentonite Sulphur (Imported)		-	0.16
Agro Chemicals		11.71	9.14
Muriate of Potash (MOP)		-	53.75
NPK		226.02	-
Ammonium Phosphate Sulphate (APS)		63.82	61.78
Imported Urea - Govt A/c		260.12	-
		2478.92	**1129.09**
		12214.03	**8928.29**
$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year			
Price Subsidy (Urea)		24.69	10.43
Freight Subsidy (Urea)		0.54	(10.22)
		25.23	0.21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) Scheme in a phased manner for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea is released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of urea and P&K fertilizer totalling 10.34 lakh MT through POS machine to beneficiaries as on 31.03.2019, subsidy of ₹1590.85 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period (CPLY quantities 8.78 lakh MT and subsidy ₹1409.40 crore).

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
B) Sale of Services		
Training & Recruitment for other organisation	10.28	0.02
(B)	**10.28**	**0.02**
C) Other Operating Revenue		
Forfeiture of Security Deposits etc	1.17	0.15
Liquidated Damages recovered from Contractor / Supplier	7.27	3.58
Recovery of Dispatch Money	1.63	0.88
Sale of Scrap	5.02	9.11
Hire Charges of Equipment	0.09	0.12
Commission on Sale of Urea on Govt A/c	0.08	2.60
Recoveries on delayed payment on credit sales	5.67	9.61
(C)	**20.93**	**26.05**
Total revenue from operation (A+B+C)	**12245.24**	**8954.36**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 33 Other Income

₹ in crore

		Year Ended 31st March, 2019	Year Ended 31st March, 2018
A) Interest Income on Financial Assets measured at amortised cost			
Term Deposits etc.		2.09	3.62
Loan to employees		0.50	0.51
Unwinding of Interest accrued on Deposits		0.35	1.66
Others		2.04	1.10
	(A)	**4.98**	**6.89**
B) Interest income on IncomeTax Refund		23.70	-
	(B)	**23.70**	**-**
C) Non Operating Income			
Profit on Sale of Assets		2.15	40.06
Gain on Mutual Funds		1.46	-
Exchange Rate Variation (net)		4.66	(2.88)
Rent		13.29	9.51
Others		5.57	8.26
	(C)	**27.13**	**54.95**
	Total other Income (A+B+C)	**55.81**	**61.84**

Note: 34 Cost of material consumed

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Raw Material (A)		
Inventory at the beginning of the year	3.91	1.39
Purchases	4515.48	3222.67
	4519.39	**3224.06**
Less:Inventory at the end of the year	(1.58)	(3.91)
Cost of raw material consumed	**4517.81**	**3220.15**
Packing material (B)	164.65	133.03
Stores and spares (C)	55.88	45.97
Cost of material consumed (A+B+C)	**4738.34**	**3399.15**
Itemwise break up of raw material consumed		
Natural Gas	4506.20	3219.27
Others	11.61	0.88
	4517.81	**3220.15**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Note 35 Purchase of Stock- in- Trade

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Traded goods purchased		
Imported		
Di Ammonium Phosphate (DAP)	2517.05	783.10
Ammonium Phosphate Sulphate (APS)	0.08	90.50
Muriate of Potash (MOP)	-	39.56
NPK	206.71	86.48
Indigenous		
Bentonite Sulphur	-	0.13
Agro Chemicals	9.76	8.76
Seeds	19.10	12.53
Compost	7.31	4.12
Imported Urea - Govt A/c	204.79	-
	2964.80	**1025.18**

Note: 36 (Increase)/decrease in inventories

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Opening inventories		
Semi-Finished	21.57	22.72
Finished goods	224.35	363.26
Traded goods	133.48	0.86
	379.40	**386.84**
Closing inventories		
Semi-Finished	32.58	21.57
Finished goods	225.13	224.35
Traded goods	1140.74	133.48
	1398.45	**379.40**
(Increase)/decrease in inventories	**(1019.05)**	**7.44**
Less: Excise duty included in change in inventories	-	0.74
Net (Increase)/decrease in inventories	**(1019.05)**	**6.70**

Note: 37 Employee benefits expense

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Salaries, Wages and Bonus	449.29	557.30
Contribution to Provident and Other Funds	47.12	41.27
Gratuity Expenses	23.64	95.47
Welfare expenses#	35.96	30.73
	556.01	**724.77**

Includes payment of ₹2.71 crore (CPLY ₹2.60 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Note: 38 Power and fuel

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Purchased power	124.74	134.35
Coal	532.48	553.16
Natural gas	2446.47	1692.86
Cess on Electricity	19.05	18.55
	3122.74	**2398.92**

Note: 39 Repair and maintenance

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Plant and machinery	58.35	54.59
Buildings	5.90	8.65
Others	7.43	10.53
	71.68	**73.77**

Note: 40 Finance Costs

₹ in crore

		Year Ended 31st March, 2019		Year Ended 31st March, 2018
Interest :				
Cash credit		10.21		3.37
Commercial Papers		250.02		158.07
Short term loans		35.45		8.56
Rupee Term Loan (AFCP)	-		44.17	
Less: Interest Subsidy recoverable/received from Government of India*	-	-	44.17	-
Rupee Term Loan		8.78		8.07
Others		7.96		8.73
Other Borrowing Cost		3.94		2.77
		316.36		**189.57**

* Represents Government of India Grant towards interest on borrowed funds taken for Feed Stock Conversion Project from `LSHS/FO' to `Gas' at Panipat, Bhatinda & Nangal Unit under the Government Policy.

Note: 41 Depreciation and Amortization Expense

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Depreciation / Amortization on tangible assets	282.66	296.57
Amortization of intangible assets	2.37	6.16
	285.03	**302.73**
Less : Depreciation on Property, Plant & Equipment against Govt Grant adjusted (Refer Note: 23 & 30)	183.89	229.43
	101.14	**73.30**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 42 Other expenses

₹ in crore

	Year Ended 31st March, 2019		Year Ended 31st March, 2018	
Rent		0.99		0.84
Rent for Godown		10.79		12.25
Rates and taxes		2.53		2.76
Insurance		9.45		10.27
Auditors' remuneration:				
Audit Fee	0.25		0.23	
Tax Audit Fee	0.07		0.07	
Certification and other fee	0.20		0.23	
Out of pocket expenses	0.04	**0.56**	0.01	**0.54**
Cost Audit Fee		0.02		0.01
Security Expenses		55.96		54.98
Printing and Stationery		1.08		1.37
Advertisement, Publicity and Sales Promotion		4.39		4.74
Directors' Fees		0.15		0.12
Telephone and Postage		2.03		2.03
Travelling		22.61		16.23
Water Charges		15.86		16.00
Provision for:				
Doubtful Advances	(0.84)		0.42	
Un-utilised GST Input Credit	12.21		-	
Others	(0.02)	**11.35**	(0.18)	**0.24**
Write Off:				
Stores and spares	4.72		5.20	
Others	0.09	**4.81**	0.28	**5.48**
Legal Expenses		1.10		0.79
Bank Charges		3.74		2.84
Demurrage and Wharfage		1.46		0.98
CSR Expenditure		2.29		2.97
Miscellaneous expenses		37.25		35.39
		188.42		**170.83**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Note : 43 Income Tax Expense

₹ in crore

		Year Ended 31st March, 2019	Year Ended 31st March, 2018
Current Tax			
Current Tax on Profits for the year		152.82	79.46
Total Current tax expense	**(A)**	**152.82**	**79.46**
Deferred Tax			
Decrease / (increase) in deferred tax assets		(2.92)	12.70
(Decrease) / increase in deferred tax liabilities		13.74	28.94
Total Deferred Tax Expense / (benefits)	**(B)**	**10.82**	**41.64**
	(A+B)	**163.64**	**121.10**
Income Tax Relating to Other Comprehensive Income		1.28	0.96
Income Tax Expense		**164.92**	**122.06**

Reconcilation of the tax expense and the accounting profit multiplied by tax rate

Profit before tax	**463.37**	**334.83**
Tax at the enacted rate of 34.944% (CPLY 34.608%)	161.92	115.88
Add :		
Tax effect of amount not deductible (taxable) while calculating taxable income		
Add :CSR Exp	0.80	1.03
Add : Interest on Income Tax	0.73	0.79
Add: Payment To Special Welfare Fund Not Allowable	0.01	0.01
Others	1.46	4.35
Total Income Tax Expense	**164.92**	**122.06**

Note: 44 Earning Per Share:

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Profit/(Loss) after Tax (₹ Crore)	298.45	212.77
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	6.08	4.34

The Company has not issued any security which will have the effect of diluting earnings on equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 45: Contingent Liabilities

₹ in crore

		As at 31st March, 2019	As at 31st March, 2018
Claims against the Company not acknowledged as debts			
a.	**Pending Appellate/Judicial decisions:**		
	Income tax	29.26	183.57
	Excise, customs and service tax	27.14	27.59
	Value Added Tax	0.64	0.64
	Land compensation/development claims	3.88	3.49
	Arbitration and civil cases	86.18	366.29
b.	**Other claims**	0.51	0.61
c.	**Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable**	-	-
		147.61	**582.19**

Note 46 Capital and other commitments

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	577.54	628.42
Unutilized amount of Letter of Credit	458.61	10.35

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

47.1 Ind AS-19: Employee Benefits

47.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹ 20 lakh to eligible employees who render continuous service of 5 years or more.
Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}	Payable on separation to eligible employees who have accumulated earned leave and half pay leave. During the service period encashment of accumulated earned leave is allowed in a financial year leaving minimum balance leave of 10 days.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹ 9.00 lakhs with minimum benefits of ₹1.00 lakhs).
Post Retirement Settlement Benefits (PRSB)	Post Retirement Settlement Benefits (PRSB) for settlement at home town for employees and dependents
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

47.1.2 Provident Fund: The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹27.56 crore (CPLY ₹27.05 crore) has been charged to statement of Profit and loss towards contribution by the Company.

The Provident Fund Trust set up by the Company is treated as Defined Benefit Plan since the Company has to meet the shortfall in the fund assets, if any. Further, having regard to the assets of the Fund and the Return on the Investments, the Company does not expect any deficiency in the foreseeable future. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability and determined that there is no shortfall as at 31st March, 2019.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

47.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ in crore

		Gratuity		EL		HPL		PRSB		LSA		PF	
		18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18
(i)	**Reconciliation of present value of defined benefit obligations and plan assets:**												
1	Present value of projected benefit obligations at beginning of the year	296.11	182.08	70.43	82.76	91.31	70.19	1.57	1.51	0.55	0.61	1011.44	948.37
2	Service Cost	9.73	9.97	6.36	3.60	4.22	3.76	0.07	0.06	0.02	0.03	27.56	27.05
3	Past Service Cost	-	106.60	-	-	-	-	-	-	-	-	-	-
4	Interest Cost	22.80	13.40	5.42	6.09	7.03	5.16	0.12	0.11	0.04	0.05	77.88	71.13
5	Actuarial (Gains) / Losses	3.18	3.46	21.76	27.90	4.38	17.52	0.02	0.06	0.02	-	(8.36)	(5.33)
6	Benefits Paid	(32.53)	(19.40)	(21.10)	(49.92)	(5.84)	(5.32)	(0.12)	(0.17)	(0.12)	(0.14)	(88.95)	(86.24)
7	Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	58.24	56.21
8	Transfer in	-	-	-	-	-	-	-	-	-	-	1.08	0.25
9	Present value of projected benefit obligations at close of the year [1 to 8]	299.29	296.11	82.87	70.43	101.10	91.31	1.66	1.57	0.51	0.55	1078.89	1011.44
10	Fair Value of Plan assets at close of the year	(148.64)	(114.53)	-	-	-	-	-	-	-	-	(1249.26)	(1162.82)
11	Net Liability recognized in Balance Sheet at close of the year [9-10]	150.65	181.58	82.87	70.43	101.10	91.31	1.66	1.57	0.51	0.55	-	-
(ii)	**Reconciliation of fair value of assets and obligations [Refer Foot Note 1 below]:**												
1	Fair value of plan assets at beginning of the year	114.53	123.91	-	-	-	-	-	-	-	-	1162.82	1082.14
2	Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	59.32	56.46
3	Expected Return on plan assets	8.82	9.12	-	-	-	-	-	-	-	-	77.88	71.13
4	Actual Company's contribution	58.08	0.01	-	-	-	-	-	-	-	-	27.56	27.05
5	Actuarial Gains/(Losses)	(0.46)	0.74	-	-	-	-	-	-	-	-	10.63	12.28
6	Benefits Payments	(32.33)	(19.25)	-	-	-	-	-	-	-	-	(88.95)	(86.24)
7	Past service Cost	-	-	-	-	-	-	-	-	-	-	-	-
8	Fair value of plan assets at close of the year (1 to 7)	148.64	114.53	-	-	-	-	-	-	-	-	1249.26	1162.82
9	Present value of defined benefit obligation	299.29	296.11	-	-	-	-	-	-	-	-	1078.89	1011.44
10	Net liability recognized in the Balance Sheet at close of the year [9-8]	150.65	181.58	-	-	-	-	-	-	-	-	-	-
(iii)	**Expenses recognized in the Statement of Profit & Loss:**												
1	Service Cost	9.73	9.97	6.36	3.60	4.22	3.76	0.07	0.06	0.02	0.03	27.56	27.05
2	Past Service Cost	-	106.60	-	-	-	-	-	-	-	-	-	-
3	Interest Cost	22.80	13.40	5.42	6.09	7.03	5.16	0.12	0.11	0.04	0.05	77.88	71.13
4	Actuarial (Gains) / Losses	3.64	2.72	21.76	27.90	4.38	17.52	0.02	0.06	0.02	0.00	(8.36)	(5.33)
5	Expected return on Plan Assets	(8.82)	(9.12)	-	-	-	-	-	-	-	-	(77.88)	(71.13)
6	Total charged to P&L Account	27.35	123.57	33.54	37.59	15.63	26.44	0.21	0.23	0.08	0.08	-	-

(iv)	**Actuarial assumptions:**	**As at 31st March, 2019**	**As at 31st March, 2018**
1	Method used	Projected Unit credit	Projected Unit credit
2	Discount Rate (per annum)	7.34%	7.70%
3	Mortality Rate	Indian assured lives mortality (2006-08) modified ultimate	Indian assured lives mortality (2006-08) modified ultimate
4	Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Exectives 3%/2%/1%, depending upon age	Executives and Non Exectives 3%/2%/1%, depending upon age
5	Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	6.00%	6.00%

(v)	**Actuarial assumptions (PF):**	**As at 31st March, 2019**	**As at 31st March, 2018**
1	Discount Rate (per annum)	7.34%	7.70%
2	Interest Rate Guarantee	8.65%	8.55%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Sensitivity Analysis of the defined benefit obligation.

Effect of half percent point change in the Discount rate on Employee's Benefit Schemes

₹ in crore

Sr. No.	Particulars	0.5 percent point decrease in discounting rate	0.5 percent point increase in discounting rate
1	Gratuity	8.32	(7.93)
2	Earned Leave	2.76	(2.60)
3	Half Pay Leave	2.89	(2.75)

Effect of half percent point change in the Salary escalation on Employee's Benefit Schemes

₹ in crore

Sr. No.	Particulars	0.5 percent point decrease in salary escalation rate	0.5 percent point increase in salary escalation rate
1	Gratuity	(4.61)	4.26
2	Earned Leave	(2.64)	2.78
3	Half Pay Leave	(2.80)	2.91

Foot Note:

1. The company has funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is mainly based on the information given by the insurance companies through whom the investment has been made by the fund. Gratuity liability of ₹150.65 crore (CPLY ₹181.58 crore) is unfunded as on 31st March, 2019. Other defined benefit obligations are unfunded.

47.1.4 Other Employee Benefit Schemes:

Provision of (₹0.68) crore (CPLY (₹0.12) crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been reversed on the basis of actuarial valuation and credited to the Statement of Profit and Loss account. A net liability of ₹14.90 crore (CPLY ₹15.58 crore) has been recognized in the Balance Sheet as at 31st March 2019 on account of these schemes.

47.1.5 Provident Fund: 12% of Basic Pay plus Dearness allowance contributed to the Provident Fund Trust of the Company. The Company does not anticipate any further obligation in the near foreseeable future having regard to the amount of the fund and return on investment as confirmed by the actuary.

(vi) The major categories of plans assets are as follows:

₹ in crore

Particulars	31st March, 2019				31st March, 2018			
	Quoted ₹	Unquoted ₹	Total ₹	in %	Quoted ₹	Unquoted ₹	Total ₹	in %
Equity instruments	24.28	-	24.28	2.31	17.67	-	17.67	1.78
Debt instruments	1024.00	-	1024.00	97.22	969.59	-	969.59	97.55
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	5.03	5.03	0.48	-	6.70	6.70	0.67
Total	**1048.28**	**5.03**	**1053.31**	**100.00**	**987.26**	**6.70**	**993.96**	**100.00**

Note 48 Ind AS-108: Operating Segments

Ind AS-108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about product and services, geographical areas and major customers.

Company's primary business segments are

Company's primary business segments are

(i) Own Fertilizers (Urea, Bio Fertilizers and Bentonite Fertilizers)

(ii) Fertilizers Trading (Indigenous and Imported)

(iii) Other Products & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme), and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

48.1.1 Geographical Segment:

The operations of the company are conducted within India and there is no separate reportable geographical segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

48.1.2 The disclosure of segment-wise information is as below:

₹ in crore

PARTICULARS	Year Ended 31st March, 2019	Year Ended 31st March, 2018
SEGMENT REVENUE (NET SALES)		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	9534.21	7626.66
Fertilizer Trading	2442.32	1106.95
Other Products & Services	331.22	274.36
Eliminations	62.51	53.61
Total Segment Revenue	**12245.24**	**8954.36**
SEGMENT RESULTS		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	581.17	433.75
Fertilizer Trading	162.47	103.86
Other Products & Services	59.76	55.10
Total Segment Results	**803.40**	**592.71**
Finance expenses	316.36	189.57
Unallocable Expenses (Net of unallocable income)	23.67	68.31
Profit / (Loss) Before exceptional item	**463.37**	**334.83**
Provision for Tax	164.92	122.06
Profit After Tax	**298.45**	**212.77**
Other comprehensive income (net of taxes)	(2.37)	(1.82)
Total Comprehensive Income	**296.08**	**210.95**
SEGMENT ASSETS		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	11154.07	8309.20
Fertilizer Trading	1876.95	672.94
Other Products & Services	131.33	127.00
Unallocable	749.80	519.27
Segment Assets	**13912.15**	**9628.41**
SEGMENT LIABILITIES		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4450.18	4384.37
Fertilizer Trading	442.28	22.39
Other Products & Services	41.22	36.67
Unallocable	6759.45	3197.58
Segment Liabilities	**11693.13**	**7641.01**
CAPITAL EXPENDITURE		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	199.08	319.61
Fertilizer Trading	-	-
Other Products & Services	0.02	0.12
Unallocable	2.52	7.28
Capital Expenditure	**201.62**	**327.01**
DEPRECIATION AND AMORTISATION EXPENSES		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	87.82	61.24
Fertilizer Trading	-	-
Other Products & Services	11.15	10.75
Unallocable	2.17	1.31
Depreciation and Amortisation expenses	**101.14**	**73.30**
NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	5.42	6.13
Fertilizer Trading	8.18	2.45
Other Products & Services	-	-
Unallocable	(2.11)	0.01
Non-cash expenses other than Depreciation and Amortisation	**11.49**	**8.59**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 49 Ind AS-24: Related Party Disclosures

A) Nature of Relationship

Joint Ventures

Name of the Related Party

Urvarak Videsh Limited
Ramagundam Fertilizers & Chemicals Limited

B) Nature of Relationship

Key Management Personnel

Name of the Related Party

(i) Shri Manoj Mishra,
Chairman & Managing Director

(ii) Shri R. K. Chandiok
Director (Finance)

(iii) Shri D.S. Ahuja
Director (Technical)

(vi) Shri V.N. Datt
Director Marketing w.e.f. 11.10.2018

(v) Shri Rajkumar
Company Secretary

C) Key management personnel compensation

₹ in crore

	31st March 2019	31st March 2018
Short term employee benefits	2.09	1.56
Post employment benefits	-	-
Long-term employee benefits	0.18	0.13
Termination benefits	-	-
Total Compensation	**2.27**	**1.69**

D) Transactions with Related parties:

(i) During the year, there were transactions of ₹76.57 crore (CPLY ₹70.85 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹ 55.00 crore (CPLY ₹65.25 crore) and others ₹21.57 crore (CPLY ₹5.60 crore).

(ii) Remuneration to Key Management Personnel at (B) above is ₹2.27 crore (CPLY ₹1.69 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

Note 50: Ind AS-36: Impairment of assets

In accordance with Ind AS-36, the carrying amount of Property, Plant & Equipment have been reviewed at year-end for indication of impairment loss, if any, by considering assets of entire one plant as Cash Generating Unit. As there is no indication of impairment, no loss has been recognized during the year.

Note 51: Assets taken on Operating lease

The Company's significant leasing arrangements are in respect of operating leases of premises for offices, godowns and residential use of employees & vehicles. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employee benefit expense remuneration and benefits include ₹1.16 crore (CPLY ₹1.13 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, godowns and vehicles, ₹10.48 crore (CPLY ₹13.30 crore) are shown in Rent (other expenses Note: 42).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 52: As per requirements of the listing agreements with the stock exchanges, the requisite details of loans and advances in the nature of loans given by the Company are as under:

(i) There are no loans and advances in the nature of loans to any subsidiary.

(ii) No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and

(iii) There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

\Note 53: As per Section 135 of the Companies Act 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

₹ in crore

Particulars		Current period	Previous period
A	Balance of CSR Reserve carried forward from earlier year (As per DPE Guidelines)	3.88	2.50
B	Amount required to be spent during the year (As per Companies Act)	6.30	4.35
C	Total (A+B)	10.18	6.85
D	Amount Spent on CSR Expenses during the year	2.29	2.97
E	Closing Balance of CSR Reserve (D-E)	7.89	3.88
F	Total amount of ₹2.29 crores has been spent in cash during the year ended 31st March, 2019.		

Break-up of the CSR expenses under major heads is as under:

₹ in crore

Particulars		Amount
1	Health and Sanitation	0.61
2	Education & Skill Development	0.05
3	Promoting gender, empowering women, setting up homes	0.08
4	Environmental & Sustainability	0.21
5	Measure for the benefit of Armed Force	0.05
6	Training to Promote Rural Nationality paralympic	0.09
7	Rural Development projects	1.20
	Total	**2.29**

Note 54: Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders.

		Current year	Previous year
a)	Number of non resident shareholders	705	415
b)	Number of ordinary shares held by them	1401241	1638894
c)	Amount of Dividend (₹ in Crore)	0.15	0.14

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 55 Fair Value Measurement

Financial instruments by category

₹ in crore

Particular	31th March, 2019			31th March, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investment	-	-	273.72	-	-	218.72
Loans to employees	-	-	11.80	-	-	14.23
Other Financial Assets	-	-	239.93	-	-	241.37
Trade Receivables	-	-	7155.76	-	-	3924.38
Cash & Cash Equivalents	-	-	16.62	-	-	7.49
Other Bank Balances	-	-	2.44	-	-	2.33
Total financial assets	**-**	**-**	**7700.27**	**-**	**-**	**4408.52**
Financial Liabilities						
Borrowings						
ECB Loan	-	-	123.09	-	-	170.28
Term Loan	-	-	218.40	-	-	-
Borrowings	-	-	6122.11	-	-	2890.43
Other Financial Liabilities	-	-	969.21	-	-	406.75
Security Deposits	-	-	164.79	-	-	148.65
Trade Payables	-	-	630.86	-	-	491.08
Total financial liabilities	**-**	**-**	**8228.46**	**-**	**-**	**4107.19**

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Investment in New India Co-operative bank		-	-	-	-
Financial Investments at FVOCI:		-	-	-	-
Total financial assets		**-**	**-**	**-**	**-**
Financial liabilities		-	-	-	-
Total financial liabilities		**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

At 31st March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Investment in New India Co-operative bank		-	-	-	-
Financial Investments at FVOCI:		-	-	-	-
Total financial assets		**-**	**-**	**-**	**-**
Financial liabilities		-	-	-	-
Total financial liabilities		**-**	**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	273.72	**273.72**
Loan to Employee		-	-	11.80	**11.80**
Other Financial Assets		-	-	239.93	**239.93**
Trade Receivables		-	-	7155.76	**7155.76**
Cash & Cash Equivalents		-	-	16.62	**16.62**
Other Bank Balances		-	-	2.44	**2.44**
Total financial assets		**-**	**-**	**7700.27**	**7700.27**
Financial Liabilities					
Borrowings					
ECB Loan		-	-	123.09	**123.09**
Term Loan		-	-	218.40	**218.40**
Borrowings		-	-	6122.11	**6122.11**
Other Financial Liabilities		-	-	969.21	**969.21**
Security Deposits		-	-	164.79	**164.79**
Trade Payables		-	-	630.86	**630.86**
Total financial liabilities		**-**	**-**	**8228.46**	**8228.46**

At 31st March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	218.72	**218.72**
Loan to Employee		-	-	14.23	**14.23**
Other Financial Assets		-	-	241.37	**241.37**
Trade Receivables		-	-	3924.38	**3924.38**
Cash & Cash Equivalents		-	-	7.49	**7.49**
Other Bank Balances		-	-	2.33	**2.33**
Total financial assets		**-**	**-**	**4408.52**	**4408.52**
Financial Liabilities					
Borrowings					
ECB Loan		-	-	170.28	**170.28**
Borrowings		-	-	2890.43	**2890.43**
Other Financial Liabilities		-	-	406.75	**406.75**
Security Deposits		-	-	148.65	**148.65**
Trade Payables		-	-	491.08	**491.08**
Total financial liabilities		**-**	**-**	**4107.19**	**4107.19**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 3.

(iii) Fair value measurements using significant unobservable inputs (level 3)

	Equity Instruments	Total
As at 31st March, 2019	NA	-
As at 31st March, 2018	NA	-

(iv) Fair value of financial assets and liabilities measured at amortised cost

₹ in crore

	31-Mar-19		31-Mar-18	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment	273.72	273.72	218.72	218.72
Loan to Employee	11.80	11.80	14.23	14.23
Other Financial Assets	239.93	239.93	241.37	241.37
Trade Receivables	7155.76	7155.76	3924.38	3924.38
Cash & Cash Equivalents	16.62	16.62	7.49	7.49
Other Bank Balances	2.44	2.44	2.33	2.33
Total financial assets	**7700.27**	**7700.27**	**4408.52**	**4408.52**
Financial Liabilities				
Borrowings				
ECB Loan	123.09	123.09	170.28	170.28
Term Loan	218.40	218.40	-	-
Borrowings	6122.11	6122.11	2890.43	2890.43
Other Financial Liabilities	969.21	969.21	406.75	406.75
Security Deposits	164.79	164.79	148.65	148.65
Trade Payables	630.86	630.86	491.08	491.08
Total Financial Liabilities	**8228.46**	**8228.46**	**4107.19**	**4107.19**

The carrying amounts of trade receivables, trade payables, Borrowing, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. The discount rate considered for FY 2018-19 is 8.15% (CPLY 8.90%). They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note No. 56 Financial Risk Management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost.	Aging analysis, Credit Analysis, Post Dated Cheques and Security Deposit.	Diversification of bank deposits, credit limits and Bank Guarantees
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash Flow Forecasting, Monitoring of Forex Risk Management Policy	Forward Foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Monitoring of Forex Risk Management Policy	Interest Rate Swap

The company's risk management is carried out by a central treasury department and marketing department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, marketing manual, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, derivative financial instruments and investment of excess liquidity.

(A) Credit Risk

Credit Risk refers to the risk of default on its obligations resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹7166.57 crore and ₹3935.28 crore as of March 31, 2019 and March 31, 2018, respectively. Trade receivables mainly constitute subsidy receivable from Government of India and from sale of fertilizers to dealers. Trade receivables from dealers are partially secured. Credit risk is being managed through credit approvals, establising credit limits and monitoring the creditworthiness of customers to allow credit terms in the normal course of business.

Breakup of Trade Receivables is as under:

Party Wise breakup of Trade Receivables				
Category	**31.03.2019 ₹ in crore**	**% of Total Debtors**	**31.03.2018 ₹ in crore**	**% of Total Debtors**
Govt of India (Subsidy)	6561.90	91.56	3696.25	93.93
Institutional Dealers	304.68	4.25	85.96	2.18
Private Dealers	299.99	4.19	153.07	3.89
	31.03.2019	**% of Debtors to Total Sales**	**31.03.2018**	**% of Debtors to Total Sales**
Total Sales	12214.03	58.67	8928.29	44.08

Note - The Total Subsidy Receivable is ₹6561.90 crore. Loan against Subsidy under Special Banking Arrangement amounting to ₹1451.73 crore (CPLY ₹194.71 crore) was received during March 2019.

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

		₹ in crore
	31st March, 2019	**31st March, 2018**
Floating rate	1531.69	5381.85

The Bank Overdraft/Cash Credit (CC)/Short term loan (STL) facilities may be drawn at any time and may be called back by the bank at their discretion. The credit facilities of Banks are subject to compliance with sanctioned terms & conditions. The credit facilities have an average maturity of 1 year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(C) Market Risk – Foreign Exchange

The Position of Hedged Foreign Currency exposures are as under:-

Particulars	Hedged Exposures	Cross Currency	As on 31.03.2019	As on 31.03.2018
Foreign Currency exchange contracts	Trade Exposure/Buyer's credit/ Supplier's credit availed for import of fertilizers and others	-	-	-
	Foreign Currency Term Loan (ECB)	-	-	-

The year-end foreign currency expossures that have not been hedged by derivative instrument or otherwise are as under:-

₹ in crore

Particulars	As on 31.03.2019	As on 31.03.2018
Foreign Currency Term Loan (ECB)	123.74	171.76
Trade Exposure/Buyer's credit/Supplier's credit availed for import of fertilizers and others	656.01	221.67

Note No. 57: Capital Management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt as per guidelines of Governement of India.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Debt (long term borrowings)

divided by

Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain Debt Equity ratio within 2.5:1. The Debt Equity ratio is as follows:

₹ in Crores

	31st March 2019	31st March 2018
Debt	341.49	170.28
Total equity	2219.02	1987.40
Debt to equity ratio (in times)	**0.15**	**0.09**

(b) Dividends **₹ in Crores**

	31st March, 2019	31st March, 2018
Equity shares		
Interim dividend for the year ended 31 March 2019 (31 March 2018 – INR 0) per fully paid share	**53.47**	-
Final dividend for the year ended 31 March 2018 (31 March 2017 – INR 0.85) per fully paid share	**-**	41.70

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Note No. 58: Others

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year

For and on behalf of the Board of Directors

(N. S. Verma)	**(Rajkumar)**	**(R.K. Chandiok)**	**(Manoj Mishra)**
ED (F&A)	Company Secretary	Director (Finance)	Chairman & Managing Director
	A-11914	DIN No.05146544	DIN No.06408953

For HDSG & Associates
Chartered Accountants

(Harbir Gulati)
Partner
Membership No.084072
Firm Regd. No. 002871N

For S. Mann & Company
Chartered Accountants

(Subhash Chander Mann)
Partner
Membership No.080500
Firm Regd. No. 000075N

Place: Noida
Date: 2nd May, 2019

Auditors' Report

HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS
E-21, JANGPURA EXTN.
NEW DELHI- 110014

S. MANN & COMPANY
CHARTERED ACCOUNTANTS
1006, 10TH FLOOR, VIKRANT TOWER, RAJENDRA PLACE,
NEW DELHI-110008

INDEPENDENT AUDITOR'S REPORT

To the Members of National Fertilizers Limited

Report on the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS financial statements of National Fertilizers Limited ('the Company') and its Jointly Controlled Companies (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2019, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the Consolidated financial position of the Group as at 31st March, 2019, and its Consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Going concern

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Company to cease to continue as a going concern.

As per the sufficient and appropriate audit evidence obtained during the audit, we conclude that, based on the audit evidence obtained, we have not found any indication of having existence of material uncertainty. Accordingly, we assume going concern assumption of the audit. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below

to be the key audit matters to be communicated in our report. Summary of the same is mentioned here under:

Sr. No.	Key Audit Matters	Auditor's Response
1.	**Revenue recognition** The application of the new revenue accounting standard Ind As 115, involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date, for which we have also stated a separate note in the notes to accounts. Revenue is recognized net of returns, trade allowances, rebates etc. when performance obligation is satisfied by transferring control of goods or services (i.e. asset) to a customer and it is probable to collect the consideration. Price and freight subsidy: The same is recognised on the basis of notifications/principles received from the FICC (Fertilzer industry Coordination Committee) an office of Government of India which regulates such subsidy and the bills raised on such notifications. Escalations/de-escalations in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given. **Please refer note no 32 in balance sheet.**	***Principal Audit Procedures*** We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit process involved assessing the management's assessment/estimates worked out based on the policies/ interpretations/ guidelines of the Govt. relating to payment of subsidy. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing.
2.	**Property, Plant and Equipment** Management judgement is utilised for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/ amortization rates. These include the decision to capitalise or expense costs; the annual asset life review; the timeliness of the capitalisation of assets and the measurement and recognition criteria for assets retired from active use. Please refer accounting policy no 1.2.10.	We have done verification of controls in place over the fixed assets cycle, evaluated the appropriateness of capitalisation process, performed tests to verify the capitalised costs, assessed the timeliness of the capitalisation of the assets and assessed the de-recognition criteria for assets retired from active use. Useful life review of assets has been assessed by the management. In performing these procedures, we reviewed the judgements made by management including the nature of underlying costs capitalised; determination of realizable value of the assets retired from active use; the appropriateness of asset lives applied in the calculation of depreciation/ amortization; and the useful lives of assets prescribed in Schedule II of the Companies Act, 2013.
3.	**Capital Work-in-Progress** The Company is in the process of executing various energy reduction projects in all units of the Company. This is a major capitalization against which major debt has been taken from Bank(s). Please refer accounting policy no 1.2.12.	Our audit process included a review of the progress of the projects and the intention and ability of the management to carry forward and bring the asset to its state of intended use. We have verified all the relevant components of CWIP including interest on loan on borrowing cost, supply and RA bills of contractors and reviewed the related work orders terms and conditions.

4.	**Provisions and Contingent Liabilities** The Company is involved in certain legal and tax disputes and the assessment of the risks associated with the litigations is based on Management assumptions, which require the use of judgement and such judgement relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings. Please refer accounting policy no 1.2.25	Our audit procedure in response to same is included, among others, • Assessment of the process to identify legal and tax litigations, and pending administrative proceedings. • Assessment of assumptions used in the evaluation of potential legal and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings/judgement in similar cases. • Analysis of opinion received from the tax Consultant where available. • Review of the adequacy of the disclosures in the notes to the financial statements.
5	**Provision for Direct Taxes** The Company has certain matters under dispute which involves judgment relating to the possible outcome of these disputes in estimation of the provision for income tax. Please refer accounting policy no 1.2.9.	Our audit process involved assessment of the management's underlying assumptions in estimating the tax provision (as confirmed by the Company's tax consultants) and the possible outcome of the disputes taking into account the legal precedence and other rulings/judgement in evaluating management's position on these uncertain direct tax positions.
6	**Indirect Taxes** Goods and Services Tax implemented with effect from 1st July, 2017 is applicable on majority of products and services of the Company. Company's main manufactured product i.e. Urea is a `controlled product' and is covered under GST. However, subsidy on urea and other traded fertilizers is exempt from GST. Since management was required to apply its judgment in the interpretation with respect to claim of refund of unavailed input tax credit for traded fertilizers under inverted tax structure. Please refer note no 16.	Our audit process involved assessing the management's judgement on the interpretations involved taking into account the advices and opinions received from indirect tax experts.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (herein after referred to as ("the Act") that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income, Consolidated cash flows and Consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the company, as aforesaid.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/ financial information of the following jointly controlled entities whose financial statements/ financial information reflect the details given below of assets as at 31st March, 2019, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the consolidated financial statements:

₹ in Crore

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
Ramagundam Fertilizers and Chemicals Limited	4165.39	5.07	143.50
Urvarak Videsh Limited	0.10	0.01	(0.01)
Total	**4165.49**	**5.08**	**143.49**

These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities and our report in terms of sub section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entities, is based solely on the reports of other auditors.

Our opinion on the Consolidated Financial Statements, and our "Report on Other Legal and Regulatory Requirements" below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial Statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial Statements have been kept by the Company so far as it appears from our examination of those books;

(c) The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of cash flows and the consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;

(e) On the basis of the written representations received from the Directors of the Company as on 31st March 2019 taken on record by the Board of Directors of the company and the report of statutory auditors of jointly controlled companies in India, none of the Directors of the Group companies in India are disqualified as on 31st March 2019 from being appointed as a Director of that company in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us: \

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its financial position of the Group – Refer Note 45 to the Consolidated Ind AS financial statements;

ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group Companies in India; and

For HDSG & Associates
Chartered Accountants
Firm's Registration No.: 002871N

(Harbir Gulati)
Partner
Membership No.084072

For S. Mann & Company
Chartered Accountants
Firm's Registration No.: 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: New Delhi
Date: 2nd May, 2019

ANNEXURE "A"

The Annexure referred to in Independent Auditor's Report to the members of the Company on the Consolidated Ind AS financial statements for the year ended 31st March, 2019.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of National Fertilizers Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the company and its jointly controlled companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A group's internal financial control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the group;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorizations of Management and Directors of the Group; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two jointly controlled companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For HDSG & Associates
Chartered Accountants
Firm's Registration No.: 002871N

(Harbir Gulati)
Partner
Membership No.084072

For S. Mann & Company
Chartered Accountants
Firm's Registration No.: 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: New Delhi
Date: 2nd May, 2019

Consolidated Balance Sheet as at 31st March, 2019

₹ in crore

	Note	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	2	3989.94	4073.68
Capital Work In Progress	3	133.38	64.26
Other Intangible Assets	4	3.51	5.85
Investments	5	268.50	216.87
Financial Assets			
Loans	6	7.87	9.60
Other Financial Assets	7	8.13	8.19
Other Non-Current Assets	8	0.64	0.07
		4411.97	**4378.52**
CURRENT ASSETS			
Inventories	9	1586.04	525.94
Financial Assets			
Trade Receivables	10	7155.76	3924.38
Cash & Cash Equivalents	11	16.62	7.49
Other Bank Balances	12	2.44	2.33
Loans	13	3.93	4.63
Other Financial Assets	14	231.80	233.18
Current Tax Assets (Net)	15	49.69	90.47
Other Current Assets	16	446.32	457.04
		9492.60	**5245.46**
Assets Held for Disposal	17	2.36	2.58
		13906.93	**9626.56**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	18	490.58	490.58
Other Equity	19	1723.22	1494.97
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	20	279.62	114.64
Other Financial Liabilities	21	4.13	4.95
Provisions	22	178.00	155.71
Deferred Government Grant	23	2614.96	2766.52
Deferred Tax Liabilities (Net)	24	61.42	50.60
Other non-current Liabilities	25	19.80	16.93
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	26	6122.11	2890.43
Trade Payables	27	630.86	491.08
Other financial liabilities	28	1191.74	606.09
Provisions	29	217.80	223.62
Deferred Government Grant	30	184.06	211.37
Other Current Liabilities	31	188.63	109.07
		13906.93	**9626.56**
Significant accounting policies	1		

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(N. S. Verma)	**(Rajkumar)**	**(R.K. Chandiok)**	**(Manoj Mishra)**
ED (F&A)	Company Secretary A-11914	Director (Finance) DIN No.05146544	Chairman & Managing Director DIN No.06408953

For HDSG & ASSOCIATES
Chartered Accountants

(Harbir Gulati)
Partner
Membership number: 084072
Firm's Registration No.: 002871N

For S MANN & COMPANY
Chartered Accountants

(Subhash Chander Mann)
Partner
Membership number: 080500
Firm's Registration No.: 000075N

Place: Noida
Date: 2nd May, 2019

Consolidated Statement of Profit and Loss for the year ended 31st March, 2019

₹ in crore

	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
Revenue			
Revenue from operations	32	12245.24	8954.36
Other Income	33	55.81	61.84
Total Revenue (I)		**12301.05**	**9016.20**
Expenses			
Cost of Materials consumed	34	4738.34	3399.15
Purchase of Stock- in- Trade	35	2964.80	1025.18
Excise duty		0.00	11.82
Change in inventories of finished goods, work-in-progress and stock -in- trade	36	(1019.05)	6.70
Employee Benefits Expense	37	556.01	724.77
Power and Fuel	38	3122.74	2398.92
Freight and Handling		797.24	607.36
Repair and Maintenance	39	71.68	73.77
Finance Cost	40	316.36	189.57
Depreciation and Amortization Expense	41	101.14	73.30
Other Expenses	42	188.42	170.83
Total Expenses (II)		**11837.68**	**8681.37**
Profit before share of profit/ (Loss) of joint venture as per equity method, exceptional item and tax (III) = (I) - (II)		**463.37**	**334.83**
Share of Profit (Loss) of Joint Venture as per Equity Method(IV)		**(3.37)**	**(0.01)**
Profit before exceptional items and tax (V) = (III) + (IV)		**460.00**	**334.82**
Total Exceptional Item (VI)		-	-
Profit/(Loss) before Tax (VII)=(V) - (VI)		**460.00**	**334.82**
Tax expenses:			
Current tax		154.10	80.42
Deferred tax		10.82	41.64
Total Tax Expense (VIII)		**164.92**	**122.06**
Profit/(Loss) for the year (IX)=(VII)-(VIII)		**295.08**	**212.76**
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Remeasurement of Post Employment Benefit obligations		**(3.65)**	**(2.78)**
Income Tax relating to above items		**1.28**	**0.96**
Other Comprehensive Income (net of tax) (X)		**(2.37)**	**(1.82)**
Total Comprehensive Income (XI) = (IX) + (X)		**292.71**	**210.94**
Earnings per share	44		
Basic earnings per share of ₹ 10 each		**6.01**	**4.34**
Diluted earnings per share of ₹ 10 each		**6.01**	**4.34**
Significant accounting policies	1		

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(N. S. Verma)
ED (F&A)

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
DIN No.05146544

(Manoj Mishra)
Chairman & Managing Director
DIN No.06408953

For HDSG & ASSOCIATES
Chartered Accountants

(Harbir Gulati)
Partner
Membership number: 084072
Firm's Registration No.: 002871N

For S MANN & COMPANY
Chartered Accountants

(Subhash Chander Mann)
Partner
Membership number: 080500
Firm's Registration No.: 000075N

Place: Noida
Date: 2nd May, 2019

Consolidated Cash Flow statement for the year ended 31st March, 2019

₹ in crore

			Year ended 31st March, 2019	Year ended 31st March, 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Net Profit/(Loss) Before Tax		**460.00**	**334.82**
	Adjustments For :			
	Depreciation / Amortization		101.14	73.30
	Finance Charges		316.36	189.89
	Interest Income		(4.98)	(17.10)
	Profit on Sale of Fixed Assets		(2.15)	(40.06)
	Exchange Rate Variation (Net)		(4.66)	2.87
	Provision for Doubtful Debts/ Advances		(0.84)	0.42
	Provision for Obsolete/Surplus Stores		(0.02)	(0.18)
	Stores and Spares write offs		4.72	5.20
	Assets written off		(9.72)	0.28
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		859.85	549.44
	Adjustments For :			
	Trade and Other Receivables		(3216.41)	603.43
	Inventories		(1064.80)	44.19
	Trade Payables, Provisions & Others Liabilities		798.79	555.19
	Direct Taxes paid		(87.52)	(91.11)
	NET CASH FROM OPERATING ACTIVITIES	**"A"**	(2710.09)	1661.14
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets (including CWIP)		(246.12)	(340.70)
	Investment in Joint Ventures		(51.63)	(65.24)
	Fixed Assets Sold/Discarded		(10.08)	43.06
	Interest Received		4.98	17.10
	NET CASH FROM INVESTING ACTIVITIES	**"B"**	(302.85)	(345.78)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans		3231.68	(263.30)
	Long Term Loans		171.21	(810.60)
	Interest Paid		(316.36)	(189.89)
	Dividend/Distribution Tax paid		(64.46)	(50.19)
	NET CASH FROM FINANCING ACTIVITIES	**"C"**	3022.07	(1313.98)
	NET INCREASE IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**9.13**	**1.38**
	Cash And Cash Equivalents (Closing Balance)		16.62	7.49
	Cash And Cash Equivalents (Opening Balance)		7.49	6.11
	NET INCREASE IN CASH AND CASH EQUIVALENTS		**9.13**	**1.38**
Reconciliation of Cash and Cash Equivalents with the Balance Sheet				
Components of Cash and Cash Equivalents (Note - 11)				
	Balances with banks			
	Current accounts		0.30	0.90
	Cheques in hand/remittances in transit		16.30	6.58
	Cash on hand		0.02	0.01
			16.62	**7.49**

For and on behalf of the Board of Directors

(N. S. Verma)	**(Rajkumar)**	**(R.K. Chandiok)**	**(Manoj Mishra)**
ED (F&A)	Company Secretary A-11914	Director (Finance) DIN No.05146544	Chairman & Managing Director DIN No.06408953

For HDSG & ASSOCIATES
Chartered Accountants
(Harbir Gulati)
Partner
Membership number: 084072
Firm's Registration No.: 002871N

For S MANN & COMPANY
Chartered Accountants
(Subhash Chander Mann)
Partner
Membership number: 080500
Firm's Registration No.: 000075N

Place: Noida
Date: 2nd May, 2019

Consolidated Statement of Changes in Equity

A. Equity Share Capital ₹ in crore

	Notes	Amount
As at 1st April 2017	18	490.58
Change in equity share capital during the year		-
As at 31st March 2018		**490.58**
As at 1st April 2018	18	490.58
Change in equity share capital during the year		-
As at 31st March 2019		**490.58**

B. Other Equity ₹ in crore

Particulars	Reserve & Surplus				
	Capital Reserve	General Reserve	Corporate Social responsibility (CSR) Reserve	Retained Earning	Total
Opening balance as at 1st April 2017	2.51	322.85	2.50	996.32	1,334.22
Profit for the year	-	-	-	212.76	212.76
Comprehensive income for the year	-	-	-	(1.82)	(1.82)
Total Comprehensive Income for the year	**-**	**-**	**-**	**210.94**	**210.94**
Dividend Paid (Including Tax on Dividend)	-	-	-	(50.19)	(50.19)
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	1.38	1.38	-
Transfer to/(from) retained earnings	-	-	-	-	-
Closing balance as at 31st March 2018	**2.51**	**332.89**	**3.88**	**1,155.69**	**1,494.97**
Opening balance as at 1st April 2018	2.51	332.89	3.88	1,155.69	1,494.97
Profit for the year	-	-	-	295.08	295.08
Comprehensive income for the year	-	-	-	(2.37)	(2.37)
Total Comprehensive Income for the year	**-**	**-**	**-**	**292.71**	**292.71**
Dividend Paid (Including Tax on Dividend)	-	-	-	(64.46)	(64.46)
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	4.01	(4.01)	-
Closing balance as at 31st March 2019	**2.51**	**332.89**	**7.89**	**1,379.93**	**1,723.22**
Significant accounting policies	**1**				

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

N. S. Verma)	**(Rajkumar)**	**(R.K. Chandiok)**	**(Manoj Mishra)**
ED (F&A)	Company Secretary	Director (Finance)	Chairman & Managing Director
	A-11914	DIN No.05146544	DIN No.06408953

For HDSG & ASSOCIATES
Chartered Accountants

(Harbir Gulati)
Partner
Membership number: 084072
Firm's Registration No.: 002871N

For S MANN & COMPANY
Chartered Accountants

(Subhash Chander Mann)
Partner
Membership number: 080500
Firm's Registration No.: 000075N

Place: Noida
Date: 2nd May, 2019

Notes to the Consolidated Financial Statements and significant accounting policies

1. Overview and Significant Accounting Policies

1.1 Overview

National Fertilizers Limited (the 'Company') is a company limited by shares, incorporated and domiciled in India. These are consolidated financial statements of National Fertilizers Limited and its Joint Ventures referred below for the year ended 31 March 2019.

a) Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited has been declared Dormant Company.

b) Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited (EIL) and Fertilizer Corporation(FCIL) of India has been incorporated on 17.02.2015 for revival of closed Fertilizer Unit of FCIL at Ramagundam, Telengana, India.

The Company is engaged in producing and marketing of Neem Coated Urea, Bio-Fertilizers (solid & liquid) and other allied Industrial products like Ammonia, Nitric Acid, Ammonium Nitrate, Sodium Nitrite and Sodium Nitrate. The Company is also engaged in trading of Fertilizers, Compost, Seeds, Agro Chemicals and other Agro products. The registered office of the company is located at New Delhi, India. The Government of India is the principal shareholder of the Company. The shares of the Company are listed on National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE"), India.

The consolidated financial statements were approved for issue by the Board of Directors and authorized for issue on 02nd May, 2019.

1.2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2.1 Basis of preparation

(a) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended) and other relevant provisions of the Act.

The consolidated financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- assets held for sale — measured at the lower of carrying amount and fair value less cost to sell; and
- defined benefit plans — plan assets measured at fair value

1.2.2 Basis of consolidation

Joint Venture

In the consolidated Balance Sheet Interests in the joint venture are accounted for using the equity method. Under the equity method of accounting, the investment are initially being recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset

transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described below.

These consolidated financial statements comprise the financial statement of National Fertilizers Limited (the Company") and its joint ventures (JV) (the "Group"), as given in the following table:

Name of Joint Venture	Country of incorporation	Extent of Holding (%age)	
		31st March 2019	31st March 2018
UrvarakVidesh Limited	India	33.33%	33.33%
Ramagundam Fertilizers & Chemicals Limited	India	26.86%	36.32%

1.2.3 Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates and judgments affect the application of accounting policies and the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of financial statements and the reported amount of revenue and expenses during the period. Application of accounting policies that require critical accounting estimates involving judgments have been disclosed in note (1.2.4).

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of change in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the consolidated financial statements.

1.2.4 Critical Accounting Estimates and judgments

(a) Property Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(b) Revenue Recognition

Price and Freight Subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy and the bills are raised based on such notification. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification received is treated as current year income or expenditure and the effect of change in estimate, if material, is disclosed separately.

1.2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Refer note 48 for segment information presented.

1.2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit

and Loss except in case of long term liability relating to acquisition of fixed assets acquired upto March 31, 2016, where the same are adjusted to carrying amount of such assets.

Foreign exchange gains and losses regarded as an adjustment to borrowing costs are charged in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

1.2.7 Revenue recognition

Revenue is recognized net of returns, trade allowances, rebates etc. when performance obligation is satisfied by transferring control of goods or services (i.e. an asset) to a customer and it is probable to collect the consideration.

Sale of scrap/ waste materials is recognized on disposal.

1.2.8 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase / acquisition of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented as deduction from related depreciation expenses.

Interest subsidy received/receivable from Government for changeover of Ammonia Feed Stock Conversion Project from FO/ LSHS to Gas is recognized in the Consolidated Statement of Profit and Loss and is being deducted in reporting the related expense.

1.2.9 Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in Joint Ventures where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.2.10 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised where the carrying value of an asset to be replaced is not separately identifiable it is derecognized on estimated/technical report basis. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are aligned to useful life specified under Schedule II of the Companies Act, 2013 except for certain items of plant and machinery which are depreciated as below:

a) Reformer Package and Instrumentation: 15 years

b) Heat Exchangers, pumps, turbines and CO2 Booster: 20 years

In respect of Plant and Machinery, Computer and data processing units residual value of five percent and rupee one in respect of other Fixed Assets is retained.

Leasehold land and buildings are amortized over the lease period. Buildings constructed over leasehold land are depreciated at the estimated useful life which is in line with useful life as specified under Schedule II of the Companies Act, 2013, where the lease period is beyond the useful life of the building.

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

Spares that can be used only in connection with an item of fixed asset is depreciated over a period not exceeding the useful life of the principal item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss with in other Income.

1.2.11 Intangible Assets

Intangible Assets are stated at cost less accumulated amortization and impairment.

License and process know-how having future economic benefits is amortized on straight line method over a period of ten years or license period, whichever is less.

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.2.12 Capital Work in Progress

All revenue expenses incurred during Construction period, which are exclusively attributable to acquisition/construction of fixed assets, are capitalised at the time of commissioning of Assets.

Pre-project expenditure relating to Projects which are considered unviable/closed is charged off to Revenue in the year of declaration/closure.

The capital work in progress includes Construction Stores including Material in Transit/Equipment/Services etc. received at site for use in the projects.

1.2.13 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.2.14 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be

recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non¬financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.2.15 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks/ financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.2.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.2.17 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.2.18 Inventories - Raw materials and stores, work in progress, packaging material and finished goods

Raw materials, packaging materials and stores and spares are stated at the lower of monthly weighted average cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In case of stores and spares not moved for more than two years and upto five years, provision for obsolescence is made at five percent per annum (on straight line basis) and charged to revenue. In case of stores and spares which have not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

Finished and semi-finished goods are valued at lower of weighted average cost and net realizable value based on the applicable Concession/Sale Price. In warehouses carrying Finished Goods of more than one Plant, the Plant wise finished stocks are determined on first-in-first-out basis and costs worked out accordingly.

Traded Fertilizers are valued at lower of cost determined on first-in-first-out basis and net realizable value.

Other Traded Goods are valued at lower of weighted average cost and net realizable value.

1.2.19 Investments and other financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses arising from fair valuation will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Measurement

Initial recognition

The Company measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, at fair value including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Investment in Joint Venture:

Investment in Joint venture is carried at cost in the financial statements.

(c) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 55 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(d) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(e) Derivatives

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value through profit or loss at the end of each reporting period.

1.2.20 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.2.21 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.2.22 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

1.2.23 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the statement of Profit and Loss Account in the period in which they are incurred.

1.2.24 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

The Company provides following long term benefits:

i) Leave Encashment (Earned Leave/Sick Leave/Half Pay Leave)

ii) Long Service Award (LSA)

The liability for Leave encashment and Long term service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the financial reporting period using the projected unit credit method as calculated by Actuary. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(c) Post-employment obligations

The Company operates the following post-employment schemes:

(i) defined benefit plans such as gratuity, provident fund, post retirement settlement benefits, social security benefits and employees' family economic rehabilitation scheme; and

(ii) defined contribution plans such as post-employment medical plan and pension plan.

(d) Defined Benefit Obligations

The defined benefit obligation (other than Provident Fund) is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The liability or asset recognised in the balance sheet in respect of defined benefit obligations (except Provident Fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the

fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(e) Provident Fund

Contribution to provident fund is accounted for on accrual basis. The provident fund contributions are made by employee and company as monthly contribution equal to specified percentage of covered employee's salary to a trust administered by the Company. The trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the trust is notified by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

(f) Defined Contribution Plans

The Company has a Post-Retirement Medical Benefits (PRMB) and pension plan for its employees. The Company has taken the insurance policies to meet its obligations under these plans. Accordingly, the liability of the company is limited upto the amount of insurance premium paid. These plans have been treated as defined contribution plans. The insurance premium paid for these plans is recognised as employee benefit expense and charged in statement of profit and loss account.

1.2.25 Provisions

Provisions (other than employee benefits) are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

1.2.26 Claims

Pending settlement, claims made on underwriters /railways /others as assessed by the Company on a probable realization basis are recognized at the time of lodgment.

1.2.27 Adjustment pertaining to Prior Period

Income/Expenditure pertaining to prior period upto Rs 10.00 crores in each case subject to cumulative limit of 0.50% of sales turnover of previous year are not considered material and are included under the income/expenditure of the current year.

1.2.28 Prepaid Expenditure

Prepaid expenditure upto Rupee one lakh in each case not being considered material is included under the expenditure of the current year.

1.2.29 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

1.2.30 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

(i) the profit attributable to owners of the Company

(ii) by the weighted average number of equity shares outstanding during the financial year.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

(i) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note: 2 Property, Plant & Equipment

₹ in crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2018	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2019	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2018	For the year	Deductions / Adjustments	Upto 31st March 2019	As at 31st March 2019	As at 31st March 2018
LAND										
- Freehold	12.19	-	-	12.19	-	-	-	-	12.19	12.19
- Leasehold	6.35	-	-	6.35	0.30	0.10		0.40	5.95	6.05
BUILDINGS										
- on Freehold Land	117.39	2.79	-	120.18	17.52	4.69		22.21	97.97	99.87
- on Leasehold Land	34.96	0.88	-	35.84	15.00	1.57		16.57	19.27	19.96
Leasehold Buildings	0.45	0.14	-	0.59	0.18	0.18		0.36	0.23	0.27
Plant and Machinery	4679.07	181.48	(12.04)	4848.51	772.81	264.09	(9.39)	1,027.51	3821.00	3906.26
Furniture and Fixtures	1.95	0.59	(0.11)	2.43	0.84	0.29	(0.08)	1.05	1.38	1.11
Vehicles	2.86	0.69	(0.12)	3.43	0.74	0.41	(0.12)	1.03	2.40	2.12
Office Equipments	2.28	1.45	0.02	3.75	1.05	0.56	(0.01)	1.60	2.15	1.23
OTHERS										
Electrical Installations	10.28	7.38	-	17.66	3.77	6.21	-	9.98	7.68	6.51
Railway Sidings	0.61	-	-	0.61	0.38	0.05	-	0.43	0.18	0.23
EDP Equipments	11.43	3.27	0.18	14.88	2.45	2.47	0.23	5.15	9.73	8.98
Other Equipments	19.60	2.93	(0.07)	22.46	10.70	2.04	(0.09)	12.65	9.81	8.90
As at 31st March, 2019	**4899.42**	**201.60**	**-12.14**	**5088.88**	**825.74**	**282.66**	**(9.46)**	**1098.94**	**3989.94**	**4073.68**
As at 31st March, 2018	**4575.84**	**326.86**	**3.28**	**4899.42**	**529.17**	**296.57**	**-**	**825.74**	**4073.68**	

a. Title/Lease Deed for land acquired at Vijaipur (₹4.36 crore), Bathinda (₹0.15 crore), Alwar (*) , Building at Scope Complex, New Delhi (₹2.07 crore) are pending execution.

b. Out of total land of 2578 acres, land Measuring 325.70 acres at Nangal (₹0.12 crore) had been symbolically possessed by the Punjab Government on 29.10.1998 without determination of consideration. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners.

c. Ammonia Feed Stock Conversion Projects from `LSHS/FO' to `Gas' at Bathinda, Panipat & Nangal Unit under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production have been capitalised on 11th March.2013, 28th March 2013 and 18th July 2013 respectively. Accordingly, Property, Plant & Equipment (Gross) include assets amounting to ₹3624.78 crore (CPLY ₹3973.24 crore) represented by capital grant as disclosed in Note: 23 & 30 Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹2793.91 crore (CPLY ₹2977.89 crore) as on 31.03.2019.

d. In terms of exemption granted under Ind AS 101, the company has opted to treat exchange difference arising from translation of long term foreign currency monetary items as addition/deletion to Property, Plant & Equipment. Accordingly, an exchange loss/(gain) of ₹11.75 crore (CPLY ₹(0.25) crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2019. The unamortized amount of exchange difference as on 31.03.2019 is ₹64.50 crore (CPLY ₹56.66 crore).

e. Buildings includes office premises given on operating lease. The details of such leased premises are as under:

₹ in crore

	Current Year	Previous Year
Original Cost	2.72	1.26
Accumulated depreciation upto 31st March 2019	1.60	0.73
Net Written Down Value as at 31st March 2019	1.12	0.53
Depreciation recognized in Statement of Profit and Loss	0.07	0.03
Impairment losses recognized in Statement of Profit and Loss	-	-
Impairment losses reversed in Statement of Profit and Loss	-	-

* The value of Land at Alwar is ₹1, hence figures is not given.

Note : 3 Capital work-in-progress

₹ in crore

		As at 31st March, 2019	As at 31st March, 2018
Building		0.91	0.12
Plant and Machinery		78.65	50.59
Capital Stores		38.42	7.36
Others		0.40	-
Expenditure During Construction Period		15.00	6.19
		133.38	**64.26**
Details of Expenditure During Construction Period			
Opening Balance	**(A)**	6.19	1.54
Add: Expenditure during the year:			
Employees' Remuneration & Benefits		0.82	0.38
Power & fuel		0.04	0.07
Project Management fee		5.49	2.98
Other Expenses		3.29	0.05
Start-up Expenses (net)		(4.05)	1.17
Finance cost		2.71	-
Total	**(B)**	**8.30**	**4.65**
Total Expenditure	**(A+B)**	**14.49**	**6.19**
Less: Transfer to Property, Plant & Equipment		**(0.51)**	**-**
Closing Balance		**15.00**	**6.19**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note: 4 Other Intangible Assets

₹ in crore

DESCRIPTION	Gross Block				Amortization				Net Block	
	Gross Carrying Amount as on 1st April 2018	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2019	Accumulated Depreciation as on 1st April 2018	For the year	Deductions/ Adjustments	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
Computer Software	0.89	0.03	(0.35)	0.57	0.52	0.14	(0.35)	0.31	0.26	0.37
Licence and Know-how	26.18	-	-	26.18	20.70	2.23	-	22.93	3.25	5.48
As at 31st March, 2019	27.07	0.03	(0.35)	26.75	21.22	2.37	(0.35)	23.24	3.51	5.85
As at 31st March, 2018	26.92	0.15	-	27.07	15.06	6.16	-	21.22	5.85	

Note: 5 Investments

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Investment in joint venture (Unquoted) #		
180002 Equity shares with face value of ₹10 each fully paid up in Urvarak Videsh Limited	0.03	0.03
Share of Loss in Joint Venture	-	-
(A)	0.03	0.03
27,36,90,004 Equity shares with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)$	271.84	216.85
Share of Loss in Joint Venture	(3.37)	(0.01)
(B)	268.47	216.84
TOTAL (A+B)	268.50	216.87
Investment in Equity Instruments of Co-operative Societies (Unquoted)*		
1250 shares with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*
100 shares with face value of ₹50 each fully paid up (₹5000) in NFL Employees' Consumer co-operative stores	*	*
Investment in mutual fund (₹5000)	*	*
	268.50	216.87

* Being less than ₹50,000/-, figures not given.

In compliance with Accounting Standard (Ind AS) 28 - Investment in Associates & Joint Venture". The Reporting information is as under

Joint Controlled Entity

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31.03.2019	31.03.2018
Urvarak Videsh Limited	India	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00

$ Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited and Fertilizer Corporation of India has been incorporated on 17.02.2015 for setting up of Fertilizer Unit at Ramagundam, Telangana under New Investment Policy, 2012. The plant shall have the annual urea capacity of 12.71 Lakhs MT urea.

Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited was declared Dormant Company on 04.11.2015.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 6 Loans

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Secured, considered good		
Loans to employees	7.45	9.10
Unsecured, considered good		
Loans to employees	0.42	0.50
	7.87	**9.60**

Note : 7 Other Financial Assets

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Security Deposits	0.03	0.09
Margin Money against Bank Guarantees (more than one year)	8.10	8.10
	8.13	**8.19**

Note :8 Other Non-Current Assets

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good		
Others	0.64	0.07
	0.64	**0.07**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 9 Inventories

₹ in crore

	As at 31st March, 2019		As at 31st March, 2018	
Raw materials	1.35		3.65	
Add: In transit	0.23	1.58	0.26	3.91
Packing Materials	21.61		10.69	
Add: In transit	2.94		1.96	
Less: Provision for Obsolescence	-	24.55	-	12.65
Stores and spares	138.80		115.97	
Add: In transit	24.34		15.64	
Less: Provision for Obsolescence	1.68	161.46	1.63	129.98
Semi-finished goods		32.58		21.57
Traded goods	977.44		133.48	
Add: In transit	163.30	1140.74	-	133.48
Finished goods	151.57		161.42	
Add: In transit	73.56	**225.13**	62.93	224.35
		1586.04		**525.94**

Inventories have been valued at lower of cost or net realizable value considering Note No.1.2.18 Accounting Policy.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 10 Trade Receivables

₹ in crore

	As at 31st March, 2019		As at 31st March, 2018	
Trade Receivables outstanding for a period more than six months from the date they are due for payment				
Subsidy (Government of India)#	185.47		256.83	
Others	11.65	197.12	11.73	268.56
Trade Receivables less than six months				
Subsidy (Government of India)#	6376.43		3439.42	
Others	593.02	6969.45	227.30	3666.72
Provision for doubtful receivables		(10.81)		(10.90)
		7155.76		**3924.38**
Aggregate of trade receivables:				
Unsecured, considered good (including secured debts backed by bank guarantees ₹4.11 crore, (CPLY ₹4.06 crore)		7155.76		3924.38
Unsecured, considered doubtful		10.81		10.90
Provision for doubtful receivables		(10.81)		(10.90)
		7155.76		**3924.38**

The Total Subsidy Receivable is ₹6561.90 crore. Loan against Subsidy under Special Banking Arrangement amounting to ₹1451.73 crore (CPLY ₹194.71 crore) was received during March 2019 and the same is appearing in Note No. 26 - Borrowings.

The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) Scheme in a phased manner for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea is released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of urea and P&K fertilizer totalling 10.34 lakh MT through POS machine to beneficiaries as on 31.03.2019, subsidy of ₹1590.85 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period (CPLY quantities 8.78 lakh MT and subsidy ₹1409.40 crore).

Note: 11 Cash & Cash Equivalents

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Balances with banks		
Current accounts	0.30	0.90
Remittances in transit /cheques in hand	16.30	6.58
Cash on hand	0.02	0.01
	16.62	**7.49**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note: 12 Other Bank Balances

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Unclaimed dividend account	0.09	0.08
Margin Money against Bank Guarantees	2.35	2.25
	2.44	**2.33**

Note : 13 Loans

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Secured, considered good		
Loans to employees	2.17	2.22
Unsecured, considered good		
Loans to employees	1.76	2.41
	3.93	**4.63**

Note : 14 Other Financial Assets

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Security Deposits	24.65	24.12
Capital Grant recoverable from Government of India (GOI)$	203.43	202.48
Interest Subsidy recoverable from Government of India	2.23	3.54
Claims recoverable	1.73	3.40
Fixed deposit as case property *	-	1.32
	232.04	**234.86**
Unsecured, considered good from above	231.80	233.18
Unsecured, considered doubtful from above	0.24	1.68
Provision for doubtful advances	(0.24)	(1.68)
	231.80	**233.18**

$ Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia feed stock conversion project from `LSHS/FO' to `Gas' as disclosed in Note 23 & 30.

Note : 15 Current Tax Assets (Net)

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Tax refunds	49.69	90.47
	49.69	**90.47**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note: 16 Other current assets

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless otherwise stated		
Advances		
Contractors	72.87	52.41
Suppliers $ #	297.33	414.92
Employees	3.12	1.39
Recoverable/Balances with customs and excise authorities	8.27	8.26
GST Input Credit*	165.34	49.95
Others	50.72	68.72
	597.65	**595.65**
Unsecured, considered good from above	458.54	457.04
Unsecured, considered doubtful from above	139.10	138.61
Provision for doubtful advances	(21.68)	(8.97)
Provision for doubtful advances appropriated from reserve	(129.64)	(129.64)
	446.32	**457.04**

Includes an advance of ₹130.69 crore (CPLY ₹ 130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹129.64 crore (after recovery of ₹ 1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

$ Includes amount recoverable on account of Gas Pooling amounting to ₹124.32 crore (CPLY ₹275.39 crore)

* Company has filed total refund of GST amounting to ₹43.78 crore under inverted duty tax structure in respect of traded fertilizers. Out of this, the refund applications of ₹12.84 crore after rejection, are in appeal.

Note: 17 Assets held for disposal

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Assest Held for Disposal	**2.36**	2.58
	2.36	**2.58**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 18 Equity Share Capital

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Authorized	1000.00	1000.00
100,00,00,000 Equity Shares of ₹10 each		
Issued, Subscribed and Paid -up	490.58	490.58
49,05,78,400 Equity Shares of ₹10 each fully paid up		
	490.58	**490.58**

a. There has been no movement in the Issued, Subscribed and Paid -up capital of the Company during the year.

b. Terms/Rights attached to equity shares

The Company has only one class of equity share having a face value of ₹10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends approved by shareholders.

In the event of liquidation of the company, the holders of equity share will be entitled to receive remaining assets of the company, after distribution to creditors and all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder

c. Details of shareholders holding more than 5% shares in the company

Particulars	31st March, 2019		31st March, 2018	
	No	%	No	%
Equity Shares of ₹ 10 each fully paid				
Government of India	366529532	74.71	366529532	74.71
Life Insurance Corporation of India (LIC)	55523101	11.32	55523101	11.32

d. Movement of Equity Shares Capital

Particulars	31st March, 2019		31st March, 2018	
	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)
Opening Balance	490578400	490.58	490578400	490.58
Increase during the year	-	-	-	-
Closing Balance	**490578400**	**490.58**	**490578400**	**490.58**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 19 Other Equity

₹ in crore

		As at 31st March, 2019	As at 31st March, 2018
Capital Reserve			
Opening Balance		2.51	2.51
	A	**2.51**	**2.51**
General Reserve			
Opening Balance		332.89	322.89
	B	**332.89**	**332.89**
Corporate Social Responsibility (CSR) Reserve*			
Opening Balance		3.88	2.50
Transferred from statement of Profit and Loss		6.30	4.35
Less: Transferred to statement of Profit and Loss (Refer Note 53)		2.29	2.97
	C	**7.89**	**3.88**
Surplus in Statement of Profit & Loss			
Opening Balance		1155.69	996.32
Add : Transferred from CSR reserve		2.29	2.97
Less: Dividend Paid (including tax on dividend)		64.46	50.19
Less: Transferred to CSR reserve		6.30	4.35
		1087.22	**944.75**
Profit/(Loss) for the year transferred from Statement of Profit and Loss		295.08	212.76
Profit/(Loss) for the year transferred from Other Comprehensive Income		(2.37)	(1.82)
Net Surplus	**D**	**1379.93**	**1155.69**
Total (A+B+C+D)		**1723.22**	**1494.97**

* In terms of Section 135 of the Companies Act, 2013 read with guidelines on Corporate Social Responsibility (CSR) issued by Department of Public Enterprises (DPE), GOI, the Company is required to spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The Company had opening CSR Reserve of ₹3.88 crore in respect of unspent CSR budget as per DPE guidelines. Budget of ₹6.30 crore was allocated as per Companies Act, 2013 for FY 2018-19. The company has incurred an amount of ₹2.29 crore during the year ended 31st March, 2019 (CPLY ₹2.97 crore) leaving balance CSR fund of ₹7.89 crore as on 31st March, 2019.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 20 Borrowings

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Term Loans		
Foreign Currency Loans - External Commercial Borrowing from Bank (Secured)$	61.22	114.64
Rupee Term Loan (Secured)#	218.40	-
	279.62	**114.64**

$ Foreign Currency External Commercial Borrowing (ECB) loan from Bank, has been used for energy saving and urea capacity augmentation projects at Vijaipur complex and is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The ECB was earlier drawn from SBI, NY at rate of interest of 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility. ECB has been refinanced through DBS Bank, Singapore on 06.01.2016.

The rate of interest of refinanced ECB from DBS, Singapore is 3 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan has commenced from FY 2016-17. Foreign Currency External Commercial Borrowing (ECB) loan from DBS Bank is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The repayment of ECB loan will fall due for ₹61.87 crore in FY 2019-20, ₹61.87 crore in FY 2020-21. A sum of ₹ 123.74 crore (₹61.87 crore + ₹61.87 crore) is outstanding as on 31.03.2019 out of which the installments due for payment upto 31st March, 2020 amounting to ₹61.87 crore is disclosed in Note : 28 Other Financial Liabilities.

The borrowings of Rupee Term loan is secured by first pari-passu charge on the fixed assets (both movable and immovable) of the manufacturing units i.e. Nangal, Bathinda, Panipat, Vijaipur - I & Vijaipur - II and Corporate Office and over cash flow of the company. Repayment of sanctioned term loan would fall due for repayment in 40 quarterly installments of ₹ 26.10 crore each starting from June 2020 and ending in March 2030. The rate of interest on the term loan is 1year MCLR plus spread of 0.15%. During the year interest rate was 8.70% p.a. During the period, the amount of interest of ₹3.02 crore (CPLY - Nil) has been capitalised.

Note : 21 Other Financial Liabilities

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Security Deposits	4.13	4.95
	4.13	**4.95**

Note : 22 Provisions

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits *^	178.00	155.71
	178.00	**155.71**
*** Item wise breakup of Provisions for employee benefits**		
Earned Leave	74.49	60.86
Half Pay Leave	89.44	80.20
Post Retirement Settlement Benefits	1.50	1.40
Long Service Award	0.42	0.43
Social Security Benefits	4.76	4.92
Employees' Family Economic Rehabilitation Scheme	7.39	7.90
	178.00	**155.71**

^Short term Provision for Employee Benefits of ₹173.70 crore is disclosed in Note 29.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note: 23 Deferred Government Grant

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Opening Balance#		
Non Current	2766.52	2825.74
Current	211.37	187.17
Add: Addition/Adjustment during the year (AFCP)*	-	194.41
Add: Addition/Adjustment during the year (Others)	5.02	-
Less : Depreciation transferred from Statement of Profit & loss Account (Note No. 41)	183.89	229.43
Less : Transferred Deferred Government Grant Current (Note 30)	184.06	211.37
	2614.96	**2766.52**

The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate and actual value of disposal of redundant assets discarded after conversion.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

Note: 24 Deferred Tax Liability (net)

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Deferred tax liability (A)		
Property, Plant & Equipment: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/amortization charged in Statement of Profit and Loss.	220.29	206.55
(A)	**220.29**	**206.55**
Deferred tax assets (B)		
Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.	158.87	155.95
(B)	**158.87**	**155.95**
Net Deferred tax liability (A-B)	**61.42**	**50.60**

Movement in deferred tax components

₹ in crore

	At 1st April, 2018	Charged or (credited) to profit or loss	At 31st March, 2019
Expenses allowed on cash basis	155.95	(2.92)	158.87
Property, Plant & Equipment impact	(206.55)	13.74	(220.29)
Total	**(50.60)**	**10.82**	**(61.42)**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 25 Other Non Current Liabilities

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Others#	19.80	16.93
	19.80	**16.93**

Includes amount of ₹18.05 crore (CPLY ₹13.07 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

Note : 26 Borrowings

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Secured		
Cash credit from banks*	58.70	88.68
Working Capital Demand Loan#	-	1506.93
Unsecured		
Short Term loans from Banks$	6063.41	1294.82
	6122.11	**2890.43**

*Cash credit from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation of inventories, book debts and other current assets of the Company.

#Working Capital Demand Loan from Banks are secured by pari-pasu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.

$ Includes borrowings of ₹1451.73 crore (CPLY ₹194.71 crore) under Special Banking Arrangement.

Note : 27 Trade Payables

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Trade Payable to Micro, Small and Medium Enterprises (MSMED)*	1.81	2.78
Others$	629.05	488.30
	630.86	**491.08**

*Interest amount due to MSMED parties during the year is neither due/accrued/nor paid or payable.
$ Includes amount of ₹386.94 crore (CPLY ₹320.58 crore) on account of Gas supplies.

Note:28 Other Financial Liabilities

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Current maturities of long term borrowings		
Foreign Currency Loan *	61.87	55.64
Creditors for Capital Works	286.96	184.25
Security Deposits	160.66	143.70
Liability for employee benefits / remuneration	151.05	171.87
Unclaimed dividend	0.09	0.08
Others	531.11	50.55
	1191.74	**606.09**

* Details in respect of Interest and terms of repayment of Foreign Currency Loan are disclosed in Note 20: Borrowings.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 29 Provisions

₹ in crore

	As at 31st March, 2019		As at 31st March, 2018	
Provisions for employee benefits*^		173.70		205.32
Provision for Corporate Tax				
Provision for tax	150.80		79.46	
Advance Tax / TDS	(113.42)	37.38	(67.88)	11.58
Provision for Local Area Development tax		6.72		6.72
		217.80		**223.62**
*** Item wise breakup of provisions for employee benefits:**				
Gratuity		150.65		181.58
Earned Leave		8.39		9.58
Half Pay Leave		11.66		11.11
Post Retirement Settlement Benefits		0.15		0.17
Long Service Award		0.09		0.12
Social Security Benefits		0.95		0.90
Employees' Family Economic Rehabilitation Scheme		1.81		1.86
		173.70		**205.32**

*^ Long term Provision for Employee Benefits of ₹178.00 crore is disclosed in Note 22.

Note: 30 Deferred Government Grant

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Deferred Government Grant*#	184.06	211.37
	184.06	**211.37**

The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate and actual value of disposal of redundant assets discarded after conversion.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

Non Current Deferred Government Grant is disclosed in Note No. 23

Note: 31 Other Current Liabilities

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Advances from customers	55.20	29.12
Statutory Dues	131.44	78.17
Others#	1.99	1.78
	188.63	**109.07**

Amount of ₹ 1.99 crore (CPLY ₹1.78 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 32 Revenue from operations

₹ in crore

		Year Ended 31st March, 2019	Year Ended 31st March , 2018
A) Sale of Goods			
Finished goods		2238.39	2270.57
Traded goods		1679.96	723.17
	(A)	**3918.35**	**2993.74**
Subsidy from Government of India:			
Finished goods (Urea)-Subsidy			
Price subsidy		7089.18	5133.44
Freight subsidy		407.55	395.19
		7496.73	**5528.63**
Traded goods (Di Ammonium Phosphate) Subsidy			
Price subsidy		524.11	292.91
Freight subsidy		110.38	63.75
		634.49	**356.66**
Traded goods (Compost) Subsidy			
Price subsidy		3.20	1.75
Freight subsidy		-	-
		3.20	**1.75**
Traded goods (Muriate of Potash) Subsidy			
Price subsidy		-	20.42
Freight subsidy		-	5.06
		-	**25.48**
Traded goods (NPK) Subsidy			
Price subsidy		60.98	-
Freight subsidy		11.63	-
		72.61	**-**
Traded goods (Ammonium Phosphate Sulphate) Subsidy			
Price subsidy		18.52	17.15
Freight subsidy		3.28	4.88
		21.80	**22.03**
Traded goods (IMP UREA - Govt A/c) Subsidy			
Freight subsidy		66.85	-
		66.85	**-**
Total subsidy$	**(B)**	**8295.68**	**5934.55**
Revenue from operations (gross)	**(A+B)**	**12214.03**	**8928.29**
Details of goods sold			
Finished goods (including subsidy)			
Urea		9521.56	7625.23
Industrial Products		199.05	163.71
Ammonia Sales		1.85	8.83
Bio Fertilizers		1.82	1.43
Bentonite Sulphur		10.83	0.00
		9735.11	**7799.20**
Traded goods (including subsidy)			
Seeds		24.89	13.00
Compost (including subsidy)		8.83	4.78
Gas Swapping (Sale)		1,883.53	986.38
Di Ammonium Phosphate (Imported)		-	0.10
Bentonite Sulphur (Domestic)		-	0.16
Bentonite Sulphur (Imported)		11.71	9.14
Agro Chemicals		-	53.75
Muriate of Potash (MOP)		226.02	-
NPK		63.82	61.78
Ammonium Phosphate Sulphate (APS)		260.12	-
Imported Urea - Govt A/c		**2478.92**	**1129.09**
		12214.03	**8928.29**
$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year			
Price Subsidy (Urea)		24.69	10.43
Freight Subsidy (Urea)		0.54	(10.22)
		25.23	**0.21**

The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) Scheme in a phased manner for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea is released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of urea and P&K fertilizer totalling 10.34 lakh MT through POS machine to beneficiaries as on 31.03.2019, subsidy of ₹1590.85 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period (CPLY quantities 8.78 lakh MT and subsidy ₹1409.40 crore).

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 32 Revenue from operations

₹ in crore

		Year Ended 31st March, 2019	Year Ended 31st March, 2018
B) Sale of Services			
Training & Recruitment for other organisation		10.28	0.02
	(B)	**10.28**	**0.02**
C) Other Operating Revenue			
Forfeiture of Security Deposits etc		1.17	0.15
Liquidated Damages recovered from Contractor / Supplier		7.27	3.58
Recovery of Dispatch Money		1.63	0.88
Sale of Scrap		5.02	9.11
Hire Charges of Equipment		**0.09**	0.12
Commission on Sale of Urea on Govt A/c		**0.08**	2.60
Recoveries on delayed payment on credit sales		**5.67**	9.61
	(C)	**20.93**	**26.05**
	(A+B+C)	**12245.24**	**8954.36**

Note : 33 Other Income

₹ in crore

		Year Ended 31st March, 2019	Year Ended 31st March, 2018
A) Interest Income on Financial Assets measured at amortised cost			
Term Deposits etc.		2.09	3.62
Loan to employees		0.50	0.51
Unwinding of Interest accrued on Deposits		0.35	1.66
Others		2.04	1.10
	(A)	**4.98**	**6.89**
B) Interest income on IncomeTax Refund	**(B)**	**23.70**	-
C) Non Operating Income			
Profit on Sale of Assets		2.15	40.06
Gain on Mutual Funds		1.46	-
Exchange Rate Variation (net)		4.66	(2.88)
Rent		13.29	9.51
Others		5.57	8.26
	(C)	**27.13**	**54.95**
	(A+B+C)	**55.81**	**61.84**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note: 34 Cost of material consumed

₹ in crore

		Year Ended 31st March, 2019	Year Ended 31st March, 2018
Raw Material			
Inventory at the beginning of the year		3.91	1.39
Purchases		4515.48	3222.67
		4519.39	**3224.06**
Less:Inventory at the end of the year		(1.58)	(3.91)
Cost of raw material consumed	**(A)**	**4517.81**	**3220.15**
Packing material	**(B)**	164.65	133.03
Stores and spares	**(C)**	55.88	45.97
Cost of material consumed	**(A+B+C)**	**4738.34**	**3399.15**
Itemwise break up of raw material consumed			
Natural Gas		4506.20	3219.27
Others		11.61	0.88
		4517.81	**3220.15**

Note: 35 Purchase of Stock- in- Trade

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Traded goods purchased		
Imported		
Di Ammonium Phosphate	2517.05	783.10
Ammonium Phosphate Sulphate (APS)	0.08	90.50
Muriate of Potash (MOP)	-	39.56
NPK	206.71	86.48
Indigenous		
Bentonite Sulphur	-	0.13
Agro Chemicals	9.76	8.76
Seeds	19.10	12.53
Compost	7.31	4.12
Imported Urea - Govt A/c	204.79	-
	2964.80	**1025.18**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note: 36 (Increase)/decrease in inventories

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Opening inventories		
Semi-Finished	21.57	22.72
Finished goods	224.35	363.26
Traded goods	133.48	0.86
	379.40	**386.84**
Closing inventories		
Semi-Finished	32.58	21.57
Finished goods	225.13	224.35
Traded goods	1140.74	133.48
	1398.45	**379.40**
(Increase)/decrease in inventories	(1019.05)	7.44
Less: Excise duty included in change in inventories	-	0.74
Net (Increase)/decrease in inventories	**(1019.05)**	**6.70**

Note: 37 Employee benefits expense

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Salaries, Wages and Bonus	449.29	557.30
Contribution to Provident and Other Funds	47.12	41.27
Gratuity Expenses	23.64	95.47
Welfare expenses#	35.96	30.73
	556.01	**724.77**

Includes payment of ₹2.71 crore (CPLY ₹2.60 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

Note: 38 Power and fuel

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Purchased power	124.74	134.35
Coal	532.48	553.16
Natural gas	2446.47	1692.86
Cess on Electricity	19.05	18.55
	3122.74	**2398.92**

Note: 39 Repair and maintenance

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Plant and machinery	58.35	54.59
Buildings	5.90	8.65
Others	7.49	10.53
	71.68	**73.77**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note: 40 Finance Costs

₹ in crore

	Year Ended 31st March, 2019		Year Ended 31st March, 2018	
Interest :				
Cash credit		10.21		3.37
Commercial Papers		250.02		158.07
Short term loans		35.45		8.56
Rupee Term Loan (AFCP)	-		44.17	
Less: Interest Subsidy recoverable/received from Government of India*	-	-	44.17	-
Rupee Term Loan		8.78		8.07
Others		7.96		8.73
Other Borrowing Cost		3.94		2.77
		316.36		**189.57**

* Represents Government of India Grant towards interest on borrowed funds taken for Feed Stock Conversion Project from `LSHS/FO' to `Gas' at Panipat, Bhatinda & Nangal Unit under the Government Policy.

Note: 41 Depreciation and Amortization Expense

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Depreciation / Amortization on tangible assets	282.66	296.57
Amortization of intangible assets	2.37	6.16
	285.03	**302.73**
Less : Depreciation on Property, Plant & Equipment against Govt Grant adjusted (Refer Note: 23 & 30)	183.89	229.43
	101.14	**73.30**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 42 Other expenses

₹ in crore

	Year Ended 31st March, 2019		Year Ended 31st March, 2018	
Rent		0.99		0.84
Rent for Godown		10.79		12.25
Rates and taxes		2.53		2.76
Insurance		9.45		10.27
Auditors' remuneration:				
Audit Fee	0.25		0.23	
Tax Audit Fee	0.07		0.07	
Certification and other fee	0.20		0.23	
Out of pocket expenses	0.04	**0.56**	0.01	**0.54**
Cost Audit Fee		0.02		0.01
Security Expenses		55.96		54.98
Printing and Stationery		1.08		1.37
Advertisement, Publicity and Sales Promotion		4.39		4.74
Directors' Fees		0.15		0.12
Telephone and Postage		2.03		2.03
Travelling		22.61		16.23
Water Charges		15.86		16.00
Provision for:				
Doubtful Advances	(0.84)		0.42	-
Un-utilised GST Input Credit	12.21		-	
Others	(0.02)	**11.35**	(0.18)	**0.24**
Loss on Sale of Investments		-		-
Write Off:				
Stores and spares	4.72		5.20	
Others	0.09	**4.81**	0.28	**5.48**
Legal Expenses		1.10		0.79
Bank Charges		3.74		2.84
Demurrage and Wharfage		1.46		0.98
CSR Expenditure		2.29		2.97
Miscellaneous expenses		37.25		35.39
		188.42		**170.83**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note : 43 Income Tax Expense

₹ in crore

		Year Ended 31st March, 2019	Year Ended 31st March, 2018
Current Tax			
Current Tax on Profits for the year		152.82	79.46
Total Current tax expense	**(A)**	**152.82**	**79.46**
Deferred Tax			
Decrease / (increase) in deferred tax assets		(2.92)	12.70
(Decrease) / increase in deferred tax liabilities		13.74	28.94
Total Deferred Tax Expense / (benefits)	**(B)**	**10.82**	**41.64**
	(A+B)	**163.64**	**121.10**
Income Tax Relating to Other Comprehensive Income		1.28	0.96
Income Tax Expense		**164.92**	**122.06**

Reconcilation of the tax expense and the accounting profit multiplied by tax rate

₹ in crore

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Profit before tax	463.37	334.83
Tax at the enacted rate of 34.944% (CPLY 34.608%)	161.92	115.88
Add :		
Tax effect of amount not deductable (taxable) while calculating taxable income		
Add :CSR Exp	0.80	1.03
Add : Interest on Income Tax	0.73	0.79
Add: Payment To Special Welfare Fund Not Allowable	0.01	0.01
Others	1.46	4.35
Total Income Tax Expense	**164.92**	**122.06**

Note: 44 Earning per share:

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Profit/(Loss) after Tax (₹ Crore)	298.45	212.77
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	6.08	4.34

The Company has not issued any security which will have the effect of diluting earnings on equity.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 45: Contingent liabilities

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Claims against the Company not acknowledged as debts		
a. **Pending Appellate/Judicial decisions:**		
Income tax	29.26	183.57
Excise, customs and service tax	27.14	27.59
Value Added Tax	0.64	0.64
Land compensation/development claims	3.88	3.49
Arbitration and civil cases	86.18	366.29
b. Other claims	0.51	0.61
c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable	-	-
	147.61	**582.19**

Note 46 Capital and other commitments

₹ in crore

	As at 31st March, 2019	As at 31st March, 2018
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	577.54	628.42
ii) Unutilized amount of Letter of Credit	458.61	10.35

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

47.1 Ind AS-19: Employee Benefits

47.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹ 20 lakh to eligible employees who render continuous service of 5 years or more.
Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}	Payable on separation to eligible employees who have accumulated earned leave and half pay leave. During the service period encashment of accumulated earned leave is allowed in a financial year leaving minimum balance leave of 10 days.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹ 9.00 lakhs with minimum benefits of ₹ 1.00 lakhs).
Post Retirement Settlement Benefits (PRSB)	Post Retirement Settlement Benefits (PRSB) for settlement at home town for employees and dependents
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

47.1.2 Provident Fund: The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹ 27.56 crore (CPLY ₹ 27.05 crore) has been charged to statement of Profit and loss towards contribution by the Company.

The Provident Fund Trust set up by the Company is treated as Defined Benefit Plan since the Company has to meet the shortfall in the fund assets, if any. Further, having regard to the assets of the Fund and the Return on the Investments, the Company does not expect any deficiency in the foreseeable future. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability and determined that there is no shortfall as at 31st March, 2019.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

47.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ in crore

		Gratuity		EL		HPL		PRSB		LSA		PF	
		18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18
(i)	**Reconciliation of present value of defined benefit obligations and plan assets:**												
1	Present value of projected benefit obligations at beginning of the year	296.11	182.08	70.43	82.76	91.31	70.19	1.57	1.51	0.55	0.61	1011.44	948.37
2	Service Cost	9.73	9.97	6.36	3.60	4.22	3.76	0.07	0.06	0.02	0.03	27.56	27.05
3	Past Service Cost	-	106.60	-	-	-	-	-	-	-	-	-	-
4	Interest Cost	22.80	13.40	5.42	6.09	7.03	5.16	0.12	0.11	0.04	0.05	77.88	71.13
5	Actuarial (Gains) / Losses	3.18	3.46	21.76	27.90	4.38	17.52	0.02	0.06	0.02	-	(8.36)	(5.33)
6	Benefits Paid	(32.53)	(19.40)	(21.10)	(49.92)	(5.84)	(5.32)	(0.12)	(0.17)	(0.12)	(0.14)	(88.95)	(86.24)
7	Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	58.24	56.21
8	Transfer in	-	-	-	-	-	-	-	-	-	-	1.08	0.25
9	Present value of projected benefit obligations at close of the year [1 to 6]	299.29	296.11	82.87	70.43	101.10	91.31	1.66	1.57	0.51	0.55	1078.89	1011.44
10	Fair Value of Plan assets at close of the year	(148.64)	(114.53)	-	-	-	-	-	-	-	-	(1249.26)	(1162.82)
11	Net Liability recognized in Balance Sheet at close of the year [9-10]	150.65	181.58	82.87	70.43	101.10	91.31	1.66	1.57	0.51	0.55	-	-
(ii)	**Reconciliation of fair value of assets and obligations [Refer Foot Note 1 below]:**												
1	Fair value of plan assets at beginning of the year	114.53	123.91	-	-	-	-	-	-	-	-	1162.82	1082.14
2	Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	59.32	56.46
3	Expected Return on plan assets	8.82	9.12	-	-	-	-	-	-	-	-	77.88	71.13
4	Actual Company's contribution	58.08	0.01	-	-	-	-	-	-	-	-	27.56	27.05
5	Actuarial Gains/(Losses)	(0.46)	0.74	-	-	-	-	-	-	-	-	10.63	12.28
6	Benefits Payments	(32.33)	(19.25)	-	-	-	-	-	-	-	-	(88.95)	(86.24)
7	Past service Cost	-	-	-	-	-	-	-	-	-	-	-	-
8	Fair value of plan assets at close of the year	148.64	114.53	-	-	-	-	-	-	-	-	1249.26	1162.82
9	Present value of defined benefit obligation	299.29	296.11	-	-	-	-	-	-	-	-	1078.89	1011.44
10	Net liability recognized in the Balance Sheet at close of the year [8-7]	150.65	181.58	-	-	-	-	-	-	-	-	-	-
(iii)	**Expenses recognized in the Statement of Profit & Loss:**												
1	Service Cost	9.73	9.97	6.36	3.60	4.22	3.76	0.07	0.06	0.02	0.03	27.56	27.05
2	Past Service Cost	-	106.60	-	-	-	-	-	-	-	-	-	-
3	Interest Cost	22.80	13.40	5.42	6.09	7.03	5.16	0.12	0.11	0.04	0.05	77.88	71.13
4	Actuarial (Gains) / Losses	3.64	2.72	21.76	27.90	4.38	17.52	0.02	0.06	0.02	-	(8.36)	(5.33)
5	Expected return on Plan Assets	(8.82)	(9.12)	-	-	-	-	-	-	-	-	(77.88)	(71.13)
6	Total charged to P&L Account	27.35	123.57	33.54	37.59	15.63	26.44	0.21	0.23	0.08	0.08	-	-

(iv)	**Actuarial assumptions:**	**As at 31st March, 2019**	**As at 31st March, 2018**
1	Method used	Projected Unit credit	Projected Unit credit
2	Discount Rate (per annum)	7.34%	7.70%
3	Mortality Rate	Indian assured lives mortality (2006-08) modified ultimate	Indian assured lives mortality (2006-08) modified ultimate
4	Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Exectives 3%/2%/1%, depending upon age	Executives and Non Exectives 3%/2%/1%, depending upon age
5	Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	6.00%	6.00%

(v)	**Actuarial assumptions (PF):**	**As at 31st March, 2019**	**As at 31st March, 2018**
1	Discount Rate (per annum)	7.34%	7.70%
2	Interest Rate Guarantee	8.65%	8.55%

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Sensitivity Analysis of the defined benefit obligation.

Effect of half percent point change in the Discount rate on Employee's Benefit Schemes

₹ in crore

Sr. No.	Particulars	0.5 percent point decrease in discounting rate	0.5 percent point increase in discounting rate
1	Gratuity	8.32	(7.93)
2	Earned Leave	2.76	(2.60)
3	Half Pay Leave	2.89	(2.75)

Effect of half percent point change in the Salary escalation on Employee's Benefit Schemes

₹ in crore

Sr. No.	Particulars	0.5 percent point decrease in salary escalation rate	0.5 percent point increase in salary escalation rate
1	Gratuity	(4.61)	4.26
2	Earned Leave	(2.64)	2.78
3	Half Pay Leave	(2.80)	2.91

Foot Note:

1. The company has funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is mainly based on the information given by the insurance companies through whom the investment has been made by the fund. Gratuity liability of ₹ 150.65 crore (CPLY ₹181.58 crore) is unfunded as on 31st March, 2019. Other defined benefit obligations are unfunded.

47.1.4 Other Employee Benefit Schemes:

Provision of (₹0.68) crore (CPLY (₹0.12) crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been reversed on the basis of actuarial valuation and credited to the Statement of Profit and Loss account. A net liability of ₹ 14.90 crore (CPLY ₹15.58 crore) has been recognized in the Balance Sheet as at 31st March 2019 on account of these schemes.

47.1.5 Provident Fund: 12% of Basic Pay plus Dearness allowance contributed to the Provident Fund Trust of the Company. The Company does not anticipate any further obligation in the near foreseeable future having regard to the amount of the fund and return on investment as confirmed by the actuary.

(vi) The major categories of plans assets are as follows:

₹ in crore

Particulars	31st March, 2019				31st March, 2018			
	Quoted ₹	Unquoted ₹	Total ₹	in %	Quoted ₹	Unquoted ₹	Total ₹	in %
Equity instruments	24.28	-	24.28	2.31	17.67	-	17.67	1.78
Debt instruments	1024.00	-	1024.00	97.22	969.59	-	969.59	97.55
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	5.03	5.03	0.48	-	6.70	6.70	0.67
Total	**1048.28**	**5.03**	**1053.31**	**100.00**	**987.26**	**6.70**	**993.96**	**100.00**

Note 48 : Ind AS-108: Operating Segments

Ind AS-108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about product and services, geographical areas and major customers.

"Company's primary business segments are

i) Own Fertilizers (Urea, Bio Fertilizers and Bentonite Fertilizers)

ii) Fertilizers Trading (Indigenous and Imported)

iii) Other Products & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme), and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM)."

48.1.1 **Geographical Segment:** The operations of the company are conducted within India and there is no separate reportable geographical segment.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

48.1.2 The disclosure of segment-wise information is as below:

₹ in crore

PARTICULARS	Year ended 31st March, 2019	Year ended 31st March, 2018
SEGMENT REVENUE (NET SALES)		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	9534.21	7626.66
Fertilizer Trading	2442.32	1106.95
Other Products & Services	331.22	274.36
Eliminations	62.51	53.61
Total Segment Revenue	**12245.24**	**8954.36**
SEGMENT RESULTS		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	581.17	433.75
Fertilizer Trading	162.47	103.86
Other Products & Services	59.76	55.10
Total Segment Results	**803.40**	**592.71**
Finance expenses	316.36	189.57
Unallocable Expenses (Net of unallocable income)	27.04	68.32
Profit / (Loss) Before exceptional item	**460.00**	**334.82**
Provision for Tax	164.92	122.06
Profit After Tax	**295.08**	**212.76**
Other comprehensive income (net of taxes)	(2.37)	(1.82)
Total Comprehensive Income	**292.71**	**210.94**
SEGMENT ASSETS		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	11154.07	8309.20
Fertilizer Trading	1876.95	672.94
Other Products & Services	131.33	127.00
Unallocable	744.58	517.42
Segment Assets	**13906.93**	**9626.56**
SEGMENT LIABILITIES		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4450.18	4384.37
Fertilizer Trading	442.28	22.39
Other Products & Services	41.22	36.67
Unallocable	6759.45	3197.58
Segment Liabilities	**11693.13**	**7641.01**
CAPITAL EXPENDITURE		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	199.08	319.61
Fertilizer Trading	-	-
Other Products & Services	0.02	0.12
Unallocable	2.52	7.28
Capital Expenditure	**201.62**	**327.01**
DEPRECIATION AND AMORTISATION EXPENSES		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	87.82	61.24
Fertilizer Trading	-	-
Other Products & Services	11.15	10.75
Unallocable	2.17	1.31
Depreciation and Amortisation expenses	**101.14**	**73.30**
NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	5.42	6.13
Fertilizer Trading	8.18	2.45
Other Products & Services	-	-
Unallocable	(2.11)	0.01
Non-cash expenses other than Depreciation and Amortisation	**11.49**	**8.59**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 49 Ind AS-24: Related Party Disclosures

A)	Nature of Relationship	Name of the Related Party
	Joint Ventures	Urvarak Videsh Limited Ramagundam Fertilizers & Chemicals Limited

B)	Nature of Relationship	Name of the Related Party
	Key Management Personnel	(i) Shri Manoj Mishra, Chairman & Managing Director
		(ii) Shri R. K. Chandiok Director (Finance)
		(iii) Shri D.S. Ahuja Director (Technical)
		(vi) Shri V.N. Datt Director (Marketing) w.e.f. 11.10.2018
		(v) Shri Rajkumar Company Secretary

C) Key management personnel compensation

₹ in crore

	31st March 2019	31st March 2018
Short term employee benefits	2.09	1.56
Post employment benefits	-	-
Long-term employee benefits	0.18	0.13
Termination benefits	-	-
Total Compensation	**2.27**	**1.69**

D) Transactions with Related parties:

(i) During the year, there were transactions of ₹76.57 crore (CPLY ₹70.85 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹55.00 crore (CPLY ₹65.25 crore) and others ₹21.57 crore (CPLY ₹5.60 crore).

(ii) Remuneration to Key Management Personnel at (B) above is ₹2.27 crore (CPLY ₹1.69 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

Note 50: Ind AS-36: Impairment of assets

In accordance with Ind AS-36, the carrying amount of Property, Plant & Equipment have been reviewed at year-end for indication of impairment loss, if any, by considering assets of entire one plant as Cash Generating Unit. As there is no indication of impairment, no loss has been recognized during the year.

Note 51: Assets taken on Operating lease:

The Company's significant leasing arrangements are in respect of operating leases of premises for offices, godowns and residential use of employees & vehicles. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employee benefit expense remuneration and benefits include ₹1.16 crore (CPLY ₹1.13 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, godowns and vehicles, ₹10.48 crore (CPLY ₹13.30 crore) are shown in Rent (other expenses Note: 42).

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 52: As per requirements of the listing agreements with the stock exchanges, the requisite details of loans and advances in the nature of loans given by the Company are as under:

i) There are no loans and advances in the nature of loans to any subsidiary.

(ii) No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and

(iii) There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

Note 53: As per Section 135 of the Companies Act 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

₹ in crore

Particulars		Current period	Previous period
A	Balance of CSR Reserve carried forward from earlier year (As per DPE Guidelines)	3.88	2.50
B	Amount required to be spent during the year (As per Companies Act)	6.30	4.35
C	**Total (A+B)**	**10.18**	**6.85**
D	Amount Spent on CSR Expenses during the year*	2.29	2.97
E	Closing Balance of CSR Reserve (D-E)	**7.89**	**3.88**
	Total amount of ₹2.29 crores has been spent in cash during the year ended 31st March, 2019.		

***Break-up of the CSR expenses under major heads is as under:**

₹ in crore

Particulars		Amount
1	Health and Sanitation	0.61
2	Education & Skill Development	0.05
3	Promoting gender, empowering women, setting up homes	0.08
4	Environmental & Sustainability	0.21
5	Measure for the benefit of Armed Force	0.05
6	Training to Promote Rural Sports paralympic	0.09
7	Rural Development projects	1.20
	Total	**2.29**

Note 54 : Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders.

		Current year	Previous year
a)	Number of non resident shareholders	705	415
b)	Number of ordinary shares held by them	1401241	1638894
c)	Amount of Dividend (₹ in Crore)	0.15	0.14

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 55 : Fair Value Measurement

Financial instruments by category

₹ in crore

Particular	March 31, 2019			March 31, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investment	-	-	268.50	-	-	216.87
Loan to Employee	-	-	11.80	-	-	14.23
Other Financial Assets	-	-	239.93	-	-	241.37
Trade Receivables	-	-	7155.76	-	-	3924.38
Cash & Cash Equivalents	-	-	16.62	-	-	7.49
Other Bank Balances	-	-	2.44	-	-	2.33
Total financial assets	**-**	-	**7695.05**	**-**	-	**4406.67**
Financial liabilities						
Borrowings						
ECB Loan	-	-	123.09	-	-	170.28
Term Loan	-	-	218.40	-	-	-
Borrowings	-	-	6122.11	-	-	2890.43
Other Financial Liabilities	-	-	969.21	-	-	406.75
Security Deposits	-	-	164.79	-	-	148.65
Trade Payables	-	-	630.86	-	-	491.08
Total financial liabilities	**-**	-	**8228.46**	**-**	-	**4107.19**

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	**-**
Investment in New India Co-operative bank		-	-	-	**-**
Financial Investments at FVOCI:		-	-	-	**-**
Total financial assets		-	-	-	**-**
Financial liabilities		-	-	-	**-**
Total financial liabilities		**-**	**-**	**-**	**-**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

₹ in crore

At 31st March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	**-**
Investment in New India Co-operative bank		-	-	-	**-**
Financial Investments at FVOCI:		-	-	-	**-**
Total financial assets		**-**	**-**	**-**	**-**
Financial liabilities		-	-		**-**
Total financial liabilities		**-**	**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	268.50	**268.50**
Loans to employees		-	-	11.80	**11.80**
Other Financial Assets		-	-	239.93	**239.93**
Trade Receivables		-	-	7155.76	**7155.76**
Cash & Cash Equivalents		-	-	16.62	**16.62**
Other Bank Balances		-	-	2.44	**2.44**
Total financial assets		**-**	**-**	7695.05	**7695.05**
Financial Liabilities					
Borrowings					
ECB Loan		-	-	123.09	**123.09**
Term Loan				218.40	**218.40**
Borrowings		-	-	6122.11	**6122.11**
Other Financial Liabilities		-	-	969.21	**969.21**
Security Deposits		-	-	164.79	**164.79**
Trade Payables		-	-	630.86	**630.86**
Total financial liabilities		**-**	**-**	**8228.46**	**8228.46**

At 31st March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	216.87	**216.87**
Loan to Employee		-	-	14.23	**14.23**
Other Financial Assets		-	-	241.37	**241.37**
Trade Receivables		-	-	3924.38	**3924.38**
Cash & Cash Equivalents		-	-	7.49	**7.49**
Other Bank Balances		-	-	2.33	**2.33**
Total financial assets		**-**	**-**	**4406.67**	**4406.67**
Financial Liabilities					
Borrowings					
ECB Loan		-	-	170.28	**170.28**
Borrowings		-	-	2890.43	**2890.43**
Other Financial Liabilities		-	-	406.75	**406.75**
Security Deposits		-	-	148.65	**148.65**
Trade Payables		-	-	491.08	**491.08**
Total financial liabilities		**-**	**-**	**4107.19**	**4107.19**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.
All of the resulting fair value estimates are included in level 2

(iii) Fair value measurements using significant unobservable inputs (level 3)

	Equity Instruments	Total
As at 31st March, 2019	NA	-
As at 31st March, 2018	NA	-

(iv) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-19		31-Mar-18	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment	268.50	268.50	216.87	216.87
Loan to Employee	11.80	11.80	14.23	14.23
Other Financial Assets	239.93	239.93	241.37	241.37
Trade Receivables	7155.76	7155.76	3924.38	3924.38
Cash & Cash Equivalents	16.62	16.62	7.49	7.49
Other Bank Balances	2.44	2.44	2.33	2.33
Total financial assets	**7695.05**	**7695.05**	**4406.67**	**4406.67**
Financial Liabilities				
Borrowings				
ECB Loan	123.09	123.09	170.28	170.28
SBI Term Loan	218.40	218.40	-	-
Borrowings	6122.11	6122.11	2890.43	2890.43
Other Financial Liabilities	969.21	969.21	406.75	406.75
Security Deposits	164.79	164.79	148.65	148.65
Trade Payables	630.86	630.86	491.08	491.08
Total financial liabilities	**8228.46**	**8228.46**	**4107.19**	**4107.19**

The carrying amounts of trade receivables, trade payables, Borrowing, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. The discount rate considered for FY 2018-19 is 8.15% (CPLY 8.90%). They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note No. 56 Financial Risk Management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost.	Aging analysis, Credit Analysis, Post Dated Cheques and Security Deposit.	Diversification of bank deposits, credit limits and Bank Guarantees
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash Flow Forecasting, Monitoring of Forex Risk Management Policy	Forward Foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Monitoring of Forex Risk Management Policy	Interest Rate Swap

The company's risk management is carried out by a central treasury department and marketing department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, marketing manual, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, derivative financial instruments and investment of excess liquidity.

(A) Credit risk

Credit Risk refers to the risk of default on its obligations resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹7166.57 crore and ₹3935.28 crore as of March 31, 2019 and March 31, 2018, respectively. Trade receivables mainly constitute subsidy receivable from Government of India and from sale of fertilizers to dealers. Trade receivables from dealers are partially secured. Credit risk is being managed through credit approvals, establising credit limits and monitoring the creditworthiness of customers to allow credit terms in the normal course of business.

Breakup of Trade Receivables is as under:

Party Wise breakup of Trade Receivables				
Category	**31.03.2019 ₹ in crore**	**% of Total Debtors**	**31.03.2018 ₹ in crore**	**% of Total Debtors**
Govt of India (Subsidy)	6561.90	91.56	3696.25	93.93
Institutional Dealers	304.68	4.25	85.96	2.18
Private Dealers	299.99	4.19	153.07	3.89
	31.03.2019	**% of Debtors to Total Sales**	**31.03.2018**	**% of Debtors to Total Sales**
Total Sales	12214.03	58.67	8928.29	44.08

Note - The Total Subsidy Receivable is ₹6561.90 crore. Loan against Subsidy under Special Banking Arrangement amounting ₹1451.73 crore (CPLY ₹194.71 crore) was received during March 2019.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ in crore

	31st March, 2019	31st March, 2018
Floating rate		
Expiring within one year (Bank Overdraft/CC Limit and other facilities)	1531.69	5381.85

The Bank Overdraft/Cash Credit (CC)/Short term loan (STL) facilities may be drawn at any time and may be called back by the bank at their discretion. The credit facilities of Banks are subject to compliance with sanctioned terms & conditions. The credit facilities have an average maturity of 1 year.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

(C) Market Risk – Foreign Exchange

The Position of Hedged Foreign Currency exposures are as under:-

₹ in crore

Particulars	Hedged Exposures	Cross Currency	As on 31.03.2019	As on 31.03.2018
Foreign Currency exchange contracts	Trade Exposure/Buyer's credit/Supplier's credit availed for import of fertilizers and others	-	-	-
	Foreign Currency Term Loan (ECB)	-	-	-

The year-end foreign currency expossures that have not been hedged by a dericative instrument or otherwise are as under:-

₹ in crore

Particulars	As on 31.03.2019	As on 31.03.2018
Foreign Currency Term Loan (ECB)	123.74	171.76
Trade Exposure/Buyer's credit/Supplier's credit availed for import of fertilizers and others	656.01	221.67

Note No. 57 Capital Management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of the capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt as per guidelines of Governement of India

Consistent with others in the industry, The company monitors capital on the basis of the following gearing ratio:

Debt (Long term barrowings)

divided by

Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain Debt Equity ratio within 2.5:1. The Debt Equit ratio is as follows:

₹ in Crores

	31st March 2019	31st March 2018
Debt	341.49	170.28
Total equity	2219.02	1987.40
Debt to equity ratio (in times)	**0.15**	**0.09**

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

(b) Dividends

₹ in Crores

	31st March 2019	31st March 2018
Equity shares		
Interim dividend for the year ended 31 March 2019 (31 March 2018 – INR 0) per fully paid share	**53.47**	-
Final dividend for the year ended 31 March 2018 (31 March 2017 – INR 0.85) per fully paid share	-	41.70

Note No. 58 Others

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For and on behalf of the Board of Directors

(N. S. Verma)	**(Rajkumar)**	**(R.K. Chandiok)**	**(Manoj Mishra)**
ED (F&A)	Company Secretary A-11914	Director (Finance) DIN No.05146544	Chairman & Managing Director DIN No.06408953

For HDSG & Associates
Chartered Accountants

(Harbir Gulati)
Partner
Membership No.084072
Firm Regd. No. 002871N

For S. Mann & Company
Chartered Accountants

(Subhash Chander Mann)
Partner
Membership No.080500
Firm Regd. No. 000075N

Place: Noida
Date: 2nd May, 2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements of National Fertilizers Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act, based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 02 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of National Fertilizers Limited for the year ended 31 March, 2019 under Section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

(Nandana Munshi)
Director General of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi

Place: New Delhi
Date: 03rd July, 2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of consolidated financial statements of National Fertilizers Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act, based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 02 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of National Fertilizers Limited for the year ended 31 March, 2019 under Section 143(6) (a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of the National Fertilizers Limited (the Company) and of Urvarak Videsh Limited and Ramagundam Fertilizers and Chemicals Limited (the Joint Ventures). This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6) (b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

(Nandana Munshi)
Director General of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi

Place: New Delhi
Date: 04th July, 2019

NEW VENTURES



Agreement signing with M/s SABIC, Saudi Arabia for purchase of 2,80,000 MT of DAP during FY 2019-20. The agreement was signed by Shri. J.P. Sachdeva, CGM(Mtls), NFL and Shri Ahmed Bin Eid, Director, M/s SABIC.

MoU signed with Central Warehousing Corporation (CWC) to construct seed processing units at Indore, Bathinda & Panipat. The agreement was signed in the presence of Shri Manoj Mishra, C&MD, Shri V. N. Datt, Director (Marketing), Shri S. C. Mudgericar, Director (Marketing), CWC besides senior officials of both the companies.





Signing of agreement with Assam based CPSU, Brahmputra Valley Fertilizer Corporation Ltd. (BVFCL) for marketing of NFL products in Northeast.

PLANT VISITS



Shri Chhabilendra Roul, Secretary (Fertilizers) taking a round of NFL Panipat Unit. He is accompanied by Shri Manoj Mishra, C&MD, Shri D. S. Ahuja, Director (Technical) and Shri Sunil Arora, CGM, Panipat Unit.

Shri Manoj Mishra, C&MD inaugurating the additional storage capacity of Nitric Acid plant of Nangal Unit.





Shri D. S. Ahuja, Director (Technical) interacting with Shri Jagdeep Shah Singh, GM I/c, Vijaipur Unit and other senior officials while reviewing progress at Vijaipur Unit.



Shri V. N. Datt, Director (Marketing) inspecting Urea handling at port alongwith senior officials of Company.

SIGNIFICANT EVENTS



Shri Manoj Mishra, C&MD presenting the cheque of Rs. 1.5 crore to Hon'ble Chief Minister of Assam, Shri Sarbananda Sonowal towards the Chief Minister's Relief Fund for flood relief on 08.08.2019. Shri D. S. Ahuja, Director (Tech), Shri V. N. Datt, Director (Mktg), Shri Dinesh Sood, GM (HR) I/c and other NFL officers accompanied him on the occasion.

Shri Manoj Mishra, C&MD alongwith the Functional Directors, Independent Directors & Govt. Nominee during the 44th Annual General Meeting.





श्री मनोज मिश्रा, अध्यक्ष एवं प्रबंध निदेशक, श्री दिनेश सूद, महाप्रबंधक (मा.सं.), प्रभारी, श्री डी.पी. मिश्र, सहायक निदेशक (राजभाषा), उर्वरक विभाग, दिनांक 23 फरवरी, 2019 को संसदीय राजभाषा समिति की पहली उप समिति द्वारा एनएफएल., कॉरपोरेट कार्यालय, नौएडा के राजभाषा कार्यान्वयन संबंधी निरीक्षण के दौरान नई दिल्ली में उपस्थित



Shri Manoj Mishra, C&MD presenting Interim Dividend of Rs. 39.95 Crore to the Hon'ble Minister (Chemicals & Fertilizers), Shri D. V. Sadananda Gowda in the presence of Secretary (Fertilizers), Shri Chhabilendra Roul, NFL Directors and senior officials of Department of Fertilizers.



NFL signing MoU with Govt. to achieve Rs. 13,500 crore sales Turnover in 2019-20. Shri Manoj Mishra, C&MD, NFL exchanging MoU document with Shri Chhabilendra Roul, Secretary (Fertilizers) after signing.

GREETING MINISTERS



Shri Manoj Mishra, C&MD extending best wishes to Hon'ble Minister (Chemicals & Fertilizers) Shri D. V. Sadananda Gowda on taking over the reigns of Ministry.

Shri Manoj Mishra, C&MD interacting with Hon'ble Minister (Chemicals & Fertilizers) Shri D. V. Sadananda Gowda and briefing him about NFL's growth in last few years and future plans.





Shri Manoj Mishra, C&MD felicitating Hon'ble Minister of State for Chemicals & Fertilizers and Shipping (Independent Charge) Shri Mansukh Lal Mandaviya for his second stint in the cabinet.



UREA | DAP | MOP | NPKs | APS

BIO-FERTILIZERS | BENTONITE SULPHUR | SEEDS

COMPOST | AGRO CHEMICALS | INDUSTRIAL PRODUCTS

एन एफ एल
NFL

National Fertilizers Limited

(A Government of India Undertaking)
CIN : L74899DL1974GOI007417
Regd. office : Scope Complex, Core-III, 7, Industrial Area
Lodhi Road, New Delhi - 110003
Corporate Office : A-11, Sector-24, NOIDA-201301
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