



# नेशनल फर्टिलाइजर्स लिमिटेड

(भारत सरकार का उपक्रम)

कॉर्पोरेट कार्यालय : ए-11, सेक्टर-24, नोएडा - 201301

जिला गौतम बुद्ध नगर (उ.प्र.),

दूरभाष : 0120 2012294, 2412445, फैक्स : 0120-2412397



## NATIONAL FERTILIZERS LIMITED

(A Govt. Of India Undertaking)

Corporate Office : A-11, Sector-24, Noida-201301,

Distt. Gautam Budh Nagar ( U.P.)

Ph.: 0120-2412294, 2412445, Fax : 0120-2412397

Ref. No. NFL/SEC/SE/714

Dated: 06.09.2022

<b>National Stock Exchange of India Ltd.</b> <b>Exchange Plaza,</b> <b>C-1, Block-G, Bandra Kurla</b> <b>Complex, Bandra (E),</b> <b>Mumbai-400051</b>	<b>BSE Limited</b> <b>Corporate Relationship Department,</b> <b>1st Floor, New Trading Wing, Rotunda</b> <b>Building, Phiroze Jeejeebhoy Towers,</b> <b>Dalal Street, Mumbai- 400 001</b>
<b>NSE Symbol: NFL</b>	<b>BSE Script Code: 523630</b>

**Sub: 48<sup>th</sup> Annual General Meeting Notice and Annual Report for Financial Year 2021-22.**

Dear Sir,

This is in continuation to our earlier communication dated 25.08.2022 regarding holding of 48<sup>th</sup> Annual General Meeting of the Company on **Thursday, 29<sup>th</sup> September, 2022 at 2:30 P.M. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")**.

Pursuant to Regulation 30 read with Part A of Schedule III and Regulation 34 of SEBI (LODR) Regulations 2015, we are enclosing herewith the Notice of 48<sup>th</sup> AGM and the Annual Report for the Financial Year 2021-22.

The Annual Report 2021-22 along with AGM Notice is also available on the website of the Company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

This is submitted for your intimation and records.

Thanking you,

**Yours faithfully,**  
**For National Fertilizers Limited**

**(Ashok Jha)**  
**Company Secretary**

**Encl: As above.**

**NATIONAL FERTILIZERS LIMITED****CIN:** L74899DL1974GOI007417**Registered Office:** Scope Complex, Core-III, 7, Institutional Area,  
Lodhi Road, New Delhi – 110003.**Website:** www.nationalfertilizers.com | **Email:** investor@nfl.co.in**Tel:** 011-24360066, 24361252, **Fax:** 011-24361553**NOTICE OF  
48<sup>TH</sup> ANNUAL  
GENERAL MEETING**

NOTICE is hereby given that the 48<sup>th</sup> Annual General Meeting of the Members of National Fertilizers Limited will be held on Thursday, the 29<sup>th</sup> day of September, 2022 at 2:30 PM IST through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") 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 31<sup>st</sup>, 2022 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 appoint a Director in place of Ms. Neeraja Adidam (DIN: 09351163), who retires by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri Atul Baburao Patil (DIN: 09557730), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To authorize Board of Directors of the Company to fix the 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 2022-23 as may be deemed fit by the Board."

**SPECIAL BUSINESS**

5. To appoint Dr. Prathibha A. (DIN: 09692712), as Government Nominee Director 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, 161 of the Companies Act, 2013, Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (including any statutory modification thereof) and other applicable provisions read with the Articles of Association of the Company,

Dr. Prathibha A. (DIN: 09692712), 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. 95/1/2019-HR-PSU dated 20.07.2022 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 03.08.2022 and in respect of whom the Company has received a notice under Section 160 of Companies Act, 2013 proposing her 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."

6. To ratify the remuneration of the Cost Auditors for the financial year ending March 31<sup>st</sup>, 2023, 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 provision 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 Ramanath Iyer & Co., M/s K. G. Goyal & Associates, M/s R. K. Patel & Co. and M/s Ravi Sahni & 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 31.03.2023 amounting to ₹1,22,000/-, ₹61,000/-, ₹61,000/-, ₹61,000/- plus GST respectively and additional fee of ₹26,000/- plus GST payable to M/s Ramanath Iyer & Co. as lead Cost Auditor, and reimbursement of travelling and local transport expenses, 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."

7. 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 modification(s) or re-enactment(s) 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 Institutions and/or foreign lender and/or anybody 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 ₹20000 Crore (Rupees Twenty Thousand Crores only) (comprising fund based limit of ₹12000 Crore and Non-fund based limit of ₹8000 Crore with both way interchangeability between fund-based and Non-fund based limit), 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, at any time, exceed the aggregate of the paid-up share capital of the Company and its free reserves.

**RESOLVED FURTHER THAT** the Board of Directors or any officer(s) authorized by it in this regard 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."

8. 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.”

**By Order of the Board of Directors  
For National Fertilizers Limited**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road  
New Delhi-110003.

**Date: 29<sup>th</sup> August, 2022**

**Ashok Jha  
Company Secretary  
A-14100**

## NOTES:

1. In view of the CoVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular no. 20/2020 dated May 5, 2020 in relation to clarification on holding of annual general meeting ('AGM') through video conferencing ('VC') or other audio visual means ('OAVM') read with General Circular no. 14/2020 dated April 8, 2020, General Circular no. 17/2020 dated April 13, 2020, General Circular No.02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 08, 2021, General Circular No. 21/2021 dated December 14, 2021 and General Circular No. 2/2022 dated May 05, 2022 (collectively referred to as "MCA Circulars") and the Securities and Exchange Board of India ('SEBI') vide its circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (collectively referred to as 'SEBI Circulars') has permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the 48<sup>th</sup> AGM of the Company is being held through VC/OAVM.
2. Explanatory Statement pursuant to Section 102 of the Act setting out the material facts in respect of Special Business (Item No. 5 to 8) is annexed hereto. The relevant details, pursuant to Regulation 36(3) of SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS-2), of the persons seeking appointment/ re-appointment as Directors under Item no. 2, 3 & 5 are also annexed.
3. NFL is a Government Company under the administrative control of the Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India and the power to appoint/ nominate Director(s) vests with the Government of India. All Directors of the Company viz. Executive, Non- Executive and Independent Directors are appointed/ nominated by DoF based on the skills/ expertise/ competencies required for the Company. In view thereof, the Board of Directors has not identified the list of core skills/ expertise/ competencies required by a Director in the context of Company's business, as required under SEBI LODR Regulations.
4. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE, THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP ARE NOT ANNEXED TO THIS NOTICE.**
5. In case Members have any query relating to the Financial Statements or about the operations of the Company, are requested to write to the Company on or before 23.09.2022 through an email at [investor@nfl.co.in](mailto:investor@nfl.co.in). The same will be replied by the Company suitably.
6. Corporate Members intending to authorise 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. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [ppdkothari71@gmail.com](mailto:ppdkothari71@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members who wish to inspect the documents can send an email to [investor@nfl.co.in](mailto:investor@nfl.co.in) mentioning their name, demat account number/ folio number, email ID and Mobile number.

8. The Register of Members and Share Transfer Books of the Company will remain closed from 23.09.2022 to 29.09.2022 (both days inclusive) for the purpose of AGM.
9. Members holding shares in dematerialized 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, would 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 to the Registrar & Transfer Agent.
11. As per SEBI circular dated 03/11/2021 every shareholder who are holding shares in physical form is mandatorily required to register their PAN, Bank detail, Mobile number, E-mail id and nomination, otherwise their holding will be frozen and after December 2025, all these shares will be referred to the Administering Authority under Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002. A separate communication has already been sent by the Company through registered/speed post to the shareholders holding shares in physical mode. These Shareholders are again requested to register the same if they have not registered already. Form for registering the same can be downloaded from RTA website i.e. [www.masserv.com](http://www.masserv.com).
12. Members may note that Notice of 48<sup>th</sup> Annual General Meeting together with Annual Report for 2021-22 is also available on the Company's website [www.nationalfertilizers.com](http://www.nationalfertilizers.com) for their download. Further, in compliance of SEBI Circulars, the Company shall send the physical copy of Annual Report 2021-22 to those members who request the same at [investor@nfl.co.in](mailto:investor@nfl.co.in) mentioning their Folio No./DP ID and Client ID.
13. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

**14. Unpaid/Unclaimed Dividend:**

The Company has transferred the unpaid or unclaimed dividends declared up to financial year 2013-14, from time to time on due dates, if any, 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, from time to time on the date of previous AGMs, if any, on the website of the Company ([www.nationalfertilizers.com](http://www.nationalfertilizers.com)) and 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 contact the Registrar and Transfer Agent, M/s. MAS Services Limited for the same. 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.

**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, if any. The Company has also uploaded full details of such shareholders and shares due for transfer to IEPF on its website at [www.nationalfertilizers.com](http://www.nationalfertilizers.com) under the section "Investor Desk".

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

The shareholders holding shares in physical form are requested to note that in case of failure to provide required documents and details as per aforesaid SEBI circular, all folios of such shareholders shall be frozen on or after April 1<sup>st</sup>, 2023 by the RTA. In view of the above, shareholders of the Company holding securities in physical form are requested to provide following documents/details to RTA:

- i. PAN; (using ISR-1)
- ii. Nomination in Form No.SH-13 or submit declaration to 'Opt-out' in Form ISR-3;
- iii. Contact details including Postal address with PIN code, Mobile Number, E-mail address;
- iv. Bank Account details including Bank name and branch, Bank account number, IFS code;
- v. Specimen signature. (using ISR-2)

Any cancellation or change in nomination shall be provided in Form No.SH-14.

All of above required documents/ details shall be sent at the address of registered office of the RTA (M/s. MAS Services Limited, T-34, II<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi-110020). The shareholders can download the forms mentioned in SEBI circular from the website of the Company [www.nationalfertilizers.com](http://www.nationalfertilizers.com) or website of RTA i.e. [www.masserv.com](http://www.masserv.com).

**16. 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 20<sup>th</sup> 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.

17. SEBI vide Circular No. SEBI/HO/MIRSD/MIRSDRTAMB/P/CIR/2022/8 dated January 25, 2022 mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/ exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, members are advised to dematerialise the shares held by them in physical form.
18. Pursuant to Section 143(5) read with Section 139(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. 4 under the head of ordinary business has been proposed.

19. In Compliance with MCA circulars and SEBI circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories/ RTA. The Notice of AGM and Annual Report 2021-22 are available on the Company's website viz. [www.nationalfertilizers.com](http://www.nationalfertilizers.com) and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also available on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
20. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
21. Annual listing fee for the year 2021-22 has been paid to all Stock Exchanges wherein shares of the Company are listed. Also, the Annual Custodian Fee for the year 2021-22 was paid to both Depositories i.e. Central Depository Services (India) Limited and National Securities Depository Limited.
22. None of the Directors of the Company is in any way related with each other.
23. 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 facility of casting the votes by the members using an electronic voting system will be provided by NSDL. The members whose names appear in the Register of Members/List of Beneficial Owners as on 22.09.2022 i.e. the date prior to commencement of Book Closure (Cut-off date) are entitled to vote on the resolutions set forth in this Notice.
24. Kindly note that the members can opt for only one mode of voting i.e. either through Remote e-voting or voting at the AGM through VC or OAVM. Therefore, members who have cast their votes by remote e-voting prior to the AGM may attend the AGM through VC or OAVM but shall not be entitled to cast their votes again.
25. **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period begins on Monday, September 26, 2022 at 9:00 A.M. and ends on Wednesday, September 28, 2022 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/ Beneficial Owners as on the record date (cut-off date) i.e. Thursday, September 22, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Thursday, September 22, 2022.

#### **How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

#### **Step 1: Access to NSDL e-Voting system**

- A) **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the <b>"Beneficial Owner"</b> icon under "Login" which is available under <b>"IDeAS"</b> section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a>. Select <b>"Register Online for IDeAS"</b> Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>4. Shareholders/ Members can also download NSDL Mobile App <b>"NSDL Speede"</b> facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; align-items: center; gap: 20px;"> <div style="text-align: center;">    <b>App Store</b> </div> <div style="text-align: center;">    <b>Google Play</b> </div> </div> <div style="display: flex; justify-content: center; align-items: center; gap: 20px; margin-top: 10px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> </ol>

Type of shareholders	Login Method
	<ol style="list-style-type: none"> <li>After successful login of Easi/Easiest the user will be also able to see the E-Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on NSDL to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider- NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

**4. 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***

**5. Password details for shareholders other than Individual shareholders are given below:**

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- 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 to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - 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'.
  - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

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

- 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](http://www.evoting.nsdl.com).
- Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.  
  
EVEN Number is : 121327
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options 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.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [ppdkothari71@gmail.com](mailto:ppdkothari71@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. 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](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Amit Vishal at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode, please read point number 15 of notes of the notice. In case shares are held in demat mode, please refer to the e-voting instruction.
2. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting.
3. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**THE INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- a) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
  - b) Members are encouraged to join the Meeting through Laptops for better experience.
  - c) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
26. Shri Pramod Kothari, Proprietor of M/s Pramod Kothari & Co (CP :11532), Company Secretaries has been appointed as Scrutinizer to scrutinize the e-voting (votes casted during the AGM and votes casted through remote e-voting) process in a fair and transparent manner.

The Scrutinizer will submit his report to the C&MD or Director (Marketing) or Director (Finance) after the completion of the scrutiny of the e-voting (votes casted during the AGM and votes casted through remote e-voting), not later than 2 working days from the conclusion of the AGM.

The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.nationalfertilizers.com](http://www.nationalfertilizers.com) and on the website of NSDL immediately after the declaration of result by the Chairman or Director (Marketing) or Director (Finance) in writing and communicated to the BSE and NSE.

**General guidelines for VC/OAVM participation**

- i. Members may note that the 48<sup>th</sup> AGM of the Company will be convened through VC/OAVM in compliance with the applicable provisions of the Companies Act, 2013, read with the MCA and SEBI Circulars. The facility to attend the meeting through VC/OAVM will be provided by the Company.
- ii. Members can log in and join 30 minutes prior to the schedule time of the AGM and window for joining the meeting shall be kept open till the expiry of 15 minutes after the scheduled time. The Company is providing VC/OAVM facility to members to attend the AGM. The said facility will be available for 1000 Members on first come first served basis. This will not include large Members (i.e. Members with 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- iii. Members can participate in the AGM through their desktops/ smartphones/ laptops etc. However, for better experience and smooth participation, it is advisable to join the meeting through desktops/ laptops with high-speed internet connectivity.
- iv. Please note that participants connecting from mobile devices or tablets, or through laptops via mobile hotspot may experience audio/video loss due to fluctuation in their respective networks. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any of the aforementioned glitches.
- v. In case any help required regarding e-voting and joining of VC, you can contact with Mr. Deepanshu Rastogi, Asst. Manager of MAS Services Limited at phone number 011-26387281-83 or investor@masserv.com
- vi. Members who would wish to speak at the AGM may register themselves as a speaker by sending their request with below-mentioned details, from their registered email address at investor@nfl.co.in on or before 23.09.2022.

Name	
DP ID and Client ID/folio No.	
Mobile No.	
No. of shares held on cut-off date (i.e. 22.09.2022)	
Query	
Email ID	

Members who have registered as a speaker will only be allowed to speak during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. Registered Members holding higher voting rights will be given preference to speak at the AGM. Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

**By Order of the Board of Directors  
For National Fertilizers Limited**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road  
New Delhi-110003.  
**Date: 29<sup>th</sup> August, 2022**

**Ashok Jha  
Company Secretary  
A-14100**

## Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013

### **Item No. 5: Appointment of Dr. Prathibha A. (DIN: 09692712) as Government Nominee Director on the Board of the Company.**

Dr. Prathibha A. (DIN: 09692712), was appointed as Government Nominee Director of the Company by the President of India vide Order No. 95/1/2019-HR-PSU dated 20<sup>th</sup> July, 2022 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. 03.08.2022 pursuant to provision of Section 161 of the Companies Act, 2013, Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (including any statutory modification thereof) and other applicable provisions.

As per Regulation 17 (1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

The Company has received requisite notice along with prescribed fee, pursuant to the provisions of Section 160 of the Act, proposing the candidature of Dr. Prathibha A. for appointment as Non-Executive Director of the Company, who is 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 her qualification, expertise, date of first appointment on the Board, relationship with other KMPs and Director, Shareholding in the Company, Number of Meeting attended during the year, Membership/ Chairmanship of Committee of the Boards and other information are attached herewith which forms part of the Notice.

The Company has received requisite consent from Dr. Prathibha A. She is neither disqualified from being appointed as Director in terms of provisions of the Act nor debarred from being appointed to the office of Director by virtue of any order of SEBI or any other authority.

Keeping in view her vast experience and knowledge, it will be in the interest of the Company to appoint Dr. Prathibha A. as Non-Executive Director (Government Nominee) of the Company and the Board of Directors, proposes to seek approval of the Members of the Company for appointment of Dr. Prathibha A. as Non-Executive Director (Government Nominee).

Save and except Dr. Prathibha A. and her 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. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval of the shareholders.

### **Item No. 6: To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2023**

Pursuant to the recommendation of the Audit Committee, Board of Directors in its meeting held on 24.05.2022 have approved the appointment of Cost Auditors and fixed their remuneration to conduct Audit of Cost records of the Company for the financial year 2022-23 as per the following details:-

Unit	Name of the Firm for Cost Audit	Fees (₹)(Exclusive of GST)
Vijaipur - I & II	M/s Ramanath Iyer & Co.	122000/-
Nangal	M/s K. G. Goyal & Associates	61000/-
Bathinda	M/s R. K. Patel & Co.	61000/-
Panipat	M/s Ravi Sahni & Co.	61000/-
Consolidation of Cost Audit reports of all Units	M/s Ramanath Iyer & Co.	26000/-

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.6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 2022-23.

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.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: To increase the borrowing limits of the Company.**

In the 45<sup>th</sup> AGM held on 18.09.2019, 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 ₹13000 crore (Rupees Thirteen Thousand Crores only).

The gas price during August 2019 was around ₹765/MMBTU while the gas price prevailing was ₹1855/MMBTU i.e. increase of ₹1090/MMBTU which results in 142% increase. Due to the steep increase in gas prices in the international market, the estimated payment against Gas supply for the year 2022-23 would be much higher as compared to previous years. There has been sharp increase in prices of trading fertilizers during last year and with respect to timely release of subsidy shall remain uncertain.

Further, due to elevated prices of imported fertilizers and for procurement of natural gas at prevailing higher rates, Company is required to provide Bank Guarantees/ Letter of credit of higher value, hence, requiring increase in limit of non-fund based working capital limits.

Keeping in view requirement arising due to increase in rates of Gas supply, increase in the price of imported fertilizers and delay in receipt of subsidy, Board has accorded its consent for enhanced fund based limit from ₹8000 crore to ₹12000 crore and increase in non-fund based limit of ₹5000 crore for LC and BG to ₹8000 crore, total limit aggregating to ₹20000 crore.

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. 7 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 Meeting held on 9<sup>th</sup> August, 2022, 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. 7 of the Notice.

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

**Item No. 8: 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. 8 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 Meeting held on 9<sup>th</sup> August, 2022, 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. 8 of the Notice.

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

**By Order of the Board of Directors  
For National Fertilizers Limited**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road  
New Delhi-110003.

**Date: 29th August, 2022**

**Ashok Jha  
Company Secretary  
A-14100**

Name	Ms. Neeraja Adidam (DIN: 09351163)	Shri Atul Baburao Patil (DIN: 09557730)	Dr. Prathibha A. (DIN: 09692712)
Date of Birth & Age	19.05.1965 (57 Years)	06.07.1965 (57 Years)	23.03.1978 (44 Years)
Date of First Appointment	14.10.2021	07.04.2022	03.08.2022
Qualification	Ms. Neeraja Adidam is M.Phil., M.Sc (Botany) and had done P.G. Diploma in Forestry.	Shri Atul Baburao Patil is B.Sc in Chemistry, Botany, and Zoology with first division from Guru Nanak Dev University Amritsar, Punjab. He is also an MBA (Master in Business Administration) in Marketing & Personnel Management with first division from Shivaji University, Kolhapur, Maharashtra.	Dr. Prathibha A. has done her Ph.D. in Economics from University of Kerala, Kariavattom. She is a member of Indian Economic Service (Batch: 2003)
Expertise in specific functional area	Ms. Neeraja Adidam has been the Joint Secretary to Department of Agriculture Cooperation and Farmers Welfare. She has also held various honourable posts in Forest Department UP, Ministry of Agriculture etc. She also won Governor Award (twice) for exemplary contribution to Social Forestry. She has done specialization in the area of Agro Forestry, Forest Management and Social Forestry/ Urban Forestry. She also assisted in the publication of World Bank report unlocking opportunities for forest dependent people.	Shri Atul Baburao Patil has held the position of Executive Director at Rashtriya Chemicals & Fertilizers Ltd. He has rich experience of more than 26 years in Marketing and Management in the Fertilizers Industry.	Dr. Prathibha A. has held the position of Director in the Ministry of Finance, Ministry of Development of North Eastern Region and has wide ranging experience working in various Ministries/ Departments such as NITI Aayog, Department of Economic Affairs, Ministry of Finance, Department of Consumer Affairs, New Delhi, Central Board of Film Certification, Trivandrum etc. Presently, she is working as Economic Advisor, Department of Fertilizers. Ministry of Chemicals & Fertilizers, Govt. of India, New Delhi.  She has done specialization in the areas of Development Economics, Fisheries Management, Prices, Poverty alleviation, Public Private Partnerships Infrastructure Development etc.

Name	Ms. Neeraja Adidam (DIN: 09351163)	Shri Atul Baburao Patil (DIN: 09557730)	Dr. Prathibha A. (DIN: 09692712)
Number of Meetings of the Board held during the year and number of Board Meetings attended	3/8	4/4	0/1
Relationship with any other Director, Manager and other KMP of the Company	NIL	NIL	NIL
Directorship held in other companies	1. Fertilizers Corporation of India Limited 2. Hindustan Fertilizers Corporation Limited	NIL	NIL
Membership/ Chairmanship of Committees across all Public Companies held	National Fertilizers Limited: Nomination and Remuneration Committee - Member	NIL	NIL
No. of Shares Held	NIL	NIL	NIL
Terms and conditions of appointment or reappointment including remuneration	Appointment as per the order of The President of India vide DoF order no. 95/1/2019-HR-PSU dated 29th September, 2021.	Appointment as per the order of The President of India vide DoF order no. 82/1/2021-HR-PSU dated 15th June, 2022.	Appointment as per the order of The President of India vide DoF order no. 95/1/2019-HR-PSU dated 20th July, 2022.
Name of the listed entities in which the person also hold the directorship and membership of the Committees of the Board along with listed entities has resigned in the past three years	NIL	NIL	NIL

नेशनल फर्टिलाइजर्स लिमिटेड  
**National Fertilizers Limited**



# Annual Report 2021-22



## GLORIOUS YEARS

EXPANDING HORIZONS



## 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



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# MANAGEMENT TEAM

## BOARD LEVEL

**Sh. Nirlep Singh Rai**

Chairman & Managing Director

**Sh. Atul B. Patil**

Director (Marketing)

**Sh. Hira Nand**

Director (Finance) & CFO

## CORPORATE OFFICE

Vigilance	Sh. Lalit M. Pandey, IRSME	Chief Vigilance Officer
Human Resource	Sh. Dinesh Sood	Executive Director
Marketing Department	Sh. Anil Motsara	Executive Director
Technical & Project	Sh. J. S. Singh	Executive Director
Finance & Accounts	Sh. J. Ramesh	Chief General Manager
Marketing	Sh. Dhir Singh	Chief General Manager
Projects	Sh. Jogendra Chopra	Chief General Manager
Human Resources	Sh. B. V. Vittal	Chief General Manager
C&MD Secretariat	Sh. Rajan Kanwar	Chief General Manager
Information Technology	Sh. H. K. Varshney	General Manager
Materials	Sh. B. Lakshmi Narayanan	General Manager (I/c)
Technical	Smt. Ritu Goswami	General Manager
Materials	Sh. Yogesh Kumar	General Manager

## UNIT HEADS

**Sh. Ratnakar Mishra**

Executive Director,  
Panipat Unit

**Sh. B. B. Grover**

GM (O&M)

**Sh. S. K. Srivastava**

Executive Director,  
Nangal Unit

**Sh. M. N. Goyal**

GM (O&M)

**Sh. Vijay Kant Goyal**

Chief General Manager,  
Bathinda Unit

**Sh. Tarun Kumar Batra**

GM (O&M)

**Sh. Vijay Kumar Banger**

Chief General Manager,  
Vijaipur Unit

**Sh. V. K. Gupta**

GM (O&M)

**Sh. Ashok Jha**  
Company Secretary  
A-14100

**Arun K. Agarwal & Associates**  
Chartered Accountants  
New Delhi

**Mehra Goel & Company**  
Chartered Accountants  
New Delhi

**Registrar & Transfer Agents**  
**MAS Services Limited**  
T-34, II<sup>nd</sup> Floor,  
Okhla Industrial Area-II  
New Delhi-110020

# BOARD OF DIRECTORS



## SEATED : (L-R)

**Ms. Neeraja Adidam**  
Government Nominee Director

**Shri Hira Nand**  
Director (Finance)

**Shri Nirlep Singh Rai**  
Chairman & Managing Director

**Shri Atul B. Patil**  
Director (Marketing)

**Dr. Poonam Sharma**  
Non-Official Independent Director

## STANDING : (L-R)

**Shri Ritesh Tiwari**  
Non-Official Independent Director

**Shri Jyoti Bhramar Tubid**  
Non-Official Independent Director

**Shri Pandya Ashwinkumar Balvantray**  
Non-Official Independent Director

**Shri Kashi Ram Godara**  
Non-Official Independent Director

**Dr. Venkata Sarvarayudu Thota**  
Non-Official Independent Director

**Dr. Prathibha A. has joined as Government Nominee Director w.e.f 03.08.2022**

# CHAIRMAN'S MESSAGE

**Nirlep Singh Rai**

Chairman & Managing Director



**Dear Shareholders,**

It gives me immense pleasure to share with you the overall performance of your company during the year 2021-22.

Financial Year 2021-22 was an economic-roller coaster with the impact of recurring bouts of COVID-19 and ongoing geo-political situation. Fertilizer industry rose up to the occasion yet again to sustain fertilizer production. Supported by Central and State Govts and local district authorities, Fertilizer PSUs ensured timely availability and distribution of urea and other Fertilisers across the country.

In such times of uncertainty and challenge, Self-belief and resilience are the mantras of success. It is credible that amidst these disruptions, your company ensured timely supply of fertilizers to the farmers during 2021-22.

I am pleased to share that your company reported Profit after Tax (PAT) of Rs.108 crore on standalone basis during the Financial Year 2021-22 despite the applicability of stringent energy norms throughout the year. It is also notable that your company also achieved highest-ever turnover of Rs.15,857 Crore as against Rs.11,906 Crore achieved during previous year. Impressive performance of Industrial Products division, Marketing & Imports have significantly contributed to the top line.

Despite the headwinds of COVID related issues, your company completed energy saving projects at all the plants. As a result of shutdown required for implementation of Energy Saving Schemes, upgradation works plus some unforeseen stoppages, your company produced 35.23 LMT during 2021-22 with an overall capacity utilization of 109%. The schemes have been completed at a total cost of Rs. 925 Crore. Completion of energy saving schemes at all units is a matter of great satisfaction. This will result in quantum improvement in your company's performance and profitability. Reduced energy consumption would also result in reduced emissions adding to the environment quotient of the company. I would also like to share that licensor study has been commissioned to advise the company on areas to achieve further reduction of energy as continual improvement initiative.

On sales front, the company achieved total sale of 54.60 LMT of fertilizers in the year 2021-22 comprising of 34.58 LMT of own Urea, 8.86 LMT of imported Urea, 3.69 LMT RFCL urea and 6.59 LMT of non-Urea Fertilizers. Your Company has done exceptionally well in the field of Industrial Products by achieving best-ever production and sales of both Nitric Acid & Ammonium Nitrate. During the year, the company produced 83,358 MT Nitric Acid and 24,020 MT Ammonium Nitrate against CPLY of 67,491 MT and 8,620 MT respectively. The production of Bio-fertilizers stood at best-ever figure of 704 MT. In addition, 17,076 MT of Bentonite Sulphur was also produced in Panipat Plant compared to 14,072 MT in the previous year. With this, turnover of our industrial products leaped by 134% to Rs. 569.15 crore in FY 2021-22 from Rs.243.33 crore recorded in the financial year 2020-21.

Your company has also performed exceedingly well in sale of certified seeds, city compost and SSP. Your company marketed 2.47 Lakh Quintals of seeds to farmers during the year 2021-22 as compared to 1.86 Lakh Quintals seeds last year. Further, 26647 MT of Compost and 32651 MT of SSP were also marketed by NFL during the year 2021-22. The agro-chemicals business of your company is also on steady path of growth. During the year, the Company registered a sale of 8.48 Lakh Kg/Ltrs of Agro chemicals against 5.59 Lakh Kg/Ltrs in the previous year. Put together,

the agro products business of the company strengthened its position by registering total revenue of Rs.120.42 crore towards trades of various products such as Seeds, Crop Protection Products, and Compost against Rs. 90.98 crore in previous year. Your company enriched its product line with addition of Water Soluble Fertilizer (WSF) in the year 2020-21 which is now gaining grounds in market. I am happy to share that total 3521 MT of WSF has been sold by your company in 2021-22 compared to 505 MT sold in the last year – a six fold rise in volume sales.

The financial performance of your company was impacted due to implementation of revised energy norms w.e.f. 1st October'20 by Deptt of Fertilizers and non-revision of fixed costs since 2002-03 despite having a capacity utilization of 109%. NFL has requested Deptt of Fertilizers (DoF) that target energy norms for Bathinda, Panipat and Nangal Units may be reviewed to recover the amount invested in Energy Saving Schemes. Issue of minimum fixed cost of Rs. 2300/- per MT of urea for Vijaipur-1 unit has also been taken up with DoF vigorously and the same are under consideration.

With operations of NFL's JV Ramagundam Fertilizers and Chemicals Limited (RFCL) near full load, your company now commands a lead position in Urea marketing and aspires to do an encore in other agri-inputs as well.

The impact of energy efficiency after implementation of Energy Saving Schemes in units and availability of RFCL urea for sale is visible from performance of your company in Q1 of financial year 2022-23. Fertilizer sale of company in Q1 touched new heights of 15.58 Lakh MT and overall capacity utilisation of urea production also improved to 115.31%. With these achievements, your company has registered a PBT of Rs. 163 Crore on consolidated basis in Q1 of 2022-23 with best-ever revenue of Rs. 6454.65 crores.

With these accomplishments, your company has identified New Growth Opportunities by augmenting exiting capacities and enlarging its basket of products. As you are aware your company has signed Memorandum of Understanding (MoU) with Indian Farmers Fertiliser Cooperative Limited (IFFCO) for 'transfer of technology' of Nano Urea Liquid on 27th July, 2021. The Company has initiated the process for setting up of a Nano Urea Plant at Nangal. As envisioned, Nano Urea will result in better productivity, lower costs and improved off take leading to increase in farmers income.

During the year 2021-22, your company's turnover from the products other than manufactured urea was Rs. 5,032 Crore which is 38% higher than the previous year. In order to further develop the business plans, your company has shortlisted potential opportunities for manufacturing such as Crop Protection products, Water Soluble Fertilizers, Diesel Exhaust Fluid, Nitric Acid, Ammonium Nitrate, Sulphuric Acid and Ammonium Sulphate. Detailed study on setting up above projects has been initiated.

Buoyed by the record turnover of industrial products at Nangal Unit, your company is in the process of reviving the second stream of Nitric Acid Plant. The plant, slated to be commissioned in Q2 of 2022-23 will help your company shore up volume sale of Nitric Acid and Ammonium Nitrate – a vital input for the Coal Industry. Apart from being a step towards Atam Nirbhar Bharat, it will significantly add to the top and bottom line of Company.

Your Company is consistently working on training and education of farming community through various programmes. During the year, more than 30 training programmes were organised to educate farmers about balanced use of fertilizers, soil analysis, new farming technologies, methodology of application of different fertilizers etc. Throughout the year, demonstrations were laid out at farmers' fields to demonstrate benefits of use of Bio-fertilizers, City Compost, Bentonite Sulphur and water soluble fertilizers, 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 5 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 21,000 soil samples were collected and analyzed for macro & micro nutrients and recommendations were given to the farmers.

Your company has also signed a Memorandum of Understanding (MoU) with CSK H.P. Agriculture University, Palampur, H.P. for establishing NFL professor chair in the department of soil science with an objective of developing technologies on precision agriculture, judicious use of fertilizers and improving scientific methods of cultivation to enhance soil health and productivity. The MoU also mandates to promote use of Artificial Intelligence (AI), Information and Communication Technologies (ICT) for nutrient and water management.

Your Company is sincerely working towards inclusive growth of society through its CSR efforts. In the year 2021-22, the focus of CSR activities of your Company was on the Health, with special focus on COVID related measures. With this theme, your company undertook installation of 07 nos. of Medical Oxygen Generation Plants in Government

Hospitals in the states of M.P., U.P., Punjab and Haryana with a CSR budget of Rs.271.13 Lakh. The plants brought succour to the needy patients in Government Hospitals during Covid pandemic. In addition, your company provided Advance Life Support Ambulance in Government Hospital in Aspirational District Siddharthnagar in Uttar Pradesh. The Ambulance is providing service to critical patients in the remote areas of U.P.

Besides this, your Company undertook welfare activities in other areas like education, skill development, environment and empowerment of underprivileged sections of the society. All the Units of the Company have supported Government Schools in their vicinity through provision of school desk & benches; IT enabled smart boards, swings, fans, RO facilities etc. Mini Science Centres in two Government Schools have also been set up in Noida (UP) to promote STEM Learning for Class 5th to 10th. To promote Skill development of the youth, a Welding Simulator has been provided to ITI, Raghogarh in District Guna of M.P.

As entire Nation is celebrating Azadi Ka Amrit Mahotsav on the occasion of 75 Years of country's independence, your company also joined nationwide celebrations by organizing many activities to mark this glorious occasion with our employees enthusiastically participating in these activities, which also includes tree plantation drive. The company also participated in exhibitions to highlight the contribution made by NFL in the green revolution in the country. Vijaipur Township of NFL has also been declared a Mini Smart City.

Your company has always laid special emphasis on energy efficiency, concern for environment, safety, continual development of human resources and welfare of employees. Streamlined efforts in this direction have secured NFL podium finish in all the categories in various awards during the year.

The philosophy of your Company on Corporate Governance is to ensure transparency, disclosures and reporting that conforms fully with the laws and regulations of the country in order to promote ethical conduct & practices throughout the organization for enhancing stakeholder's value. Your Company is committed to comply with the provisions of SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 relating to Corporate Governance and the guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India.

As of now, there was no disinvestment of Government of India Shareholding during the Financial Year 2021-22. However, Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India has appointed Legal Advisors, Merchant Bankers and Selling Brokers for the disinvestment of 20% paid up equity capital in your Company out of Government of India's Shareholding through the "Offer for sale" by promoters through the Stock Exchanges.

As we continue our fulfilling journey, I express my gratitude for your continued support and faith in our endeavours. I also take this opportunity to sincerely thank and appreciate my colleagues on the Board of Directors for their valuable guidance and support in running the affairs of the Company. I also wish to express my thanks to the Department of Fertilizers, Fertilizer Industry Coordination Committee (FICC), Department of Public Enterprises (DPE), Railways, other Ministries and Departments of the Government of India and the various State Governments for their valuable guidance and look forward to their continued support.

I would like to thank Statutory, Secretarial, Cost and Government Auditors, Banks, Regulatory Authorities for their guidance and support. I sincerely thank all our customers and business associates for their continued support. I would also like to thank all our employees for their commitment, hard work and contribution to the Company's performance.

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

With best regards,

Yours sincerely,



**(Nirlep Singh Rai)**

Chairman & Managing Director  
DIN: 08725698

# Awards and Achievements



Shri Nirlep Singh Rai, C&MD, NFL receiving first prize for the excellent work in Official Language (Hindi) from Dr. Mansukh Mandaviya, Hon'ble Minister of Chemicals & Fertilizers and Health & Family Welfare



Gold Award received by NFL Nangal Unit for outstanding achievement in environment improvements



Award for outstanding achievement in CSR was given to NFL at Greentech Foundation's 8th CSR India Summit & Awards 2021



HSE Platinum Award for Safety was given to NFL Vijaipur Unit by National Safety Council, Bhopal, MP Chapter



FAME Platinum Award for Occupational Health and Safety was given to NFL Vijaipur Unit by Foundation for Accelerated Mass Empowerment (FAME)

## Performance at a Glance

### Financial Highlights

Particulars	As per IND AS									
	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
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	35.68	35.68	35.68	34.92
Production (Urea) (Lakh MT)	35.23	37.99	37.27	38.59	38.10	38.10	37.99	36.39	36.36	32.11
Capacity Utilisation (Urea) (%) of RAC	109.0	117.6	115.4	119.4	117.9	117.9	117.6	112.6	112.5	99.4
Sales (Urea) (Lakh MT)	34.58	39.65	36.08	38.98	39.16	37.58	36.41	36.79	36.87	31.62
Bentonite Sulphur (MT)	17618	20028	7974	6746	254	-	-	-	-	-
Bio- Fertilizers (MT)	745	528	713	632	496	545	530	-	-	-
<b>Sales (Traded Goods)</b>										
Di - Ammonium Phosphate (MT)	353129	509347	685037	503858	327753	213871	50747	-	-	-
Bentonite Sulphur (MT)	519	-	-	-	63	3356	1481	866	1931	381
Zinc Sulphate (MT)	-	-	-	-	-	-	-	-	249	-
Compost (MT)	26647	21767	25016	21315	11695	2660	-	-	-	9594
Muriate of Potash (MOP) (MT)	54350	104162	74069	-	27463	-	-	-	-	-
Ammonium Phosphate Sulphate (APS) (MT)	56221	146985	38698	25802	26435	-	-	-	-	-
Urea (Imported) (MT)	885945	1045361	1184952	370447	-	-	-	-	-	-
NPK 12:32:16 (MT)	111886	54089	50153	68380	-	-	-	-	-	-
NPK 10:26:26 (MT)	65699	41966	18735	-	-	-	-	-	-	-
Water Soluable (NPK 19:19:19) (MT)	3521	538	237	-	-	-	-	-	-	-
Calcium Nitrate 100 % Water Soluble Fertilizer	-	-	216	-	-	-	-	-	-	-
Fact AMFOS (CD) NPS (MT)	23864	-	-	-	-	-	-	-	-	-
Urea (RFCL) ( MT)	369012	220	-	-	-	-	-	-	-	-
SSP Plain Powder (MT)	32651	27717	9767	-	-	-	-	-	-	-
Agro Chemicals (KG/Ltrs)	848282	559569	288214	640533	369533	25350	-	-	-	-
Seeds (Quintal)	246814	185550	138009	70786	53290	43754	60912	44062	76706	112493
<b>Sales - Finished Goods (including Urea, IP &amp; Bio Fertilizers) (a)</b>	<b>2433</b>	<b>2362</b>	<b>2106</b>	<b>2238</b>	<b>2271</b>	<b>2218</b>	<b>2129</b>	<b>2044</b>	<b>1936</b>	<b>1670</b>
<b>Sales - Traded Goods (b)</b>	<b>2456</b>	<b>2313</b>	<b>2565</b>	<b>1680</b>	<b>723</b>	<b>467</b>	<b>235</b>	<b>15</b>	<b>33</b>	<b>30</b>
Subsidy ( c)	10715	6841	8111	8296	5934	4958	5430	6461	6048	5020
<b>TURNOVER (Net) (incl. Subsidy) (d=a+b+c)</b>	<b>15604</b>	<b>11516</b>	<b>12782</b>	<b>12214</b>	<b>8928</b>	<b>7643</b>	<b>7794</b>	<b>8520</b>	<b>8017</b>	<b>6720</b>
Other Operating Service / Revenue (e)	253	390	353	215	26	-	-	-	-	-
<b>Revenue from operations (f=d+e)</b>	<b>15857</b>	<b>11906</b>	<b>13135</b>	<b>12429</b>	<b>8954</b>	<b>7643</b>	<b>7794</b>	<b>8520</b>	<b>8017</b>	<b>6720</b>
<b>Other Income (g)</b>	<b>34</b>	<b>33</b>	<b>57</b>	<b>52</b>	<b>62</b>	<b>45</b>	<b>47</b>	<b>37</b>	<b>38</b>	<b>37</b>
<b>Total Expenses (h)</b>	<b>15279</b>	<b>10992</b>	<b>12276</b>	<b>11416</b>	<b>8418</b>	<b>7088</b>	<b>7237</b>	<b>8138</b>	<b>7883</b>	<b>6740</b>
Earnings before depreciation, interest and tax (EBIDTA) (i = f + g - h)	612	947	916	1065	598	600	604	419	172	17
Interest and Finance Charges (j)	133	291	406	317	190	190	228	301	204	130
Depreciation (k)	334	312	374	285	73	85	87	73	129	118
Exceptional Items (l)	-	-	389	-	-	-	-	-	-	-
<b>Profit/(Loss) before Tax (m=i-j-k-l)</b>	<b>145</b>	<b>344</b>	<b>(253)</b>	<b>463</b>	<b>335</b>	<b>325</b>	<b>289</b>	<b>45</b>	<b>(161)</b>	<b>(231)</b>
Tax Expenses (n)	37	94	(82)	165	122	117	90	19	(71)	(60)
<b>Profit/(Loss) after Tax (o=m-n)</b>	<b>108</b>	<b>250</b>	<b>(171)</b>	<b>298</b>	<b>213</b>	<b>208</b>	<b>199</b>	<b>26</b>	<b>(90)</b>	<b>(171)</b>

Particulars	As per IND AS									
	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Other Comprehensive Income (p)	2	1	(25)	(2)	(2)	(1)	(7)	-	-	-
<b>Total Comprehensive Income (Net of tax) (o+p)</b>	<b>110</b>	<b>251</b>	<b>(196)</b>	<b>296</b>	<b>211</b>	<b>207</b>	<b>192</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gross Block</b>	<b>6363</b>	<b>5421</b>	<b>5220</b>	<b>5116</b>	<b>4926</b>	<b>4603</b>	<b>7287</b>	<b>7227</b>	<b>7182</b>	<b>5717</b>
Net Fixed Assets	4230	3615	3726	3993	4080	4059	4259	4487	4682	3501
Current Assets, Loans and Advances	5761	3502	9813	9493	5193	5778	6810	7241	6743	4285
Current Liabilities and Provisions	5422	3056	9281	8351	4303	4974	5323	5888	6041	1430
Working Capital	339	446	532	1142	890	804	1487	1353	702	2855
Long Term Borrowings	630	648	597	280	115	172	1828	2643	3518	3912
Short Term Borrowings	2540	1135	7334	6122	2890	3154	4296	5002	4040	1703
Net Worth (Paid up Capital*+ Reserve & Surplus)	2282	2171	1921	2219	1987	1827	1691	1509	1494	1584
Capital Employed	5487	3968	9852	8682	5043	5162	2616	3424	4039	4923

## Key Indicators

Particulars	As per IND AS									
	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
EBITDA/ Turnover (%)	3.92	8.22	7.17	8.72	6.70	7.85	7.75	4.92	2.15	0.25
EBITDA/ Revenue from Operation (%)	3.86	7.95	6.97	8.57	6.68	7.85	7.75	4.92	2.15	0.25
Receivable (in days)	65	83	221	214	160	203	225	215	211	171
Inventory (in days) - Finished Goods	46	7	27	41	15	17	15	3	7	12
Return (PAT) on Net Worth (%)	4.74	11.50	-	13.45	10.71	11.40	11.77	1.77	-	-
Return (EBIT) on Capital Employed (%)	5.06	16.00	5.50	8.98	10.40	9.97	5.81	0.64	-	-
Earning per Share of ₹10 (₹)	2.21	5.09	-	6.08	4.34	4.24	4.05	0.53	-	-
Debt/Equity Ratio (Long Term+Short Term)	1.39 : 1	0.82 : 1	4.13 : 1	2.88 : 1	1.51 : 1	#1.82 : 1	#3.62 : 1	#5.07 : 1	#5.06 : 1	#3.55 : 1
Current Ratio	1.06 : 1	1.15 : 1	1.06 : 1	1.14 : 1	1.21 : 1	1.16 : 1	1.28 : 1	1.27 : 1	1.12 : 1	3.00 : 1
Value Added per Employee (₹ In Lakhs)	70	75	73	72	61	54	55	39	32	24
Dividend (₹ In Crores)	-	-	46.60	91.24	-	41.70	59.36	8.34	-	-
Dividend as % of Net Worth	-	-	2.43	4.11	-	2.28	3.51	0.56	-	-
Dividend as % of Profit after tax (PAT)	-	-	-	30.57	-	20.03	30.87	31.78	-	-
Profit (PAT) per employees (₹ In Lakhs)	3.60	7.77	-	8.95	6.20	5.92	5.35	0.69	(2.21)	(3.99)
Interest Coverage Ratio (No. of Times)	4.60	3.25	2.26	3.36	3.15	3.16	2.65	1.39	0.84	0.13
Debt Service Coverage Ratio (No. of Times)	2.43	1.90	2.12	2.40	1.87	1.82	2.13	0.94	0.66	0.62
Book Value per share (Rs.)	46.51	44.26	39.16	45.23	40.51	37.23	34.46	30.19	30.45	32.28
Price Earning Ratio **	24.00	11.06	-	5.81	12.43	18.08	6.99	67.97	-	-
Employees (Nos.) at the end of Financial Year	3003	3213	3339	3333	3430	3517	3595	3798	4068	4291

# Debt - Equity ratio includes debts borrowed by company for Ammonia 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.

\*Paid up Capital of ₹ 490.58 Crore (i.e.49,05,78,400 Equity Shares of ₹10/- each fully paid up).

\*\* Based on prevailing price of share at the end of financial year.

## BOARD'S REPORT

To,  
Dear Members,

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 48<sup>th</sup> 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 2021-22 and the Auditors' Reports and Comments of Comptroller & Auditor General of India (C&AG).

During the year, Company achieved the Profit Before Tax of ₹ 144.82 crore as against Profit Before Tax of ₹ 343.46 crore during CPLY. PBT has decreased mainly due to reduction in energy norms w.e.f. 01.10.2020, lower production, lower sale and receipt of one time AFCP conversion cost in CPLY only.

Energy consumption per MT of Urea on annual basis at all Units was more than energy norms for FY 2021-22 fixed by GOI under New Urea Policy 2015 due to delay in implementation of energy saving schemes at Nangal, Panipat, Bathinda and Vijaipur Units due to CoVID primarily but daily energy has been achieved & shall be reflected in next year.

The energy consumption per MT of Urea at NFL plants during 2021-22 was as follows:

(Gcal/MT/Urea)

Units	Revised Energy Norms for 2021-22	Actual Energy	
		2021-22	2020-21
Nangal	6.500	6.523	6.750
Panipat	6.500	7.048	6.877
Bathinda	6.500	6.559	6.835
Vijaipur-I	5.500	5.817	5.782
Vijaipur-II	5.500	5.736	5.482

### Financial Highlights

Your Company's key financial parameters during the year 2021-22 and important financial highlights are as under: -

(₹ in Crore)

Sr. No.	Particulars	2021-22	2020-21
01.	Sale of Urea quantity in (LMT)	34.58	39.65
02.	Sale quantity of other Fertilizers (LMT)	20.02	19.72
03.	Sale of Urea	1807.11	2068.03
04.	Subsidy on Urea	8764.85	5795.02
05.	Total Sales of Urea (3+4)	10571.96	7863.05
06.	Sale of other products including subsidy	5032.00	3652.92
07.	Sales Turnover (5+6)	15603.96	11515.97
08.	Sale of Services	18.96	0.04
09.	Other Operating Revenue	234.17	389.65

Sr. No.	Particulars	2021-22	2020-21
10.	Revenue from operations (7+8+9)	15857.09	11905.66
11.	Other Income	34.33	33.34
12.	Total Revenue (10+11)	15891.42	11939.00
13.	Total Expenses	15279.09	10992.04
14.	Earnings Before Interest, Depreciation and Taxes (EBIDTA)[12-13]	612.33	946.96
15.	Interest	132.96	291.23
16.	Depreciation	334.55	312.27
17.	Profit Before Exceptional Item and Tax (14-15-16)	144.82	343.46
18.	Exceptional Item	-	-
19.	Profit Before Tax (PBT) (17-18)	144.82	343.46
20.	Provision for tax	36.62	93.83
21.	Profit After Tax (PAT) (19-20)	108.20	249.63
22.	Other Comprehensive Income (Net of Tax)	1.90	0.87
23.	Total Comprehensive Income (21+22)	110.10	250.50

## RESERVES

### Capital Reserves

The balance as at 31.03.2022 amounted to ₹ 2.51 crore, which is at the same level as was in the previous year.

### Corporate Social Responsibility

Corporate Social Responsibility (CSR) fund stood at Nil as on 31.03.2022 as compared to Nil on 31.03.2021. The reasons for the same are detailed in Report on CSR which is appended as **Annexure-5** forms part of this report.

### General Reserves

No amount was transferred during the year to General Reserve from the surplus. The General Reserve as on 31.03.2022 stood at ₹ 332.89 crore at same level as was on 31.03.2021.

### Surplus

The balance retained in the surplus as at 31.03.2022 is ₹ 1455.56 crore as compared to ₹ 1345.46 crore during the previous year.

### Dividend

The Board of Directors had not recommended payment of dividend for the year 2021-22 considering the shortfall of funds to meet various capex requirements in line with the guidelines on Capital Restructuring of CPSEs issued by Department of Investment and Public Asset Management (DIPAM).

### Major events during the year

### State of Affairs of the Company and Change in the nature of Business

During the FY 2021-22, Company has achieved sale of fertilizers to the tune of 54.60 LMT comprising of 34.58 LMT of own Urea, 8.86 LMT of imported Urea and 11.16 LMT of non-Urea Fertilizers against CPLY of 59.37 LMT that

comprised of 39.65 LMT of own Urea, 10.45 LMT of imported Urea and 9.27 LMT of non-Urea Fertilizers. Your Company's sale of fertilizers was more than sale of all the fertilizer PSUs put together during the year.

Your Company has achieved the ever-best production & sale of certified seeds to the tune of 2.47 Lakh Quintals during the year under its flagship Seeds Multiplication Program which started in 2015. Your Company has achieved ever best sale of Bio-fertilizers to the tune of 745 MT against CPLY 528 MT and compost to the tune of 26647 MT against CPLY 21767 MT. The sale of Bentonite Sulphur during the year was 17618 MT against CPLY of 19874 MT. Your Company has also sold 32651 MT SSP during the year.

To meet the new energy norms under NUP-2015 implemented w.e.f. 1<sup>st</sup> October 2020, Gas Turbine Generator (GTG) along with Heat Recovery and Steam Generation (HRSG) was commissioned at Bathinda, Nangal and Panipat Units during 2021-22. Implementation of energy saving schemes at Vijaipur also completed in March' 2022.

Work on Seed processing Unit (SPU) at Indore is under final stage and likely to be commissioned in the F.Y. 2022-23. The Company is also setting up an Agrochemicals plant at Bathinda which is expected to be commissioned in the F.Y. 2022-23.

Your Company is in the process of revival of 2<sup>nd</sup> stream of Nitric Acid plant at Nangal which is expected to be completed in the F.Y. 2022-23.

During the year your Company has signed MoU for manufacture of Nano Fertilizers with IFFCO. TEFR has been finalized for manufacturing Nano Urea and process to engage party for Project Management Consultant has been started.

Further, in order to integrate different business processes to bring in more efficiency and visibility, your Company is implementing the ERP system which is under Development and Configuration stage under Phase-3 and User Acceptance Test (UAT) to start shortly.

Your Company is establishing NFL's Chair in Palampur University for carrying out R&D work as per requirement.

#### 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

NFL was incorporated on 23<sup>rd</sup> 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 revamped capacity of 35.68 LMT (Annual Re-assessed capacity - 32.31 LMT) of Urea. The company also has a Bio- Fertilizers Plant at Vijaipur with annual capacity of 700 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, City Compost, SSP etc. 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 has two Seeds Processing Units (SPUs) at Bathinda & Panipat and Work on SPU at Indore is under final stage and likely to be commissioned in the F.Y. 2022-23. The Company is also setting up an Agrochemicals plant at Bathinda, reviving 2<sup>nd</sup> Stream of Nitric Acid plant at Nangal and doubling capacity of Bio-Fertilizers plant at Vijaipur, which are expected to be commissioned in the F.Y. 2022-23.

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;**

### **Business Segment**

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 2021-22:

- 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 etc.).

## **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/subsorption 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 2021-22, the credit rating of the Company was maintained with two credit rating agencies as under:

Rated Amount (₹ in crore)

Instruments	ICRA				INDIA RATINGS			
	Credit Ratings	Limits	Credit Ratings	Limits	Credit Ratings	Limits	Credit Ratings	Limits
	2020-21		2021-22		2020-21		2021-22	
<b>Long Term Fund Based Working Capital Facilities</b>								
Cash Credit	[ICRA] AA-(Stable)	5000	[ICRA] AA-(Stable)	4000	IND AA-/Stable	6000	IND AA-/Stable	4000
Term Loan	[ICRA] AA-(Stable)	1044	[ICRA] AA-(Stable)	1044	-	-	-	-
ECB	[ICRA] AA-(Stable)	123.75	[ICRA] AA-(Stable)	-	IND AA-/Stable	57	IND AA-/Stable	-
<b>Short Term Fund Based Working Capital Facilities</b>								
Commercial Papers	[ICRA] A1+	4000	[ICRA] A1+	4000	[IND] A1+	7000	[IND] A1+	4000
<b>Short Term Non Fund Based Working Capital Facilities</b>								
LC/BG	[ICRA] A1+	3000	[ICRA] A1+	3000	[IND] A1+	2000	[IND] A1+	2000

During the year the Credit Rating of the Company had been reviewed by both the agencies and it was reaffirmed as shown above in the table.

#### 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 Government of India Shareholding during the Financial Year 2021-22. However, Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India had appointed Legal Advisors, Merchant Bankers and Selling Brokers for the disinvestment of 20% paid up equity capital in National Fertilizers Limited (NFL) out of Government of India's Shareholding through the "Offer for sale by promoters through the Stock Exchanges".

#### 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 ₹ 47.70 crore and the Foreign Exchange outgo during the year in terms of actual outflow amounted to ₹ 4098.63 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 net borrowings as on 31.03.2022 were ₹ 629.73 crore outstanding against Rupee Term Loan.

**Short Term Loans**

Short Term borrowings of ₹ 2539.83 crore (previous year ₹ 1239.51 crore) were outstanding as on 31.03.2022.

**Debt Equity Ratio**

Debt equity ratio as on 31.03.2022 has increased to 1.39:1 as compared to 0.82:1 of previous year due to increase in borrowings.

**Revenue**

The Company has achieved Revenue from Operations of ₹15857.09 crore during 2021-22 as against ₹ 11905.66 crore during previous year and total income of ₹ 15891.42 crore during 2021-22 as against ₹ 11939.00 crore during previous year as detailed below:

(₹ in Crore)

Particulars	2021-22	2020-21	Change
Sale of products (including subsidy)	15603.96	11515.97	4087.99
Sale of services	18.96	0.04	18.92
Other Operating revenue	234.17	389.65	(155.48)
Revenue from operations	15857.09	11905.66	3951.43
Other income	34.33	33.34	0.99
Total Revenue	15891.42	11939.00	3952.42

**Urea and other fertilizers**

The Company has achieved the Urea Production of 35.23 LMT with an overall capacity utilization of 109.04% (with respect to RAC) during 2021-22 against previous year production of 37.99 LMT achieved during 2020-21 (CPLY).

The Company has also produced 17076 MT of Bentonite Sulphur (BS) during the year against CPLY of 14071.90 MT, achieving a growth of around 21%.

On the sales front, the Company has achieved sale of Fertilizers of 54.60 LMT that includes sale of 34.58 LMT of own Urea, 8.86 LMT of Imported Urea, 11.16 LMT of Non-Urea Fertilizers including 0.27 LMT (26647 MT) of Compost during 2021-22 as compared to previous sale of 59.37 LMT during 2020-21 which includes sale of 39.65 LMT of own Urea, 10.45 LMT of Imported Urea, 9.27 LMT of Non-Urea Fertilizers including 0.22 LMT of Compost.

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

(Lakh MT)

Product	2021-22	2020-21	Change
<b>1. Manufactured</b>			
a) Urea	34.58	39.65	(5.07)
b) Bentonite Sulphur	0.18	0.20	(0.02)
c) Bio-Fertilizers	0.007	0.005	0.002
<b>2. Traded Goods</b>			
<b>a) Imported</b>			
i. DAP	3.53	5.09	(1.56)
ii. MOP	0.54	1.04	(0.50)
iii. NPK (12-32-16)	1.12	0.54	0.58
iv. NPK (10-26-26)	0.66	0.42	0.24
v. APS	0.56	1.47	(0.91)
vi. Calcium Nitrate 100%	-	-	-
vii. NPK (19-19-19) 100% water soluble fertilizers	-	0.0003	(0.0003)
<b>b) Indigenous</b>			
i) Imported Urea (On Govt. A/c)	8.86	10.45	(1.59)
ii) SSP	0.33	0.28	0.05
iii) City Compost	0.27	0.22	0.05
iv) NPK (19-19-19) 100% water soluble fertilizers	-	0.005	(0.005)
v) RFCL Urea	3.69	0.002	3.688
vi) FACTAMFOS(CD)	0.24	-	0.24
vii) WSF (Indigenous)	0.03	-	0.03
viii) POTASH FROM MOLASSES	-	-	-
<b>Total Fertilizers</b>	<b>54.60</b>	<b>59.37</b>	<b>(4.77)</b>

### Industrial Products

The Company registered sale of Nitric Acid of 64008 MT during 2021-22 as compared to previous sale of 61387 MT during 2020-21. The Company also recorded sale of Ammonium Nitrate to the tune of 24029 MT during 2021-22 as compared to sale of 8619 MT achieved during 2020-21. The sale of technical surplus Ammonia from its various units was 37774 MT during 2021-22 as against 16087 during 2020-21. The sale of Ammonia from RFCL, through marketing arrangement, was 17168 MT.

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/ Nitrite, Ammonium Nitrate, Ammonia to the tune of ₹ 569.15 crore during 2021-22 against CPLY of ₹ 243.33 crore.

### Bio-Fertilizers

The Company sold 745 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹ 2.53 crore in F.Y. 2021-22 as against 528 MT of ₹ 1.83 crore during CPLY.

### Import & sale of Fertilizers

The Company sold 6.41 LMT of imported non-Urea Fertilizers including DAP, MoP, APS, NPK etc. worth ₹ 3265.85 crore during 2021-22 against 8.56 LMT worth ₹ 2541.88 crore during 2020-21.

Apart from the above, NFL also sold 8.86 LMT of Urea imported in Government account.

### Domestic Trading of Agro Products

The Company has registered total revenue of ₹ 219.57 crore towards trading of various agro products such as seeds, pesticides & compost during the year against ₹ 90.98 crore during CPLY.

### Gross Sale Composition

Item	% of total Sale Composition		% Increase/(Decrease)
	2021-22	2020-21	
Urea (manufactured)	67.75	68.28	(0.78)
Other Products	32.25	31.72	1.67

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 67.75% while contribution of non-Urea business has increased to 32.25% during 2021-22.

### 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 2021-22, 41 Dealer's/Retailer's Orientation Programmes were conducted and more than 1900 dealers/ retailers were facilitated by upgrading their knowledge regarding fertilizers/ agro products and improved crop practices so that latest information can be disseminated at point of purchase to the farmers. Information on Bio-fertilizers and City Compost has also been given in each and every training programme.

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. 30 Farmer Training programmes were organized during 2021-22 and more than 1700 farmers got benefited. Through these educational programmes, farmers were sensitized to issues related with 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.

A week long "Fertilizer Application Awareness Program" was conducted by NFL during the months of August and October 2021 on the theme of "Atma Nirbhar Bharat" on the occasion of the 75<sup>th</sup> year of India's independence (India@75 Bharat Ka Amrit Mahotsav) in Madhya Pradesh. Awareness programmes were organized by NFL in Agriculture Universities/ Krishi Vigyan Kendra (KVK)/ NFL Kisan Suvidha Kendras (KSK) with the objective to promote balanced and sustainable use of fertilizers, soil analysis, methodology of application of different fertilizer, new technologies etc. More than 1000 farmers got benefitted through 12 such programmes in Bhopal, Ratlam, Sagar, Dhar, Seoni, Datia, Sehore, Hoshangabad, Gwalior, Balaghat, Sidhi districts of Madhya Pradesh.

Agriculture Universities, Research Stations, 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/ KVKs. More than 500 farmers got benefitted through 9 programmes during the year 2021-22.

During the year 2021-22, total 221 demonstrations had been laid out at farmers' fields to demonstrate benefits of use of Bio-fertilizers, City Compost and Bentonite Sulphur and water soluble NPK fertilizer 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 5 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 21000 soil samples were collected & analyzed for macro and micro nutrients and recommendations were given to the farmers.

During the year 2021-22, your Company continued its endeavor 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, 35 Jeep campaigns were organized in the States of Punjab, Haryana, Rajasthan, HP, UP, MP, AP and Telangana. Farmers were educated on balance fertilizer use and new products launched by the Company and to share its benefits to farmers. More than 23,000 farmers got benefitted by these programmes.

Participation in agro exhibitions and university Kisan Melas is very effective way to communicate directly with the farmers and also to interact with scientists and experts from various agricultural fields. During the year 2021-22, your Company participated in 17 Krishi Melas/Agriculture Exhibitions organized by leading Agriculture Universities, Agriculture Departments etc. in the States of Punjab, Haryana, UP, Uttarakhand, Bihar, MP, Chhattisgarh, Rajasthan, AP and Telangana which was attended by more than 14000 farmers.

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. During the year 2021-22, 50 farmers training programmes were organized in these KSKs and more than 3000 farmers got benefitted. More than 47000 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 and Sustainability Report

SEBI vide circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated 10.05.2021 had introduced the "Business responsibility and sustainability reporting by listed entities", which introduces new reporting requirements on Environment, Social and Governance parameters [ESG parameters] called the Business Responsibility and Sustainability Report (BRSR). The reporting as required under Regulation 34 of SEBI (LODR) Regulations, 2015 was amended for the listed entities and the same shall be mandatory for the top 1000 listed companies (by market capitalization) with effect from the financial year 2022-2023 and is voluntary for the financial year 2021-22.

Your Company in adherence to the circular had prepared the Business Responsibility and Sustainability Report for the financial year ended March 31<sup>st</sup>, 2022 voluntarily and the same is appended as **Annexure-2** to this Report. Business Responsibility and Sustainability Policy is available on the website of the Company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

## Stakeholders' relationship

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

## Customers' relationship

Details of customer relationship are given in the Business Responsibility and Sustainability 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 is appended as **Annexure-3** forms part of this Report.

The Secretarial Auditor 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. Secretarial Auditor's Certificate on Corporate Governance and explanations of the Management to Secretarial Auditors' observations during the year 2021-2022 is appended as **Annexure-4** forms part of this Report.

## Visits of Parliamentary Committees during 2021-2022

The following Parliamentary Committee interacted with the Company during the year 2021-22:

1. Study visit of the Parliamentary Standing Committee on Chemicals and Fertilizers to Guwahati, Imphal and Kolkata from 23<sup>rd</sup> to 28<sup>th</sup> August, 2021 regarding availability and distribution of fertilizers.
2. Committee on Public Undertakings (COPU) – selected NFL for comprehensive examination during the year 2021-22.
3. Standing Committee on Chemicals & Fertilizers for Examination of Demands of Grants for the year 2022-23 of the Ministry of Chemicals and Fertilizers.

## Material Orders of Regulators

Following regulatory orders issued for implementation may affect/ have affected the operations of the plants:

### 1.0 Implementation of NUP-2015 Energy Norms

Department of Fertilizers (DoF) vide letter dated 28-03-2018 issued a Notification revising Energy Norms under NUP-2015 for years 2018-19 and 2019-20. Through this notification, the Target Energy Norms under NUP-2015 for NFL Bathinda, NFL Panipat, NFL Nangal and NFL Vijaipur-I were extended for further period of 2 years till 31<sup>st</sup> March 2020 with a penalty of 2% & 5% for financial years 2018-19 and 2019-20 respectively. Subsequently it was further extended till 30<sup>th</sup> Sept 2020 with a penalty of 10%. The token penalty was equivalent to percentage energy difference between existing NUP Energy norms and Target Energy norms of NUP-2015.

Beyond 30.09.2020, the target energy norm for Bathinda, Panipat and Nangal Units is 6.5 Gcal/MT of Urea whereas for Vijaipur-I, is 5.5 Gcal/MT of Urea.

To achieve these energy targets, NFL installed GTG-HRSGs at Bathinda, Panipat and Nangal Unit at a cost of ₹ 690 crore whereas various energy saving schemes had been implemented at Vijaipur complex at a cost of ₹ 235 crores.

The GTG-HRSG plants at Bathinda & Nangal units were put into continuous operation w.e.f May 2021, while at Panipat unit it began from January, 2022. Similarly, at Vijaipur-I & II all the schemes and sub schemes for energy savings got completed by March, 2022.

The implementation of energy savings schemes at all NFL units got severely delayed due to spread of CoVID-19.

NFL has requested DoF that target energy norms for Nangal, Bathinda and Panipat plants may be reviewed to recover the amount invested in Energy Saving Schemes, failing which viability of these Units will get adversely affected due to non-recoupment of investments.

### 2.0 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. 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. As per rules NFL has to register with Central Pollution Control Board (CPCB) and submit along with action plan to comply with Extended Producer Responsibility (EPR) obligation as mentioned in the rule.

Further, amendment dated 27-03-2018 on the above rules, defines the method of collecting back the plastic waste, quantity of waste to be collected and procedure/methodology of recycling of plastic waste with introduction of PROs (Producer responsibility Organizations). In 2022, Ministry has issued another amendment introducing Extended Producer Responsibility (EPR) which encompassed the responsibility of a producer for environmentally sound management of the product until the end of its life.

NFL had submitted its application to CPCB to obtain "Registration" as Brand Owner and subsequently NFL has received the "Registration" as Brand Owner. Further to fulfil EPR obligation of NFL and RFCL (a joint venture Company) for FY 2021-22 & FY 2022-23 under Plastic Waste Management Rules, 2016 (as amended from time to time), NFL has awarded the Work Orders for collection and recycling of Plastic wastes.

### The Right to Information

In consonance with the spirit of Right to Information Act, 2005 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 are displayed on the Company's website. During the year, 815 RTI applications were received and were dealt with as per the 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

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 behaviour, actual or suspected fraud or violation of Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of whistleblowers. 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](http://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 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.

Promotion of good governance remains the core area of vigilance. Awareness is an important cornerstone for good governance. An enlightened employee not only contributes in achieving the organizational goals but is also instrumental in system improvement.

As an effort towards promoting Preventive Vigilance, Workshops / Training Programs were conducted during the year in all Offices & Production units. These training programmes focused on various issues related to manuals and procedures. In line with the guidelines of CVC & DoF with respect to Preventive Vigilance Module, two days training programmes were conducted for in service officials working on sensitive posts and also new appointees were sensitized on this.

Special Seminars on “Preventive Vigilance Strategies : Focusing on vulnerable Area” are being organized in all manufacturing Units and Zonal Offices involving officials at all levels who are dealing with Tenders.

Regular preventive vigilance activities such as Scrutinies, Surprise checks, Vigilance clearance for administrative decisions, enforcement of Transfer Policy and Rotation of Officers on Sensitive Posts were also carried out in close coordination with the Management. At the same time, investigation of complaints received from various sources and follow up of pending departmental action on previous investigated cases were also done with due diligence.

Periodic Vigilance Reports preparation of Agreed List of Officers, List of Officers of Doubtful Integrity, Observance of Vigilance Awareness Week in Units, Zonal Offices and Corporate Office were the major activities conducted during the year.

The working of vigilance wing of NFL is based on a proactive, participative and focused approach. The roles and responsibilities of vigilance officers are regularly monitored and reviewed to bring the focus on systemic improvements.

#### MoU

The Department of Public Enterprises, Government of India, in order to improve accountability and giving higher autonomy to Public Sector Enterprises, introduced the Concept of MoU during early nineties. NFL signed its first MoU with the Department of Fertilizers (DoF) for the year 1991-92.

Based on financial performance and achievement of other parameters laid down, your Company has been rated “Very Good” as per the Memorandum of Understanding (MoU), signed with the Government of India for the financial year 2020-21. From the year 2021-22 and onwards, DPE has started data entry module of digital MoU Dashboard for CPSEs for entering data. Accordingly, MoU for the year 2021-22 was generated through online MoU portal after entering requisite information and has been signed for F.Y. 2021-22.

#### Awards & Accolades received during 2021-22

- “Occupational Health and Safety Gold Award” by Grow Care India, New Delhi won by Vijaipur Unit in the month of June, 2021.
- Vijaipur Unit has been declared winner of “Green Tech Effective Safety Culture Award-2021” and “Greentech Energy Conservation Award 2021” in the month of July, 2021.
- NFL received PRCI award for House Journal, Annual Report, Arts Campaign, Films and CoVID Management.
- NFL, Nangal Unit won Gold Award for Outstanding efforts in Environment Improvement from Hon’ble Minister of Forest & Environment, Uttarakhand.
- NFL, Nangal Unit has received First Prize in Rajbhasha from Rajbhasha Karyanvan Samiti, Rupnagar.
- NFL, Bathinda Unit won Award for exceptional efforts in Environment Management from Greentech Foundation during 8<sup>th</sup> CSR India Summit & Awards.
- NFL, Corporate Office, Noida received award for innovative CSR initiatives from Greentech Foundation during 8<sup>th</sup> CSR India Summit & Awards.
- Town Official Language implementation Committee awarded third prize to NFL Panipat Unit for exemplary work in Hindi Language.
- NFL Vijaipur Unit received "PLATINUM HSE AWARD 2020-21" from National Safety Council, MP Chapter.
- NFL Bathinda Unit has been declared as the Winner of 20<sup>th</sup> Annual Greentech Safety India Award 2021 for outstanding achievements in Safety Excellence category for the year 2021.

- NFL, Vijaipur Unit has been selected for "Certificate of Appreciation" for NSCI Safety Awards-2021 in Manufacturing Sector.
- NFL, Bathinda Unit has been selected for Group B Manufacturing of Chemical Category Award of "4<sup>th</sup> level Prashansa Patra" for NSCI Safety Awards-2021.
- NFL, Nangal Unit has been selected for "Certificate of Appreciation" for NSCI Safety Awards-2021 in Manufacturing Sector.

### Initiatives under Corporate Social Responsibility

Company is constantly working towards inclusive growth in society through CSR. In the year 2021-22, the focus of CSR activities of the Company was on the theme given by Department of Public Enterprises (DPE) i.e. Health, with special focus on CoVID related measures.

The company allocated a CSR budget of ₹ 345.21 Lakh for the FY 2021-22 and incurred an expenditure of ₹ 408.81 Lakh during the year. This included expenditure on schemes approved in previous years but carried forward in the year 2021-22.

The Company also undertook welfare activities in other areas like education, skill development, environment and empowerment of underprivileged sections of the society. One of the major CSR project of FY 2021-22 that the company undertook was Installation of 07 nos. of Medical Oxygen Generation Plants in Government Hospitals in the states of M.P., U.P., Punjab and Haryana at a budget of ₹ 271.13 Lakh. The project was envisaged to help general public in Government Hospitals to meet the demand for Medical grade oxygen during CoVID pandemic.

In addition, to strengthen the medical infrastructure the company provided Advance Life Support Ambulance in Government Hospital in Aspirational District Siddharthnagar in Uttar Pradesh. The Ambulance will provide service to critical patients and to those who require care in the remote areas.

Also, the Company undertook a project to help differently abled persons by providing assistive devices and artificial limbs such as Wheel Chairs, Motorized Tricycles, Hearing aids, crutches etc. during the Distribution camps organized in Punjab & Haryana.

In the area of education, all the Units of the Company have supported Government Schools in their vicinity through provision of school desk & benches, IT enabled smart boards, swings, fans, RO facilities etc. Also, Corporate Office has set-up Mini Science Centers in two Government Schools located in District, Noida (UP) to promote Science, Technology, Engineering and Mathematics (STEM) Learning for Class 5<sup>th</sup> to 10<sup>th</sup>. To promote Skill development in the youths the Vijaipur Unit provided a Welding Simulator to ITI, Raghogarh in District Guna, M.P.

The Company also installed 30 nos. LED Solar Street Lights in villages near Basti District, U.P. for providing proper lighting in the area for the local residents. Solar street lights are environment friendly as they use renewable form of energy and require less maintenance.

A detailed report on the Corporate Social Responsibility is appended as **Annexure- 5** forms part of this Report.

### RESEARCH & DEVELOPMENT

#### Cow dung processing and its conversion to Bio-fortified fertilizer with enhanced functionality-A Pilot Study

NFL had sponsored a research project titled "Cow dung processing and its conversion to Bio- fortified fertilizer with enhanced functionality: A pilot study" to be undertaken by ICAR-NDRI spread over a period of three years. Agreement for the subject R&D work had been signed between NFL and ICAR-NDRI on 14.09.2018.

The objectives of pilot study were to evaluate conversion & bio-fortification of cow dung for production of quality bio-fertilizer and optimize conversion process of bio-fertilizer to a suitable form for longer storage and distribution.

The pilot study was successfully completed in December, 2021 & final project report was submitted by ICAR-NDRI in January, 2022. It was concluded in the report that the Bio-fortified fertilizer developed in the pilot study has improved the plant growth and yield parameters of chilli and brinjal crops under the pot culture conditions.

A total payment of ₹ 71 Lakh has been made to ICAR-NDRI for execution of the said R&D work.

NFL is also exploring the possibilities for commercial exploitation of technology/Bio-fortified fertilizer developed by NDRI. In the same context, NFL is planning to conduct field trials at its R&D farm of Nangal unit before going for commercialization of the developed Bio-fortified fertilizer.

#### Indian Council for Fertilizer and Fertilizer Technology Research (ICFFTR)

In line with the direction of Department of Fertilizers, Indian Council for Fertilizers and Fertilizer Technology Research (ICFFTR) was formed as a society jointly by NFL, RCF, FAGMIL, PDIL, FACT, BVFCL, MFL, FCIL and HFCL in Aug 2019. Later JV's namely HURL, RFCL & TFL have also become members of ICFFTR.

At present, ICFFTR is funding following Research proposals:

1. Use of Phosphogypsum for production of Calcium nitrate, Calcium ammonium nitrate and Sulphur nutrient (Hydrometallurgy) – By PDIL
2. Development, testing and pilot scale production of Organic Fertilizer – By RCF
3. Development, testing and pilot scale production of Bio-stimulants – By RCF

Further, ICFFTR has signed MoU with Institute of Competitiveness (IFC) regarding “Proposal on Transformation of Indian Fertilizer Subsidy Programme”.

ICFFTR has also signed MoU with International Fertilizer Development Centre (IFDC) for collaboration for fertilizer research in India in thematic areas such as Energy efficiency improvement of the fertilizer manufacturing plants, Pilot plant development in India, Basic and strategic research on new fertilizer molecules & Policy recommendation and market reforms.

ICFFTR has also hired resources from Institute of Competitiveness (IFC) for the study titled “District wise identification of industries in the country using technical grade urea or urea based chemicals (Nitrogen) as a raw material and analysis of consumption pattern of use of technical grade urea or urea by those concern industries.”

Currently, activities related to DG-ICFFTR are being looked after by Department of Fertilizers.

#### 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 Earnings and Outgo is appended as **Annexure-6** forms part of this Report.

#### Safety, Environment and Sustainable Development

Company has undertaken various initiatives for adopting best practices for health, safety environment management and sustainable developments and the details of the same is appended as **Annexure-7** forms part of 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 Form MBP-2 and the same is appended as **Annexure-8** forms part of 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 and the same is appended as **Annexure-9** forms part of this Report.

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

During the year 2021-22, 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 AOC-2 and the same is appended as **Annexure-10** forms part of this Report. Related Party Transaction Policy of the Company is available at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

## Capital Expenditure (CAPEX)

The achievement in CAPEX is ₹ 967 crore in the year 2021-22.

## 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 on quarterly basis and a periodical review of the risks, procedures and strategies are undertaken.

To review the new risks evolved during the quarter along with mitigation action undertaken as well as anticipated risks along with mitigation actions planned in future, the Company has a two tier system where quarterly risks report is first reviewed by the Risk Assessment Committee (RAC) headed by C&MD and thereafter final report is submitted to Risk Management Committee headed by an Independent Director for its recommendations before submission to Audit Committee and the Board of Directors. Efforts are made in a planned way to obviate the risks either fully or to minimize their impact.

Under Risk Management policy, all the risks including risks arising out of CoVID-19 along with mitigation actions undertaken have been reviewed by Risk Assessment and Risk Management Committees. Some of the risks having huge financial impact as identified and reviewed by RAC include adverse impact of profit due to tightening of energy norms w.e.f. 01.10.2020 without govt. dispensation, disallowing of minimum fixed cost for Vijaipur-I Unit retrospectively, delay in execution of ongoing projects such as energy reduction projects.

## 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 2021-22 is appended as **Annexure-11** forms part of this Report.

## Procurement through GeM Portal

During the year, total procurement through GeM portal was ₹ 27.51 Crore.

## Human Resource Management

The Company has a manpower strength of 3003 regular employees as on 31.03.2022, which comprises 1538 Executives and 1465 Non- Executives. 202 women employees are on its roll, which is 6.73% 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. Six programmes related to 'Prevention of Sexual Harassment' (PoSH) at work place were held during the year 2021-2022. No complaint of sexual harassment was received in the year 2021-22.

### Implementation of Official Language Policy

Company is making constant efforts for the propagation and implementation of Official Language Policy of the Govt. of India. Quarterly meeting of Official Language Implementation Committee is regularly held in all the offices/Units of the Company under Chairmanship of Head of respective Office/Unit to review the progress of use of Hindi in Official Work. Total 36 meetings were held during the year 2021-22.

To promote the use of Hindi, 34 Hindi Workshops were organized during the year in which 860 employees actively participated. 'Hindi Pakhwara' was organized in all the Units/Offices of the Company to commemorate 'Hindi Diwas'. During the year 57 programme/competitions were organized for promoting the use of Hindi and a total of 1259 employees participated in them out of which 556 participants were awarded prizes. Besides, under 'Cash Incentive Scheme', 63 employees were given cash prizes for doing their official work in Hindi.

Two half- yearly meetings were successfully conducted in compliance of the conduct and heading of Town Official Language Committee (Undertaking), Noida on 15.07.2021 and 30.11.2021 by NFL, Corporate Office through video - conferencing under the Chairmanship of Chairman & Managing Director of NFL in which 60/50 nos. of nominated heads of member offices and other Official Language Officer attended the meeting.

During the year 2021-22, the First sub-committee of the Parliamentary Committee on Official Language successfully conducted the inspection programme regarding the use of Official Language at Panipat Unit, Chandigarh Zonal Office, Nangal Unit, Bathinda Unit and Corporate Office, Noida on 08.04.2021, 09.07.2021 09.11.2021, 09.11.2021 and 27.12.2021 respectively.

During the year 2021-22, NFL Nangal Unit was awarded with First Prize & Panipat Unit was also awarded with Third Prize 'Rajbhasha Shield' from TOLIC Rupnagar and Panipat respectively for doing excellent work in Official Language Implementation.

### 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. A statement showing representation of employees belonging to Scheduled Caste/Scheduled Tribes/Other Backward Classes/ Persons is appended as **Annexure-12** forms part of this Report.

## Presidential Directives

Schedule of Compliances with Presidential Directive issued during financial year 2021-22 and during last three year preceding the financial year 2021-22 is as below:

Financial Year	Content of Presidential Directives	Compliance
2021-22	NIL	NIL
2020-21	NIL	NIL
2019-20	NIL	NIL
2018-19	Presidential Directive for pay revision	Complied

## Information Technology

Company has embarked on a journey to become an IT enabled organization to improve operational efficiency and has made significant investments in digital assets and new technologies intending to address the Company's future needs.

Major digital initiatives include implementation of centralized Dispatch Management System, Marketing Management & Information System, Human Resource Management System, Employees Self Service portal and On-line APAR system which are handled at Data Centre of Corporate Office, Noida.

In order to have secure access to business applications, SDWAN solution has been implemented. To reduce the downtime of internet access, redundant internet leased lines have been replaced at each Manufacturing Units, Zonal Offices and Corporate Office, Noida. To prevent cyber threats, UTM based security appliances have been installed.

The Company has leveraged CoVID imposed constraints for enhancing Video Conferencing facilities and most meetings, trainings and interviews are conducted through Video Conferencing with all its Plants, Zonal Offices & Business partners.

E-Office application is going to be implemented across the organization. This initiative will give the twin benefit of being environment friendly which is a step towards paperless office and will result in dramatic reduction in file processing time, thus speeding up decision making.

To address the Company's future needs, implementation of ERP solution SAP S4/HANA is under progress which is an integrated business solution and will increase productivity, efficiency and will provide data on real time. The project is named as 'SANGAM' - Software Aligned for NFL's Growth and Modernization.

## Material impact of CoVID-19 pandemic on operations and performance of the Company

### 1.0 Impact of CoVID-19 on NFL operations i.e. production and dispatch

During second wave in March/April 2021, although there was a lockdown, the Company did not face any major challenge regarding plant production, consumables and dispatch and Company has been able to operate all its five plant at normal levels.

### 2.0 Delay in Implementation of Energy saving Projects

NFL Units had been implementing Energy saving projects to meet the energy target under NUP-2015. Most of the schemes were planned to be completed by March/June, 2020. However, with the onset of lockdown from 25-03-2020 arising out of CoVID-19, various project activities at each unit were completely stopped.

Each of the projects during Mar/April 2020 required experts for commissioning of machines however owing to sealing of international borders, experts could not be deputed. Later, in August, 2020, with the relaxations in lockdown, follow-ups from Ministries have been done for permitting these experts to travel to Company sites. Even after obtaining permissions the OEMs were reluctant to send representatives at site. Seeing delay in deputation revamp of Syn Gas Compressor and Turbine at Vijaipur-I was carried out through remote advisory from M/s Mitsubishi-Japan in

Sep 2020. Similarly, installation of GTG-HRSG at Bathinda, Nangal and Panipat got delayed owing to restriction on international flights, the Foreign experts for commissioning of GTG could not be mobilized to sites before Nov, 20. GTG-HRSG project at Bathinda and Nangal were put into operation in the month of May, 2021.

However, owing to spurt of CoVID again in April/May 2021, the foreign experts who were mobilized at Panipat site were called back and foreign experts were re-mobilized again in August, 2021 and GTG-HRSG put into operation in January, 2022 and at Vijaipur-I & II ESP schemes came again to halt owing to CoVID cases at consultant offices/vendors leading to closure of offices and workshops and all energy saving projects/schemes have been completed by March, 2022.

## AUDITORS

### Statutory Auditors

The Statutory Audit of your Company was conducted by Chartered Accountants firms M/s. Arun K. Agarwal & Associates, Chartered Accountants and M/s Mehra Goel & Co., Chartered Accountants, Joint Auditors appointed by Comptroller & Auditor General of India (C&AG). Auditor's Report on the Financial Statements including consolidated Financial Statements of the Company for the financial year 2021-22 is attached.

Proposal authorising Board of Directors to decide & fix remuneration of Statutory Auditors appointed/to be appointed by the Comptroller and Auditor General of India for the F.Y. 2022-23 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 financial year ended 31.03.2022.

### Comments of C&AG

The Financial Statement (Standalone and Consolidated) of the Company are subject to comments of C&AG of India under Section 143(6)(b) read with Section 129(4) of the Companies Act, 2013 which shall be sent to shareholders.

### 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 2021-22 was carried out by Cost Auditors M/s K. L. Jaisingh & Co., M/s Ravi Sahni & Co., M/s Sanjay Gupta & Associates and M/s R. K. Patel & 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 2020-21 was filed with Ministry of Corporate Affairs (MCA) on 03.09.2021.

### Internal Auditors

Company has an Internal Audit Department headed by an Executive Director. To carry out Non-technical Audit, your Company had appointed nine Chartered Accountant firms namely M/s. S.K. Mehta & Co, M/s. G.S. Mathur & Co., M/s. Raj HarGopal & Co., M/s J. Singh & Associates, M/s. Goyal Parul & Co., M/s. Chaturvedi & Co., M/s. S.N. Kapur & Associates, M/s. Amit Ray & Co., and M/s J.K. Sawargi for the year 2021-22. Technical Audit and IT/ EDP Audit was carried out by in-house internal audit teams.

### Secretarial Auditors

M/s Parveen Rastogi & Co., Practicing Company Secretaries was appointed by the Board for undertaking the Secretarial Audit for the Financial Year 2021-22 in terms of Section 204 of Companies Act, 2013 and Rules made there under. Secretarial Audit Report for the year 2021-22 and Management's explanation to Secretarial Auditor's observations are appended as **Annexure-13** forms part of this Report.

Annual Secretarial Compliance Report for the Financial Year ended 31.03.2022 issued by M/s Parveen Rastogi & Co., Practicing Company Secretaries, under Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as **Annexure-14** forms part of 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 annexed to this report.

### Nomination & Remuneration Committee and Remuneration Policy

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

### Stakeholders Relationship Committee

Disclosures regarding Stakeholders Relationship Committee are given in the Corporate Governance Report annexed to this report.

### Corporate Social Responsibility and Sustainable Development Committee

Disclosures regarding Corporate Social Responsibility and Sustainable Development Committee are given in the Corporate Governance Report annexed to this 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 of India. 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.

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

MCA vide its notification dated 28.08.2020 had modified the sub-Rule (1) of Rule 12 of Companies (Management and Administration) Rules, 2014 by inserting the proviso that a Company shall not be required to attach the extract of the annual return with the Board's Report in Form No. MGT-9, in case the web link of such annual return has been disclosed in the Board's Report in accordance with Section 92(3). Accordingly, in compliance of the notification the Annual Return of the Company will be made available on the website of the Company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

### 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 2021-22, no unpaid/unclaimed dividend amount is due to be transferred to Investor Education and Protection Fund on account of unpaid/unclaimed dividend. Accordingly as per Section 124(6) of the Companies Act, 2013 and Rules notified thereunder, no shares were transferred to demat account of IEPF. The details of the unpaid/unclaimed dividend and shares transferred to IEPF Account for the previous years are available at the website of the Company [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

### Listing

Company's equity Shares are listed at National Stock Exchange of India Limited (NSE) and BSE 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 2021-22.

**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 31.03.2022. Code of Conduct has been uploaded on the website of the Company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

**Corporate Policies & Codes**

Details regarding various corporate policies & codes are given in the Corporate Governance Report and also available on the website of the Company at [www.nationalfertilizers.com](http://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 Mis-appropriation of Funds**

Statutory Auditors in its report emphasized regarding misappropriation of stock of fertilizers fraudulently by a stockiest under Godown Agreement with the Company during the year. Cost of stock amounting to ₹ 384 Lacs has been accounted for in the Statement of profit & Loss through reduction of inventories. The matter is under investigation.

**Disclosure regarding frauds**

No fraud has been reported by the Auditor to the Audit Committee or to the Board, during the financial year 2021-22.

**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 31.03.2022 is as follows:

Shri Nirlep Singh Rai, had been appointed as Chairman & Managing Director w.e.f. 06.09.2021.

Shri Yash Pal Bhola ceased to be Director (Finance) & CFO w.e.f. 31.12.2021 on attaining the age of superannuation.

Shri Ashok Jha, Company Secretary.

**Board of Directors****Changes in Composition**

Shri Nirlep Singh Rai was appointed as Chairman & Managing Director on 06.09.2021 vide Order No. 82/1/2014-HR-PSU dated 06.09.2021 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Further, Shri Nirlep Singh Rai had been entrusted with the additional charge of the post of Director (Technical) vide

Order No. 82/1/2017-HR-PSU dated 30<sup>th</sup> September, 2021 for the period of three months w.e.f. 07.09.2021 and the same was further extended for the period of 06 months w.e.f. 07.12.2021 vide order no. 82/1/2017-HR-PSU dated 03<sup>rd</sup> December, 2021. Shri Nirlep Singh Rai had also been entrusted with the additional charge of the post of Director (Marketing) w.e.f. 03.12.2021 vide Order No. 82/1 /2021-HR-PSU dated 20<sup>th</sup> January, 2022 issued by Department of Fertilizers, Ministry of Chemical and Fertilizers, Government of India for period of 3 months.

Shri Virendra Nath Datt, Director (Marketing) was entrusted with the additional charge of the post of Chairman & Managing Director vide Order No.86/05/2008-HR-PSU dated 01<sup>st</sup> June, 2020 w.e.f. 03.06.2020 and his tenure for holding additional charge of the post of C&MD has been further extended w.e.f. 03.06.2021 vide Order No. 82/1/2014-HR-1 dated 03<sup>rd</sup> June, 2021 issued by Department of Fertilizers, Ministry of Chemical and Fertilizers, Government of India. Shri Virendra Nath Datt ceased to hold the additional charge of the post of Chairman & Managing Director w.e.f. 05.09.2021. Further, Shri Datt ceased to hold the charge of the post of Director (Marketing) w.e.f. 02.12.2021 due to acceptance of his resignation from the post of Director (Marketing) vide Order No. 82/01/2018-HR-PSU dated 29<sup>th</sup> November, 2021 issued by Department of Fertilizers, Ministry of Chemical and Fertilizers, Government of India.

Ms. Neeraja Adidam was appointed as Government Nominee Director (part time Government Nominee Director) on the Board of the Company w.e.f. 14.10.2021 vice Shri Partha Sarthi Sen Sharma in terms of Order No. 95/1/2019-HR-PSU dated 29<sup>th</sup> September, 2021 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Further, members of the Company appointed her as Government Nominee Director, liable to retire by rotation through Postal Ballot resolution passed on 25<sup>th</sup> June, 2022.

Dr. Poonam Sharma, Shri Ritesh Tiwari and Shri Kashi Ram Godara were appointed as Non-official Independent Directors on the Board of the Company w.e.f. 12.11.2021 in terms of Order No. 78/2/2006-HR-PSU (pt II) dated 5<sup>th</sup> November, 2021 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Further, members of the Company appointed them as Non-official Independent Directors, not liable to retire by rotation through Postal Ballot resolution passed on 25<sup>th</sup> June, 2022.

Dr. Venkata Sarvarayudu Thota was appointed as Non-official Independent Director on the Board of the Company w.e.f. 30.11.2021 in terms of Order No. 78/2/2006-HR-PSU (pt II) dated 5<sup>th</sup> November, 2021 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Further, members of the Company appointed him as Non-official Independent Directors, not liable to retire by rotation through Postal Ballot resolution passed on 25<sup>th</sup> June, 2022.

Shri Yash Paul Bhola, Director (Finance) & Chief Financial Officer (CFO) ceased to be Director (Finance) and CFO of the Company w.e.f. 31.12.2021.

Shri Atul Baburao Patil was appointed as an Additional Director [Director (Marketing)] on the Board of the Company w.e.f. 07.04.2022 in terms of Order No. 82/1/2021-HR-PSU (part) dated 25<sup>th</sup> March, 2022 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Further, members of the Company appointed him as Director (Marketing), liable to retire by rotation through Postal Ballot resolution passed on 25<sup>th</sup> June, 2022.

Shri Jyoti Bhramar Tubid was appointed as Non-official Independent Director on the Board of the Company w.e.f. 21.04.2022 in terms of Order No.78/2/2006-HR-PSU (pt) dated 28<sup>th</sup> March, 2022 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Further, members of the Company appointed him as Non-official Independent Directors, not liable to retire by rotation through Postal Ballot resolution passed on 25<sup>th</sup> June, 2022.

Shri Dharam Pal, Government Nominee Director absents himself from all the Meetings of Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board. Accordingly, he has ceased to be Government Nominee Director of the Company w.e.f. 10<sup>th</sup> June, 2022.

Shri Hira Nand was appointed as Chief Financial Officer of the Company w.e.f. 24.05.2022 and subsequently he was appointed as Additional Director [Director (Finance)] on the Board of the Company w.e.f. 17.06.2022 in terms of Order No. 82/3/2013-HR-PSU dated 17.06.2022 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

Dr. Prathibha A. was appointed as Government Nominee Director (Part Time Government Nominee Director) on the Board of the Company w.e.f. 03.08.2022 vice Shri Dharam Pal in terms of Order No. 95/1/2019-HR-PSU dated 20<sup>th</sup> July, 2022 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

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, Ms. Neeraja Adidam (DIN: 09351163) and Shri Atul B. Patil (DIN: 09557730), will retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

#### **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 have been reappointed on the Board of the Company during the FY 2021-2022.

#### **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 had been followed along with proper explanation relating to material departures;
- 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 2021-2022 and of the profit of the Company for that period;
- c) the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- d) the Directors had 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 are operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are 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 throughout the year especially in CoVID-19 pandemic situation. Board also place on record active support and cooperation received from Employees Trade Union and Officers Association for sustained improvements.

**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003.

**Date: 29.08.2022**

**(Nirlep Singh Rai)**

Chairman & Managing Director

DIN: 08725698

## Management Discussions and Analysis (MDA)

### INTERNATIONAL FERTILIZERS MARKET

#### Market Overview

The fertilizer industry has been significantly affected in many parts of the world since the outbreak of CoVID-19 pandemic. Due to shutdown of a few fertilizer plants located in the integrated chemical complexes of the world and shortage of labour, bags etc., despatches were affected in the initial lockdown periods. Thus, the international fertilizer industry witnessed a moderate impact due to CoVID-19.

The growing demand for Nitrogen (N), Phosphorous (P), and Potash (K) and micronutrient fertilizers on the long term and the technological innovations in the industry are expected to drive the fertilizer market growth in coming days. Though, regulatory and environmental constraints and high cost of production are likely to act as negative factors in the industry.

The international fertilizers market is expected to grow at a CAGR of around 2% during the five year period starting from 2022. Share of around 60% of the overall fertilizer market is accounted by Asia-Pacific region which is the largest fertilizers market in the world. In the Asia-Pacific region China is the largest consumer of fertilizers and accounted for around 53% share in the fertilizer market but the country was greatly impacted in the beginning of the lockdown phases, being the epicentre of the CoVID-19 pandemic. However, production rates had been increased for all fertilizers after the conditions in China stabilized.

#### Key Market Trends- Per Capita Arable Land and Food Demand

The world population is increasing at a fast rate. This increasing population is adding to the food demand and supplying food to this increasing population has become a threat for the world. Further, due to industrialization and urbanization, arable land is declining. As mentioned in the 'The Resource Outlook to 2050' The Food and Agriculture Organisation of the United Nations (FAO) that presently, more than 1.50 billion hectares of the world's land surface (about 12%) is used for crop production and there is little scope for further expansion of agricultural land.

It is expected that the per capita arable land area will decline to 0.18 ha by 2050 across the world, compared to 0.15 ha in developing countries and 0.42 ha in developed countries. Further, the world population of 7.4 billion in 2016 is projected to increase to 9.7 billion by 2050, with maximum increase in developing countries. Therefore, it is recommended that food production in the world to be increased by 60~70 % between 2005 and 2050. As a result of population growth and a steady land degradation rate, the per capita land is anticipated to decrease in the future. Therefore, condition may arise when there will be stress on the existing arable land to produce supplementary food using technologically advanced fertilizers in a sustainable way.

#### Asia-Pacific Dominates the Market

The largest fertilizers market is the Asia-Pacific market and accounts for around 60% of the overall market whereas Southeast Asia is the major fertilizer consumer in Asia-Pacific, with China representing approximately half of the consumption. There is strong demand for nitrogenous fertilizers in Asia. Though, potassium fertilizers market is also expected to grow significantly in the coming years. Further, with the increasing use of Neem Coated Urea, water-soluble fertilizers and up scaling of Direct Benefit Transfer (DBT) to farmers, demand of fertilizers in Southeast Asia is anticipated to increase.

In the Asia-Pacific region, rice is a big nitrogen-consuming crop. Rice production in Asia accounted for around 35% of the total fertilizer consumption. Oil palm, the second-largest consumer of fertilizers, accounts for around 17% of the total fertilizer consumption and 50% of potash consumption in Asia. Rice and oil palm production growths are anticipated to remain strong because of population growth along with economic growth in the region.

International Fertilizers Market is divided in three categories (a) type of fertilizers i.e., Straight and Complex Fertilizers, (b) Crop Type like Grains and Cereals, Pulses and Oilseeds, Commercial Crops, Fruits and Vegetables & Other Crop Types and (c) Geography i.e. North America, Europe, Asia-Pacific, South America and Africa.

## INDIA FERTILIZER MARKET

### Market Overview

During 2021-22, the impact of the CoVID-19 pandemic on the Indian fertilizer market, the second-largest consumer of fertilizers globally with an annual consumption of more than 60 million ton, has been low because of the exemption of this sector from lockdown restrictions by the government. Though, the fertilizer sector faced challenges during the initial lockdown during 2020-21 due to shortage of labor and raw materials which affected despatches. GoI took suitable actions to confirm availability of fertilizers to farmers amid the lockdown which resulted in increased fertilizers sales.

The Indian fertilizers market is expected to grow at a CAGR of around 12% during the five year period starting from 2022. In future, the demand for fertilizers to be driven by increased agricultural production to meet the food demand of the country's growing population. Urea, a nitrogenous fertilizer, is one of the most consumed fertilizers among the various types of fertilizers used in India. In 2020-21, Urea consumption in India amounted to around 35 million ton compared to other fertilizers, and the consumption volume of urea was the highest across the country that year, followed by around 10 million ton of Di-ammonium Phosphate (DAP).

The Indian Fertilizer Market is divided by (a) Type of Fertilizers i.e. Nitrogenous Fertilizers, Phosphatic Fertilizers, Potassium Fertilizers, Complex Fertilizers, Secondary Nutrient Fertilizers, and Micronutrient Fertilizers and (b) Type of crops like Grains and Cereals, Pulses and Oilseeds, Commercial Crops, Fruits & Vegetables and Other Applications.

### Key Market Trends-Increasing Agricultural Production

According to the Indian Economic Survey 2021-2022, the country's agriculture sector's Gross Value Added (GVA) experienced growth over the previous two years. It grew at 3.9% in 2021-22 and 3.6% in 2020-21. According to the Food and Agriculture Organization, the production in the country increased despite the area under cultivation decreasing. Rice production increased from 177.6 million ton in 2019 to 178.3 million ton in 2020, while wheat production increased from 103.5 million ton in 2019 to 107.5 million ton in 2020. Good monsoon, various government measures to enhance credit availability, improve investments, create market facilities, promote infrastructure development, and increase in the provision of quality inputs to the sector helped increase the sector's productivity.

### Increased Production of DAP and Complex Fertilizers

Urea is the majorly consumed fertilizer in India, followed by DAP. The production of DAP and complex fertilizers is increasing in the country. In 2020-21, the production of DAP was 3.8 million ton, and the production of complex fertilizers reached 10 million ton. The increase in production resulted in the decline of DAP imports. The production of DAP increased between 2017 and 2018 when the global prices for phosphate raw materials fell. This boosted the production of DAP in the country, owing to the higher demand for this fertilizer. As of March 2021, 21 units in India produced DAP and complex fertilizers.

The market of Non-Urea fertilizers is fragmented, with a mix of government-owned and co-operatives having a high market share in the straight and complex fertilizer space and private companies engaged in product / technical innovation to tap the non-subsidy space.

### Impact of prevailing geo-political situation on Indian fertilizer industry

The conflict between Russia and Ukraine has impacted the world economy. There is steep rise in energy import bill in India which will affect almost all sectors of the Indian economy. However, the impact on fertilizer sector is more visible.

There are policies by GoI aimed at achieving the goal of self-reliant in fertilizer availability, however, the country remains largely dependent on import of fertilizer for meeting the requirements of its farmers.

Three most popular fertilizers used by farmers in India are Urea, Di-ammonium Phosphate (DAP) and Muriate of Potash (MoP) being the major source of 'Nitrogen', 'Phosphate' and 'Potash' nutrient respectively. Natural gas (NG) is

the raw material used for manufacture of Urea whereas Phosphoric Acid and Ammonia are the prime raw materials needed for production of DAP.

In case of DAP, nearly 60% of India's requirement is sourced from other countries whereas all of MoP needed by farmers is imported. All of phosphoric acid and bulk of ammonia required is imported. Around 28% of the requirement of Urea is imported. Even for the balance Urea produced domestically, India depends on imported natural gas.

Around 50% of potash requirement of India is fulfilled from Russia and Belarus and a considerable quantity of ammonia also imported from this region. Around 60% of DAP demand of India is fulfilled from China and Saudi Arabia. Over 30% of Urea imported from China and bulk of the remaining imports comes from countries in the middle-east. India imports 10% of its Natural Gas requirement from Russia.

In view of the war, there is massive interruption in imports from the affected region due to factors such as (i) economic and financial sanctions imposed by the countries, (ii) physical problems in the entire supply chain from mining to production to logistics and movement and (iii) obstruction of sea transportation routes.

The supply interruptions are not expected to smoothen shortly until immediate resolution of the crisis is arrived. In case the war expands, the consequences will be with the world for a long time.

In India, these interruptions are visible in the form of both supply shortages as well as sharp increase in prices of imported fertilizer. The maximum effect will be felt in potash wherein we import 50% of requirement sourced from Russia and Belarus. Further, due to drastic cut in supplies from these countries, there is global shortage and resultant sharp increase in international prices. This also resulted in high import bill for the products where our dependence is on this region.

However, India has a system of controlling the Maximum Retail Price (MRP) of Urea and other fertilizers at a low level unrelated to the cost of production / import and distribution and reimbursing the difference to the manufacturer / importer as subsidy from the budget. This mechanism shields both the farmers and the industry from financial hardship.

During 2021-22, the prices of all fertilizers and Raw Materials had increased. The price of DAP more than doubled while, price of Urea and MoP went up almost three times each. The resultant increase in cost was reimbursed to manufacturers by hike in subsidy.

### For the year 2022-23

Imported urea prices have risen considerably in April, 2022. Similarly, prices of DAP and MoP have also risen significantly in April, 2022 in comparison to the year-ago period.

It would be the third year in a row in 2022-23 that the annual Budget spending on fertilizer subsidy will be much above the ₹ 1-trillion mark, against a lower range of about ₹ 70,000-80,000 crore in the past few years.

It is perceived that the future prices of imported fertilizer could depend on the Russia-Ukraine conflict, which has disrupted the supplies of DAP and MoP.

While farmers in the country continue to be insulated from the relentless rise in global prices of urea and natural gas, as the retail prices of the nitrogenous fertilizer are capped and subsidy on it is open-ended, the surge in DAP and MoP prices in the global market inflates the farmers' costs as the subsidy on the two products, although high, are capped.

In the case of urea, farmers pay a fixed price of ₹ 242 per bag (45 kg) which covers about 20% of the cost of production, the balance is provided by the Government as subsidy to fertilizer units.

With retail prices of DAP and MoP rising steeply, The Government in April' 2022 announced increased Nutrient Based Subsidy (NBS) rates for phosphatic and potassic (P&K) fertilizers for the Kharif season (April-September, 2022) than the last year. The increase in subsidy is meant to insulate farmers from the increase in the prices of Di-ammonium Phosphate (DAP) and other non-urea nutrients in the global markets. These soil nutrients are largely imported. In 2021-22, the Government had twice revised NBS rates for phosphatic fertilizers.

## Fertilizer Industry Structure & Developments

Fertilizer industry in India operates in public, private and co-operative sector, with the private sector occupying a large 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 Gol 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 Gol w.e.f. 01.04.2010.

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.

Government of India had implemented the policy for providing increased fixed cost of ₹ 350 per tonne of Urea and special compensation of ₹ 150 per tonne of Urea as vintage allowance to more than 30 years old gas based plants. However, Government is yet to consider the issue of minimum fixed cost of ₹ 2300 per tonne of Urea as very low fixed cost for some of the Urea Units including Vijaipur-I Unit of the company is affecting viability of operation of plant.

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, Gol 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 are being faced by Fertilizer Industry which need to be addressed over regulations and procedural delays, investment by Industry on energy saving schemes to meet the target energy norms fixed under New Urea Policy (NUP-2015) without any dispensation from Gol, Implementation of DBT which has further aggravated the problem of working capital due to shift of subsidy payment from supply to sale. Lack of availability of domestic gas, increasing trend in the price of RLNG is also adversely impacting the profitability of the Urea manufactures. To partially address issues of Urea Industry, Government has constituted a Committee to review Fixed Cost applicable to industry.

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.

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.

## Strength and weakness

### Strengths

- Large player in domestic Urea Production (around 15% share in total production of the country).
- A multi-product Company with well established “Kisan” Brand.
- Majority equity held by Gol.

- Pan India distribution and sales network with least marketing cost amongst Urea players in the Country.
- Three plants located in the most intensive fertilizers consuming States i.e. Punjab and Haryana.
- Manufacturing Facilities for Industrial Products.
- Skilled & Experienced workforce.
- Adequate Infrastructure for future expansion/sharing.
- Well established eco-system for Seed Production & Sale.
- Strong presence in the Southern market after commissioning of RFCL.

#### Weaknesses

- Low operating margins in Urea due to regulatory environment.
- Increase in working capital requirement after implementation of DBT.
- Bathinda, Nangal and Panipat being old & smaller capacity plants consuming higher energy than new & large capacity plants.
- Dependence on subsidy.
- Huge attrition of manpower in next couple of years due to retirement.

#### Opportunities & Threats

##### Opportunities

- Leverage of existing Pan India marketing network for undertaking trading and other businesses.
- 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.
- Providing O & M services to other Fertilizers Companies.

##### Threats

- Increased Government regulations & procedures.
- 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 ₹ 15857.09 crore during 2021-22 as against ₹ 11905.66 crore during previous year and total income of ₹ 15891.42 crore during 2021-22 as against ₹ 11939.00 crore during previous year as detailed below:

(₹ in Crore)

Particulars	2021-22	2020-21	Change
Sale of products (including subsidy)	15603.96	11515.97	4087.99
Sale of services	18.96	0.04	18.92
Other Operating revenue	234.17	389.65	(155.48)
Revenue from operations	15857.09	11905.66	3951.43
Other income	34.33	33.34	0.99
Total Income	15891.42	11939.00	3952.42

### Segment wise or product wise performance

#### Urea and other fertilizers

The Company has achieved the Urea Production of 35.23 LMT with an overall capacity utilization of 109.04% (with respect to RAC) during 2021-22 against previous year production of 37.99 LMT achieved during 2020-21 (CPLY).

The Company has also produced 17076 MT of Bentonite Sulphur (BS) during the year against CPLY of 14071.90 MT, achieving a growth of around 21%

On the sales front, the Company has achieved sale of Fertilizers of 54.60 LMT that includes sale of 34.58 LMT of own Urea, 8.86 LMT of Imported Urea, 11.16 LMT of Non-Urea Fertilizers including 0.27 LMT (26647 MT) of Compost during 2021-22 as compared to previous sale of 59.37 LMT during 2020-21 which includes sale of 39.65 LMT of own Urea, 10.45 LMT of Imported Urea, 9.27 LMT of Non-Urea Fertilizers including 0.22 LMT of Compost.

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

(Lakh MT)

Product	2021-22	2020-21	Change
<b>1. Manufactured</b>			
a) Urea	34.58	39.65	(5.07)
b) Bentonite Sulphur	0.18	0.20	(0.02)
c) Bio-Fertilizers	0.007	0.005	0.002
<b>2. Traded Goods</b>			
a) Imported			
i) DAP	3.53	5.09	(1.56)
ii) MOP	0.54	1.04	(0.50)
iii) NPK (12-32-16)	1.12	0.54	0.58
iv) NPK (10-26-26)	0.66	0.42	0.24
v) APS	0.56	1.47	(0.91)
vi) Calcium Nitrate 100%	-	-	-
vii) NPK (19-19-19) 100% water soluble fertilizers	-	0.0003	(0.0003)
b) Indigenous			
i) Imported Urea (On Govt. A/c)	8.86	10.45	(1.59)
ii) SSP	0.33	0.28	0.05
iii) City Compost	0.27	0.22	0.05

(Lakh MT)

Product	2021-22	2020-21	Change
i) NPK (19-19-19) 100% water soluble fertilizers	-	0.005	(0.005)
ii) RFCL Urea	3.69	0.002	3.688
iii) FACTAMFOS(CD)	0.24	-	0.24
iv) WSF (Indigenous)	0.03	-	0.03
v) POTASH FROM MOLASSES	-	-	-
<b>Total Fertilizers</b>	<b>54.60</b>	<b>59.37</b>	<b>(4.77)</b>

### Industrial Products

The Company registered sale of Nitric Acid of 64008 MT during 2021-22 as compared to previous sale of 61387 MT during 2020-21. The Company also recorded sale of Ammonium Nitrate to the tune of 24029 MT during 2021-22 as compared to sale of 8619 MT achieved during 2020-21. The sale of Technical Surplus Ammonia from its various units was 37774 MT during 2021-22 as against 16087 during 2020-21. The sale of Ammonia from RFCL, through marketing arrangement, was 17168 MT.

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/ Nitrite, Ammonium Nitrate, Ammonia to the tune of ₹ 569.15 crore during 2021-22 against CPLY of ₹ 243.33 crore.

### Bio-Fertilizers

The Company sold 745 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹ 2.53 crore in F.Y. 2021-22 as against 528 MT of ₹ 1.83 crore during CPLY.

### Import & sale of Fertilizers

The Company sold 6.41 LMT of imported non-Urea Fertilizers including DAP, MoP, APS, NPK etc. worth ₹ 3265.85 crore during 2021-22 against 8.56 LMT worth ₹ 2541.88 crore during 2020-21.

Apart from the above, NFL also sold 8.86 LMT of Urea imported in Government account.

### Domestic Trading of Agro Products

The Company has registered total revenue of ₹ 219.57 crore towards trading of various agro products such as seeds, pesticides & compost during the year against ₹ 90.98 crore during CPLY.

### Gross Sale Composition

Item	% of total Sale Composition		% Increase/(Decrease)
	2021-22	2020-21	
Urea (manufactured)	67.75	68.28	(0.78)
Other Products	32.25	31.72	1.67

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 67.75% while contribution of non-Urea business has increased to 32.25% during 2021-22.

### Projects completed / underway

The status of the NFL's ongoing projects is as under:

### Setting up of manufacturing facilities for Agrochemicals at Bathinda

In order to make self-sufficient in Agro Chemicals business, NFL is setting up manufacturing facilities of Agrochemicals at its Bathinda unit.

Initially, NFL has planned to produce 23 molecules. Completion of plant is in advance stage.

In addition to the above production facilities, NFL is also looking for expansion of the above manufacturing facilities of Agrochemicals at Bathinda. Techno-economic viability for the same is being assessed.

### Setting up of Nano Urea (Liquid) plant at NFL, Nangal

IFFCO has developed technology for production of Nano Urea (Liquid) fertilizer. In order to promote the use of Nano Urea in the country, NFL had signed MoU with IFFCO for providing technical information for setting up Nano Urea plant in the gracious presence of Hon'ble Cabinet Minister of Chemicals & Fertilizers and Health & Family Welfare & Hon'ble Minister of State of Chemicals and Fertilizers.

NFL Board had also accorded in-principle approval for setting up of Nano Urea (Liquid) production plant of capacity of 1.5 Lakh (500 ml) bottles per day at any of NFL's existing units subject to financial viability of project. The plant will be set up at the existing premises of NFL Nangal plant.

Viability of the project is being assessed by preparing Techno-economic feasibility report (TEFR) through consultant. The subject project requires Environmental Clearance from MoEF & CC and NFL is in the process of getting the same. In parallel, Project Management Consultant is also being lined up.

The Capacity of plant shall be 4,95,00,000 bottles of Nano Urea of 500 ml per year (24750 KL). One bottle of 500 ml of Nano Urea is equivalent to one 45 kg Urea bag. Commercial production from the plant is expected in 2023.

### Seeds Processing Plants

Regarding setting up of Seeds Processing Plants at Bathinda, Panipat & Indore, the Company has already commissioned the seeds processing plant at Bathinda and Panipat while at Indore, progress is underway and expected to be completed shortly. The company would be processing the seeds to be grown & harvested under its flagship Seed Multiplication Program which was otherwise being processed through outsourcing to third party. The total seeds processing capacity of the company after commissioning of all the 3 plants would be 1.20 Lakh quintals.

### Integrated Energy Saving Projects

The new energy norms have been enforced w.e.f. 01.10.2020 under New Urea Policy-2015 for all the NFL's plants except Vijaipur-II which have been implemented w.e.f. 01.04.2018. In order to meet the new energy norms applicable w.e.f. 01-10-2020, the company has implemented energy saving schemes by setting up Gas Turbine Generator (GTG) along with Heat Recovery Steam Generation (HRSG) Unit at Panipat, Bathinda & Nangal Units with a cost of ₹ 690 crore.

Company also completed implementation of energy saving schemes at Vijaipur Units by March, 2022 at a cost of ₹ 235 crore.

### 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, ISO 14001 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 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 about 8.75 lakhs 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, Water Soluble Fertilizer, Micronutrients, Zinc Solubilizing Bio-Fertilizer, Seeds, Adblue etc.
- Maximization of production of Industrial Products including Ammonium Nitrate.
- Marketing of Urea manufactured by RFCL.
- Manpower Management Consultancy for Ramagundam plant.
- Dividend from RFCL.
- 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, Complex fertilizers, Water Soluble Fertilizer & Calcium Nitrate.
- Identification of new areas of growth

## Risk & Concerns

The major risk & concerns of NFL are outlined below:

- 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.
- Deletion of provision of minimum fixed cost retrospectively w.e.f. 02.04.2014 for Vijaipur-I.
- Dependence on subsidy. Delay in receipt of subsidy leads to higher interest cost.
- Lack of Internal resources (funds) for future investment.
- Bathinda, Nangal and Panipat being old plants consuming higher energy than new and large capacity plants.

## Environmental Protection and Conservation, Technological conservation, Renewable energy developments, Foreign Exchange Conservation

Disclosure in terms of the Companies (Account) Rules, 2014 in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Outgo is appended as **Annexure-6** forms part of the Board Report.

Company has undertaken various initiatives for adopting best practices for health, safety environment management and sustainable developments and the details of the same is appended as **Annexure-7** forms part of the Board Report.

## Corporate Social Responsibility

A detailed report on the Corporate Social Responsibility is appended as **Annexure-5** forms part of the Board Report.

## 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 on quarterly basis and a periodical review of the risks, procedures and strategies is undertaken.

To review the new risks evolved during the quarter along with mitigation action undertaken as well as anticipated risks along with mitigation actions planned in future, the Company has a two tier system where quarterly risks report is first reviewed by the Risk Assessment Committee (RAC) headed by C&MD and thereafter final report is submitted to Risk Management Committee headed by an Independent Director for its recommendations before submission to Audit Committee and the Board of Directors. Efforts are made in a planned way to obviate the risks either fully or to minimize their impact.

Under Risk Management policy, all the potential risks including risks arising out of CoVID-19 along with mitigation actions undertaken were reviewed by Risk Assessment and Risk Management Committees. Some of the risks having huge financial impact as identified & reviewed by the RAC include adverse impact of profit due to tightening of energy norms w.e.f. 01.10.2020 without Govt. dispensation, disallowing of minimum fixed cost for Vijaipur-I Unit retrospectively, delay in execution of ongoing projects such as energy reduction projects.

## 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, 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, Marketing,

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. 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 and 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

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 31.03.2022.

#### Financial Performance

During the year, Company achieved revenue from operations of ₹ 15857.09 crore (including subsidy of 10714.82 crore) compared to ₹ 11905.66 crore of CPLY (including subsidy of 6840.52 crore). During the year, company achieved profit before tax (PBT) of ₹ 144.82 crore as against Profit Before Tax of ₹ 343.46 crore during CPLY. PBT has decreased mainly due to reduction in energy norms w.e.f. 01.10.2020, lower production, lower sales and receipt of one time conversion cost of AFCP in CPLY only.

Short term borrowings of the Company as at 31.03.2022 stood at ₹ 2539.83 crore, including cash credit utilization, short term loans and working capital demand loan, etc. as compared to ₹ 1239.51 crore as at 31.03.2021. The short term borrowings have increased by ₹ 1300.32 crore as on 31.03.2022 as compared to CPLY mainly due to stock built up for pre-positioning of imported fertilizers for Kharif 2022.

#### Analysis of the Financial Performance of the Company:

##### (a) Revenue from Operations

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Revenue from Operations	15857.09	11905.66	33

##### Reason for variation:

The sales value has increased mainly due to increase in average gas price from US\$ 8.82/MMBTU during the CPLY to US\$ 15.82/MMBTU during the year ended 31.03.2022 and revision of rates of freight subsidy rates retrospectively w.e.f. 2016-17 which was partially off-set by reduction in energy norms and lower sale quantity of urea.

##### (b) Consumption of Raw Materials

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Raw Materials Consumed	6219.44	3698.19	68

The increase in cost of Raw Material is due to increase in average price of gas to US\$ 15.82 / MMBTU during current year as compared to US\$ 8.82/MMBTU during CPLY.

**(c) Finance Cost**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Finance Cost	132.96	291.23	-54

**Reason for variation:**

Finance Cost has decreased mainly due to decrease in interest on working capital loans (including interest on trading activities) by ₹181.99 crore due to average lower interest rates by (3.91% as compared to 4.46% during CPLY) and lower average borrowings (₹ 2316.07 crore as compared to ₹ 5870.51 crore during CPLY), which was partially off-set by increase in interest on long term loan of ₹ 23.72 crore.

**(d) Repairs & Maintenance**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Repairs and Maintenance	95.93	80.22	20

**Reason for variation:**

Repair and Maintenance has increased mainly on account of increase of expense at Nangal Unit (by ₹ 4.65 crore), Panipat (by ₹ 5.90 crore) & Vijaipur II Unit (by ₹ 5.06 crore).

**(e) Employees Benefits**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Employee Remuneration & Benefits	648.90	626.33	4

**Reason for variation:**

Employee Benefit Expenses has increased due to normal increments etc.

**(f) Power and Fuel**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Power and Fuel	4040.27	2549.65	58

**Reason for variation:**

Power and Fuel expenses have increased mainly due to increase in average price of gas to US\$ 15.82/MMBTU during current year as compared to US\$ 8.82/MMBTU during CPLY.

**(g) Freight and Handling**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Freight and Handling	845.84	937.65	-10

**Reason for variation:**

Freight & Handling expenses have decreased mainly due to lower dispatches of Urea (by 4.33 LMT) and lower sale of imported fertilizers including Imported Urea (Govt. A/c) by 3.74 LMT.

**(h) Other Expenses**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Other Expenses	222.67	220.69	1%

**Reason for variation:**

Other expenses have increased as compared to CPLY mainly due to increase in Insurance Expenses, Rates and Taxes, Security expenses which was partially offset by decrease in Foreign exchange variation (net) and rent for Godown.

**(i) Other Operating Revenue**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Amortisation of Deferred Govt. Grant	198.53	194.12	2
Others	35.64	195.53	(82)
<b>Total</b>	<b>234.17</b>	<b>389.65</b>	<b>(40)</b>

**Reason for Variation:**

The other operating revenue has decreased mainly due to one-time reimbursement of conversion cost of ₹167.55 crore for AFCP during CPLY.

**(j) Other Income**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Other income comprising of interest income and other non-operating income.	34.33	33.34	3

**Reason for Variation:**

Other income has increased marginally.

**Financial Status****(a) Fixed Assets**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Tangible Assets	4227.51	3613.76	17
Intangible Assets	2.03	1.31	55
Capital work in progress	112.15	840.21	(87)
Intangible Assets under development	26.34	22.22	19
<b>Total</b>	<b>4368.03</b>	<b>4477.50</b>	<b>2</b>

**Reason for Variation:**

The decrease was mainly on account of decrease in CWIP by ₹ 728.06 crore which was partially offset by increase in property, plant & equipment by ₹ 615.27 crore due to capitalization of Energy Saving Schemes

#### (b) Non-current Investment

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Investments (Net of Provisions)	491.48	447.65	10

#### Reason for Variation:

Increase due to increase in equity investment in Ramagundam Fertilizers & Chemicals Limited during 2021-22.

#### (c) Inventories

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Raw Materials	5.76	1.43	303
Stores and Spares (Incl. packing material)	204.53	211.87	-3
Semi-finished/finished products	2018.48	224.73	798
Others (carbon slurry)	26.52	-	100
<b>Total</b>	<b>2255.29</b>	<b>438.03</b>	<b>415</b>

#### Reason for Variation:

Inventories were increased due to built up for prepositioning of imported fertilizers for Kharif' 22.

#### (d) Trade Receivables

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Gross Debtors – FICC	2634.08	2162.69	22
- Others	187.54	484.38	-61
Less: Provision for Doubtful Debts	(21.70)	(12.98)	-67
Net Debtors	2799.92	2634.09	6

#### Reason for Variation:

Trade Receivables have increased during 2021-22 mainly due to higher subsidy receivable from Government of India which was partially offset by decrease in trade receivables from sale from market.

#### (e) Current Assets – Other Financial Assets

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Other Financial Assets	95.50	33.34	186

#### Reason for Variation:

Other Financial Assets increased mainly due to increase in Claim receivables by ₹ 61.25 crore during the year 2021-22.

**(f) Current Liabilities**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Short Term Borrowings	2539.83	1239.51	105
Trade Payables	1445.66	730.17	98
Other Financial Liabilities	1020.52	663.71	54
Provisions	239.36	258.46	-7
<b>Total</b>	<b>5245.37</b>	<b>2891.85</b>	<b>81</b>

**Reason for Variation:**

The current liabilities are increased during 2021-22 due to increase in short term borrowing and increase in trade payable to Gas suppliers.

**(g) Non-current Liabilities**

(₹ in Crore)

Particulars	FY 2021-22	FY 2020-21	Change (%)
Long Term Borrowings - SBI	629.73	648.01	2

**Reason for Variation**

Long term borrowing have decreased due to repayment of term loan.

**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 the training needs of employees, keeping in view the changing technology and overall business environment.

The Company has manpower strength of 3003 employees as on 31.03.2022, which comprises of 1538 Executives and 1465 Non-Executives. The company promotes the employment of women and at present 202 women employees are on its roll, which is 6.73% of the total work force.

To improve skills and instill behavioral and personality development traits in all supervisory staff and managerial cadre, NFL organized 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, 10491 man-days training were imparted to employees and 484 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.

The industrial relations at all Units/ Offices of NFL during 2021-22 remained cordial.

**Details of Significant changes in Key Financial Ratios**

Details of Significant changes in Key Financial Ratios has been detailed in Note 64 of Financial Statement for FY 2021-22.

### 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 uncertainties, including but not limited to, Government action, economic development, and risks.

**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003.

**Date: 29.08.2022**

**(Nirlep Singh Rai)**

Chairman & Managing Director  
DIN: 08725698

## Annexure-2

## BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

### SECTION A: GENERAL DISCLOSURES

#### I. Details of the listed entity

1	Corporate Identity Number (CIN)	L74899DL1974GOI007417
2	Name of the Listed Entity	NATIONAL FERTILIZERS LIMITED
3	Year of incorporation	1974
4	Registered office address	Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi – 110003
5	Corporate address	A – 11, Sector – 24, Noida Distt. Gautam Budh Nagar – 201301
6	E-mail	cs@nfl.co.in
7	Telephone	0120-2412383
8	Website	www.nationalfertilizers.com
9	Financial year for which reporting is being done	2021-22
10	Name of the Stock Exchange(s) where shares are listed	NSE / BSE
11	Paid-up Capital	INR 490.58 Crore
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Sh. Jagdeep Shah Singh Executive Director (Management Services) Telephone : 0120-2411211 E-mail : jssingh@nfl.co.in
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone

#### II. Products/services

##### 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacture and sale of fertilizer - Urea	i. Manufacture & Sale of fertilizer Grade Urea, Bentonite Sulphur and other industrial products. ii. Trading of other fertilizers & Agrochemicals	>90

**15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Manufacture & Sale of Urea	20121	67%
2	Trading of Fertilizers and Agrochemicals	46692	28%
3.	Manufacturing of Industrial Products	20123	3%

**III. Operations**
**16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	Five	Five	Ten
International	Nil	Nil	Nil

**17. Markets served by the entity:**
**a. Number of locations**

Locations	Number
National (No. of States)	21
International (No. of Countries)	Nil

b. What is the contribution of exports as a percentage of the total turnover of the entity?

**Nil**

c. A brief on types of customers

**The entity is engaged in manufacturing and trading of mainly Agro Inputs which is supplied to customers (Farmers) through Wholesale and Retail dealers.**

**IV. Employees**
**18. Details as at the end of Financial Year:**
**a. Employees and workers (including differently abled):**

S.No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	EMPLOYEES					
1.	Permanent (D)	1538	1435	93.30	103	6.70
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total employees (D + E)	1538	1435	93.30	103	6.70
	WORKERS					
4.	Permanent (F)	1465	1366	93.25	99	6.75
5.	Other than Permanent (G)	-	-	-	-	-
6.	Total workers (F + G)	1465	1366	93.25	99	6.75

**b. Differently abled Employees and workers:**

S.No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	9	9	100	0	0
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	9	9	100	0	0
	DIFFERENTLY ABLED WORKERS					
4.	Permanent (F)	35	32	91.42	3	8.58
5.	Other than permanent (G)	-	-	-	-	-
6.	Total differently abled workers (F + G)	35	32	91.42	3	8.58

**19. Participation/Inclusion/Representation of women**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	2	25
Key Management Personnel *	28	2	7.14

\* Including Senior Management

**20. Turnover rate for permanent employees and workers**

(Disclose trends for the past 3 years)

	FY 2021-22 (Turnover rate in Current FY)			FY 2020-21 (Turnover rate in previous FY)			FY 2019-20 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Permanent Employees</b>	10.44	0.25	10.69	6.67	0.43	7.10	7.31	0.18	7.49
<b>Permanent Workers</b>	7.26	0.36	7.65	6.03	0.42	6.45	5.90	0.58	6.48

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

### 21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding/ subsidiary /associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity (Yes/No)	Does the entity indicated at column A; participate in the Business Responsibility initiatives of the listed entity?
1	Urvarak Videsh Limited (UVL)	Associate	33.33	No
2	Ramagundam Fertilizers and Chemicals Limited (RFCL)	Associate	26.70	-

## VI. CSR Details

### 22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes

(ii) Turnover (in ₹) : 15857065520

(iii) Net worth (in ₹) : 22815328303

## VII. Transparency and Disclosures Compliances

### 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	-	-	-	-	-	-	-
Investors (other than shareholders)	-	-	-	-	-	-	-
Shareholders	Yes	Nil	Nil	-	4	-	-
Employees and workers	-	-	-	-	-	-	-
Customers	-	-	-	-	-	-	-
Value Chain Partners	-	-	-	-	-	-	-
Other (please specify)	-	-	-	-	-	-	-

## 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	<b>Plastic waste Management rules-2016 :</b>  MOEF & CC has notified "Plastic Waste Management Rule 2016 (amended)" wherein fertilizer manufacturing companies have to get registered with State Pollution Control Board/Central Pollution Control Board as Brand Owner and prepare an action plan on collecting back the plastic waste and its disposal.	Risk	<ul style="list-style-type: none"> <li>Urea is sold to farmers in the country in multilayered plastic bags.</li> <li>As per latest draft Notification dated 06.10.2021 on the matter, 25% recycling of Plastic Waste generated is required to recycle in year 2021-22 and 70% in 2022-23.</li> <li>The annual plastic waste generated by NFL is approx. 15200 MT.</li> <li>Difficulty in collection of these bags is envisaged as farmers use these for alternate purposes.</li> </ul>	NFL has registered as Brand Owner under CPCB and awarded the work order for collection & recycle of Plastic waste.	<b>Negative</b> <ul style="list-style-type: none"> <li>Estimated expenditure for first year is about ₹ 0.95 crore and ₹ 1.95 crore for the second year.</li> <li>Urea is sold at Govt controlled price. Additional expenditure will impact the financials of the company.</li> </ul>
2	Tightening of Energy norms by DoF	Risk	In case of non-meeting of energy norms, company operations shall be unviable.	<ul style="list-style-type: none"> <li>To meet revised Norms of NUP-2015, NFL has already spent more than ₹1000 Crore.</li> <li>However for further energy reduction, NFL is carrying out study through process licensors.</li> <li>Further NFL has requested DoF to extend energy norms from Oct' 20 to March 2022, as applicable up to 30.09.2020</li> </ul>	<b>Negative</b> <ul style="list-style-type: none"> <li>NFL has completed the energy saving projects by March 2022 leading to reduction of energy consumption and reduction of carbon footprints by more than 25%.</li> <li>However, the Urea operations were at risk till the projects were completed as energy consumption was higher than the norm.</li> </ul>

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) <b>Yes</b>  b. Has the policy been approved by the Board? (Yes/No) <b>No</b>  c. Web Link of the Policies, if available <b>No</b> 2. Whether the entity has translated the policy into procedures. (Yes / No) <b>No</b> 3. Do the enlisted policies extend to your value chain partners? (Yes/No) <b>No</b>	The Principles of the NGRBC are, by and large, included in various policies, Vision and Mission statements of the company, even though there is no consolidated policy which covers all the nine principles of NGRBC.								
4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO-9001, ISO-18001, ISO-14001								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Principles of the NGRBC are, by and large, included in various policies, Vision and Mission statements of the company, even though there is no consolidated policy which covers all the nine principles of NGRBC.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.									
<b>Governance, leadership and oversight</b>									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	<b>C&amp;MD</b>								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	<b>No</b>								

## 10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other-please specify)																										
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9																		
Performance against above policies and follow up action	No									N.A.																										
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	All NFL Units are in compliance with statutory requirements.																																			
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.										<table><tr><td>P 1</td><td>P 2</td><td>P 3</td><td>P 4</td><td>P 5</td><td>P 6</td><td>P 7</td><td>P 8</td><td>P 9</td></tr><tr><td colspan="9">No</td></tr></table>									P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	No								
P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9																												
No																																				

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	No	No	No	No	No	No	No	No	No
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	No	No	No	No	No	No	No	No	No
It is planned to be done in the next financial year (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Any other reason (please specify)	-	-	-	-	-	-	-	-	-

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

### PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

#### Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category by the awareness programmes
Board of Directors	3	<ul style="list-style-type: none"> <li>Capacity Building Programmes for newly appointed non-official Directors on the Board of CPSE;</li> <li>Challenges in Fertilizer and Agriculture</li> </ul>	75%
Key managerial personnel (including Senior Management)	15	<ul style="list-style-type: none"> <li>Good Governance: The Universal Dharma</li> <li>Challenges and strategies for Fertilizer Industry</li> <li>International Price Forecasting for Fertilizers and Raw Material</li> <li>The Game Changer Board Committee- Shaping People, Culture and Values</li> <li>Need for Reforms in Fertilizer Sector</li> <li>Challenges in Fertilizer and Agriculture</li> </ul>	32%
Employees other than BOD and KMPs	101	<ul style="list-style-type: none"> <li>The Power of One</li> <li>Better Team Working</li> <li>Challenges &amp; Strategies for Fertilizers Industry</li> <li>Leadership Assessment &amp; Development</li> <li>Leadership for Organizational Excellence</li> <li>Conference on Health</li> <li>Industrial Safety,</li> <li>Electrical Safety,</li> <li>Precautionary measures for COVID,</li> <li>Occupational Safety and Health (OSH) awareness programme for Major Accident Hazard (MAH) Factories,</li> <li>Webinar on digitization in fertilizers</li> <li>Stress Management</li> <li>Preventive Vigilance</li> <li>Emotional Intelligence,</li> </ul>	29%

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category by the awareness programmes
		<ul style="list-style-type: none"> <li>Financial planning on retirement</li> <li>Fertilizer Control Order,</li> <li>Lecture on Swachhata,</li> <li>Occupational Safety and Health(OSH) Awareness Programme by The Directorate General, Factory Advice Service and Labour Institutes,(DGFASLI)</li> <li>Energy Conservation power saving,</li> <li>Webinar on 5-S,</li> <li>Disciplinary proceedings,</li> <li>Webinar on GeM portal etc.</li> </ul>	
Workers	98	<ul style="list-style-type: none"> <li>Plants Hazards &amp; Precautions Tactic,</li> <li>Road safety rules,</li> <li>Retirement planning,</li> <li>Stress Management,</li> <li>Lecture on Swachhata,</li> <li>Precautionary measures for COVID,</li> <li>Time Management,</li> <li>Knowledge sharing sessions on codes on Occupational Safety, Health and Working Conditions (OSHW-2020) etc.</li> </ul>	30%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year.

Monetary				
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine		Nil		
Settlement		Nil		
Compounding fee		Nil		
Non-Monetary				
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment		Nil		
Punishment		Nil		

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Nil

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

**Yes, [www.nationalfertilizers.com](http://www.nationalfertilizers.com).**

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	FY 2021-22 Current Financial Year		FY 2020-21 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	N.A.	Nil	N.A.
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	N.A.	Nil	N.A.

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

**Not Applicable.**

Leadership Indicators
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1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
No	N.A.	N.A.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

**Yes**

**Every Director shall at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding in form MBP-1.**

**PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	INR 13 Lakhs	INR 45 Lakhs	<p>A Pilot Study was carried out by ICAR-NDRI on Cow dung processing and its conversion to bio- fortified fertilizer with enhanced functionality with the sponsorship of NFL. The benefits envisaged from this pilot study includes:</p> <ul style="list-style-type: none"> <li>a) Bio-fertilizer with enhanced nutrient quality as an alternative to chemical fertilizer</li> <li>b) The Biological manure shall help rejuvenate the soil health</li> <li>c) Collateral benefits in the form of Environmental protection, savings on subsidy and sustainable agriculture</li> <li>d) Dairy farmers to get better value for animal by-product thereby augmenting their income</li> </ul>
Capex	<p>i. GTG-HRSG project has been commissioned in 2021-22 at total CAPEX of ₹ 690 crore.</p> <p>ii. Energy Saving schemes at Vijaipur-I &amp; II have been implemented in 2021-22 at total CAPEX of ₹ 235 Crore.</p>	Expenditure against the projects commenced from 2018 onwards	<ul style="list-style-type: none"> <li>• The projects have led to saving in energy consumption and in turn reduction in carbon footprint by about 28%.</li> <li>• After implementation of GTG-HRSG projects, dependency on coal was reduced to less than half and one coal fired boiler was stopped at each of the Units.</li> </ul>

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, Company has undertaken various initiatives for adopting best practices for sustainable sourcing. Most of the material is procured following procedures laid down by GoI from time to time. Whenever procurement is to be made through open tendering procedures, reputed suppliers are selected through transparent prequalification criteria in line with various guidelines of GoI.

Further, to maintain and foster most ethical and corruption free business environment, NFL has adopted the Integrity Pact (for orders more than ₹ 1 crore), so as to ensure that all activities and transactions between the Company (NFL) and its Counterparties (Bidders, Contractors, Vendors, Suppliers, Service Providers/ Consultants etc.) are handled in a fair and transparent manner. Integrity Pact is implemented through Independent External Monitors who ensure that concerned parties comply with their respective obligations under the Integrity Pact. Independent External Monitors (IEMs) nominated by Central Vigilance Commission (CVC) monitor the activities.

- b. If yes, what percentage of inputs were sourced sustainably?

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3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

NFL manufactures Neem coated urea, Bentonite Sulphur, Sodium Nitrate, Sodium Nitrite, Nitric Acid etc., which are consumable and cannot be reclaimed. However, Company uses plastics for packaging and e-wastes are generated due to use of various computers, controllers, and instrumentation. Hazardous wastes are generated in the form of spent resin, used catalysts and spent oil after use of it in the plants.

There is well defined procedure in the Company for reusing, recycling and disposing at the end of life for these wastes in line with CPCB/SPCB guidelines.

**Category wise details are as below:**

a) **Plastics (including packaging):** NFL uses plastic as a packaging material for its products like Urea, DAP, SSP etc. NFL has submitted its application to get registration as a Brand Owner under Plastic Waste Management Rules 2022. NFL has Extended Producer Responsibility (EPR) obligation of around 4000 MT for FY 2020-21 and around 10500 plastic waste for FY 2021-22. To fulfill its obligation NFL has engaged agencies to fulfill its EPR obligation by recycling/ disposing off the plastic waste on behalf of NFL.

b) **E-waste:** Specified procedures are in place for disposal of e-waste.

c) **Hazardous waste:** NFL has majorly three main hazardous wastes i.e. Spent Resin, Used Catalyst and Spent Oil. To dispose of these hazardous wastes, NFL floats tender to CPCB/SPCB approved parties as and when required. Successful bidder takes away the hazardous waste to CPCB/SPCB designated places for disposal in specified manner.

d) **Other waste:** Not Applicable

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Extended Producer Responsibility (EPR) under Plastic Waste Management (Amendment) Rules 2022 is applicable to NFL.

Waste collection/disposal plan of the organization is in line with the Pollution Control Boards guidelines and EPR plan has been submitted to CPCB. Refer reply at point no 3 (a) above.

#### Leadership Indicators

- Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Nil					

- If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Services	Description of risk / concern	Action taken
Chemical Fertilizers	The company has been manufacturing and marketing Urea and other allied products in a responsible manner for decades and established consistent commitment to productive economic activity and sustainability. Use of fertilizer is for improving nutrients of soil and increasing agriculture production.	
Agrochemicals		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Not Applicable		

4. Of the product and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastic (including packaging)	Nil	Nil	Nil	Nil	Nil	Nil
E-waste	-	-	-	-	-	-
Hazardous waste	Nil	Nil	Nil	Nil	Nil	Nil
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

**Note:** NFL has so far not reclaimed at the end of life of products/ reused/recycled and safely disposed any plastic (including packaging). However, as per EPR obligation. NFL has awarded the work order for collection & recycle of Plastic waste.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product Category	Reclaimed products and their packaging materials as % of total products sold in respective category
Refer Note for point no. 4 above.	

**PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains**

**Essential Indicators**

**1. a. Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total	Health insurance		Accident insurance		Maternity Benefit		Paternity Benefit		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employee											
Male	1435	1435	100	1435	100	To all eligible employees				N.A.	N.A.
Female	103	103	100	103	100					N.A.	N.A.
Total	1538	1538	100	1538	100					N.A.	N.A.
Other than Permanent employee											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

**b. Details of measures for the well-being of workers:**

Category	% of employees covered by										
	Total	Health insurance		Accident insurance		Maternity Benefit		Paternity Benefit		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employee											
Male	1366	1366	100	1366	100	To all eligible employees				N.A.	N.A.
Female	99	99	100	99	100					N.A.	N.A.
Total	1465	1465	100	1465	100					N.A.	N.A.
Other than Permanent employee											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

## 2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	Current Financial Year (FY 2021-22)			Previous Financial Year (FY 2020-21)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Yes	100	100	Yes
Gratuity	100	100	Yes	100	100	Yes
ESI	100	100	Yes	100	100	Yes
Others – please specify	EL Encashment and GSLI					

## 3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

**Yes**

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

**Statutory Government directions are being followed.**

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	100	100
Female	100	100	100	100
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes / No (If Yes, then give details of the mechanism in brief)
Permanent Workers	All employees and workers may submit their grievance to their HoD. Alternatively grievance may also be submitted through CPGRAM, Unions and Associations.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

**7. Membership of employees and worker in association(s) or Union recognised by the Listed entity :**

Category	Current Financial Year (FY 2021-22)			Previous Financial Year (FY 2020-21)		
	Total employees /workers in respective category (A)	No. of employees / Workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees /workers in respective category (C)	No. of employees / Workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>	1538	1538	100	1621	1621	100
- Male	1435	1435	100	1515	1515	100
- Female	103	103	100	106	106	100
<b>Total Permanent Workers</b>	1465	1465	100	1592	1592	100
- Male	1366	1366	100	1494	1494	100
- Female	99	99	100	98	98	100

**8. Details of training given to employees and workers:**

Category	FY 2021-22 Current Financial Year					FY 2020-21 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Male	1435	759	52.89	1322	92.13	1515	640	42.24	123	8.12
Female	103	62	60.19	100	97.09	106	40	37.74	77	72.64
<b>Total</b>	<b>1538</b>	<b>821</b>	<b>53.38</b>	<b>1436</b>	<b>93.37</b>	<b>1621</b>	<b>680</b>	<b>41.95</b>	<b>200</b>	<b>12.34</b>
<b>Workers</b>										
Male	1366	553	40.48	806	59.00	1494	482	32.26	104	6.96
Female	99	28	28.28	49	49.49	98	18	18.37	45	45.92
<b>Total</b>	<b>1465</b>	<b>581</b>	<b>39.66</b>	<b>847</b>	<b>57.82</b>	<b>1592</b>	<b>500</b>	<b>31.41</b>	<b>149</b>	<b>9.36</b>

9. Details of performance and career development reviews of employees and worker:

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	1435	1435	100	1515	1515	100
Female	103	103	100	106	106	100
<b>Total</b>	<b>1538</b>	<b>1538</b>	<b>100</b>	<b>1621</b>	<b>1621</b>	<b>100</b>
<b>Workers</b>						
Male	1366	1366	100	1494	1494	100
Female	99	99	100	98	98	100
<b>Total</b>	<b>1465</b>	<b>1465</b>	<b>100</b>	<b>1592</b>	<b>1592</b>	<b>100</b>

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

**Yes, All employees.**

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

**To identify work-related hazards, HAZOP (Hazard and Operability study) study is conducted necessarily at the initial stage of project and at any major modification of the plant. Qualitative Risk Assessment is also carried out to identify any work-related hazard.**

**Further, Safety Audit of all the Units of NFL is conducted by External Safety Auditor annually and their recommendations implemented in the plant.**

- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

**Yes**

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

**Yes**

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.00	0.00
	Workers	0.18	0.00
Total recordable work-related injuries	Employees	0.00	0.00
	Workers	3.00	0.00
No. of fatalities	Employees	0.00	0.00
	Workers	1.00	0.00
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0.00	0.00
	Workers	0.00	0.00

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

**Safety, Health and Environment (SHE) are always a prime concern for the industries like ours. NFL management takes all necessary steps to improve the condition of employees and workers of company along with giving importance to the environment.**

**The main steps to ensure the above are as below:**

- There is separate and fully equipped Fire/ Safety department at each Unit of NFL. Company ensures the availability of all required Personnel Protective Equipment (PPEs), tools, tackles fire tenders etc., at each Unit.
- Trainings, workshops and seminars on SHE (Safety, Health and Environment) related activities for the employees and workers are regularly organized at all Units and Offices.
- Emergency plans (On-site as well as Offsite plans) at each Unit have been prepared and that are in line with the various rules and regulation of Govt. agencies.
- There are Mutual aid teams at each Unit of NFL comprising of NFL Safety/Fire team along with nearby industries to provide assistance and share Safety PPEs/equipment's, fire tenders, personnel's etc. in case of emergency.
- Emergency Mock drills and Fire drills are conducted regularly at all Units.
- Third party Safety audit of all the Units of NFL are conducted annually.
- Monthly, quarterly and annual SHE meetings are conducted at Units and Corporate level.
- Regular safety surveys are conducted at each Unit to ensure the healthiness and integrity of all the plants/sections.
- Trees plantation to improve the greenery and eco-system of surrounding area at all the Units and Offices.
- Regular health check-up of employees and workers are done.
- Hospital facilities have been provided at all the Units.
- All the standards regarding Air and Water as stipulated by CPCB/SPCB is rigorously monitored and maintained at each Unit of NFL etc. with online real time data being uploaded on CPCB site regularly.

13. Number of Complaints on the following made by employees and workers

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil					
Health & Safety	Nil					

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100 %
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

**Corrective action to address Safety-related incidents:**

There were following 03 reportable incidents last year,

- A worker slipped while unloading the bags in Urea Bagging plant.
- Flash in electrical MRSS (Main Receiving Sub Station).
- One worker got injured while shifting a pipe through crane in off-site area.

In all cases detailed investigation of incidents were done by technical committee to find out the Root Cause Analysis (RCA) of the event and the recommendation of the committee have been implemented.

Further to improve the working conditions, employees are encouraged to report near miss accidents and corrective action to prevent such incidents.

**Leadership Indicators**

- Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

**A. Employees :** Yes, NFL Employees Family Economic & Social Rehabilitation Scheme.

**B. Workers :** Yes, NFL Employees Family Economic & Social Rehabilitation Scheme.

- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

**ECI challan are checked before releasing payment to contractors.**

- Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

**No**

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Nil
Working Conditions	Nil

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

**Not Applicable.**

#### **PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

##### **Essential Indicators**

1. Describe the processes for identifying key stakeholder groups of the entity.

**For identification of Key Stakeholder (i.e. investor/shareholder) the Company file it's shareholding pattern with the Stock Exchanges every quarter by which top shareholders/investor of the Company were identified.**

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

**With respect to Investors the engagement is continuous as we need to have several communications with the shareholders during the year as per the requirement of the law.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others-please specify)	Purpose and scope as of engagement including key topics and concerns raised during such engagement
Shareholder	No	Email, Public Notification & Website etc.	Event based	Quarterly financial performance of the Company, Credit Rating & New Projects

#### Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board. **Nil**
2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity. **Nil**
3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups. **Nil**

#### PRINCIPLE 5 Businesses should respect and promote human rights

##### Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total (A)	No. of employees/workers covered (B)	% (B / A)	Total (C)	No. of employees/workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	1538	277	18.01	1628	299	18.37
Other than permanent	-	-	-	-	-	-
<b>Total Employees</b>	<b>1538</b>	<b>277</b>	<b>18.01</b>	<b>1628</b>	<b>299</b>	<b>18.37</b>
<b>Workers</b>						
Permanent	1465	589	40.20	1592	130	8.17
Other than permanent	-	-	-	-	-	-
<b>Total Workers</b>	<b>1465</b>	<b>589</b>	<b>40.20</b>	<b>1592</b>	<b>130</b>	<b>8.17</b>

## 2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2021-22 Current Financial Year					FY 2020-21 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>	1538	0	0	1538	100	1621	0	0	1621	100
Male	1435	0	0	1435	100	1515	0	0	1515	100
Female	103	0	0	103	100	106	0	0	106	100
<b>Other than Permanent</b>	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
<b>Workers</b>										
<b>Permanent</b>	1465	0	0	1465	100	1592	0	0	1592	100
Male	1366	0	0	1366	100	1494	0	0	1494	100
Female	99	0	0	99	100	98	0	0	98	100
<b>Other than Permanent</b>	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0

## 3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	3	4309705	-	-
Key Managerial Personnel	2	2819921	-	-
Employees other than BoD and KMP	1623	1536359	108	1391107
Workers	1492	1232318	108	729769

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No) **Yes**

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

**Existing grievance redressal mechanism caters to grievances related human rights issues.**

6. Number of Complaints on the following made by employees and workers:

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment			Nil			
Discrimination at workplace			Nil			
Child Labour			Nil			
Forced Labour/ Involuntary Labour			Nil			
Wages			Nil			
Other human rights related issues			Nil			

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

**Prevention of Sexual Harassment (PoSH) and Whistle Blower Policy.**

8. Do human rights requirements form part of your business agreements and contracts?

(Yes/No) **No**

**There is no specific mention of human right requirement in business agreements and contracts (i.e. work orders) issued to concerned parties for execution of jobs. However, a clause regarding compliances of all applicable and governing laws, rules and regulations and by laws both of the Central and state Government and all other local authorities is included in the work order.**

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100% by Entity
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

**No corrective action was required to be taken.**

#### Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances /complaints.

**Existing grievance redressal mechanism caters to human right grievances/ complaints also.**

2. Details of the scope and coverage of any Human rights due-diligence conducted.

**No human rights due-diligence has been conducted.**

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

**Yes**

4. Details on assessment of value chain partners:

**The performance of the Value chain partner (concerned party / contractor) is assessed based on pre-defined deliverables and compliances of all applicable and governing laws, rules and regulations and bylaws both of the Central and state Government and all other local authorities (including Sexual Harassment, Discrimination at workplace, Child Labour etc.)**

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

**Corrective actions are undertaken if required.**

#### PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

##### Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Total electricity consumption (A)	<b>As per attached Annexure-I.</b>	
Total fuel consumption (B)		
Energy consumption through other sources (C)		
<b>Total energy consumption (A+B+C)</b>		
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)		
Energy intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. **Yes**

**The five manufacturing Units of NFL have been identified as Designated Consumer (DC)s under PAT cycle. Under PAT Cycle-I, NFL overachieved the targets in four out of five plants and were issued energy certificates. These certificates have been surrendered /sold in PAT Cycle-2. NFL has implemented Energy saving projects at a cost of ₹ 1000 crore in all its Units and is achieving the energy targets set by GOI. It is mentioned that for ongoing PAT cycle, no notification has been issued for energy reduction in fertilizer sector.**

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>Water withdrawal by source (in kilolitres)</b>	<b>As per attached Annexure-II.</b>	
(i) Surface water		
(ii) Ground water		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
<b>Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)</b>		
<b>Total volume of water consumption (in kiloliters)</b>		
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover)		
<b>Water intensity</b> (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

**All the units of NFL have mechanism for zero liquid discharge. Effluent generated is being treated & used for Horticulture in all it's Units. At the Units using coal, treated effluent is also being used for de-ashing inside the premises. The treated effluent is maintained to meet the MINAS Standards & the online real time data is being uploaded on CPCB site on regular basis.**

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
NOx		Parameters remained within norms of CPCB and being monitored online by CPCB/SPCBs	
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

**No independent assessment has been carried. However NFL has provided all emissions parameters online as per CPCB guideline and all remain within prescribed norms of CPCB.**

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	unit	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	Nangal: 389,947 Panipat: 475,036 Bathinda: 524,365 Vijaipur Complex: 1,959,257	Nangal: 400,774 Panipat: 571,063 Bathinda: 766,558 Vijaipur Complex: 1,959,218
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent		
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>		0.0000211 MT/Re (Turnover ₹ 15857 Cr.)	0.000031 MT/Re. (Turnover ₹ 11906 Cr.)
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

**No independent evaluation has been carried out.**

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

**GTG-HRSG project at Nangal, Bathinda & Panipat Units has been commissioned in 2021-22 leading to reduction of CO<sub>2</sub> emission by 28%.**

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	Approx. 14880 MT	Approx. 16017 MT
E-waste (B)	2.19 MT	0.5 MT
Bio-medical waste (C)		
Construction and demolition waste (D)	Nil	
Battery waste (E)	9.847 MT	20.015 MT
Radioactive waste (F)	Not Applicable	
Other Hazardous waste. Please specify, if any. (G)	380.48 MT	163.58 MT
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	14023 MT	16213 MT
<b>Total (A+B+C+D+E+F+G+H)</b>	<b>29,295.52</b>	<b>32,414.09</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	-	-
(ii) Landfilling	14023 MT	16213 MT
(iii) Other disposal operations	-	-
<b>Total</b>	<b>14023 MT</b>	<b>16213 MT</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.
- **Hazardous wastes being generated in our industry are Used Catalyst, spent oil, and resin. As per rules HW rules authorization has been taken for storage and disposal. Further HW storage has been clearly marked and all the storage of HW (till disposal) is done as per HW rules. Total monitoring of HW material is done and same is disposed-off as per time lines for disposal of such waste. Proper record is kept and same is shared with statutory authorities.**
  - **Bio-medical waste is disposed-off as per Bio-medical waste management rules or through authorized external agencies.**
  - **E-waste is also disposed-off as per E-waste policy.**
10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S.No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

NFL has taken all the required clearance such as "Consent to Operate" for water & air at all the sites i.e. Bathinda, Panipat & Nangal.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Nil	Nil	Nil	Nil	Nil	Nil

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law/ regulation/guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
All NFL Units are compliant with the applicable law/regulations/guidelines				

#### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>From renewable sources</b>		
Total electricity consumption (A)	NIL except minor solar power consumption from Solar power plants of around 100 KW capacities each at Bathinda and Corporate Office, Noida for non-plant use.	
Total fuel consumption (B)		
Energy consumption through other sources (C)		
<b>Total energy consumed from renewable sources (A+B+C)</b>		
<b>From non-renewable sources</b>		
Total electricity consumption (D)		
Total fuel consumption (E)		
Energy consumption through other sources (F)		
<b>Total energy consumed from on-renewable sources (D+E+F)</b>		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**

2. Provide the following details related to water discharged:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water		
- No treatment	19953895	19357907
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third Party	-	-
- No treatment		
- With treatment – please specify level of treatment		
(v) Others	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
<b>Total water discharged (in kilolitres)</b>	<b>19953895</b>	<b>19357907</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres): **N.A.**

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Water withdrawal by source (in kiloliters)		
(i) Surface water	Not Applicable	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kiloliters)		
Total volume of water consumption (in kiloliters)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kiloliters)		
(i) Into Surface water	Not Applicable	
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kiloliters)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	unit	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	Not Applicable	
<b>Total Scope 3 emissions per rupee of turnover</b>			
<b>Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity</b>			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

**Not Applicable**

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	NFL carried out its in-house study based on its existing NO <sub>x</sub> abatement plant for reduction of NO <sub>x</sub> emissions in Nitric Acid Plant of 1960s and successfully implemented the same.	No web link	Reduction of NO <sub>x</sub> emissions from 600 ppm to below 200 ppm

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

**NFL has well defined Disaster Management Plan in the form of On-Site Emergency Plans. The On-Site Emergency Plans have been prepared by all the 04 Units of NFL individually to take prompt and appropriate action in case Disaster happens.**

**All Units review/evaluate their Emergency Plans on regular basis and Update in every three years. Similarly, Units have offsite disaster Management plan prepared in discussion with district Authorities.**

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

**There is no adverse impact. All units are complying statutory requirements.**

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

**Not applicable**

**PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/ associations.

**6 (Six)**

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	The Fertilizers Association of India	National
2	SCOPE	National
3	International Fertilizer Association	International
4	Confederation of Indian Industry	National
5	Delhi Management Association	National
6	National Safety Council	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
	Nil	
	Nil	

**Leadership Indicators**

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly/ Others - please specify)	Web Link, if available
1	Right To Information (RTI)	As per RTI Act	Yes	As per RTI Act.	<a href="http://www.nationalfertilizers.com">www.nationalfertilizers.com</a>

**PRINCIPLE 8 Businesses should promote inclusive growth and equitable development****Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief of project	SIA Notification	Date of Notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Results
Nil					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R ongoing	State	District	No. of Project is Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Nil						

3. Describe the mechanisms to receive and redress grievances of the community.

**Not applicable in view of 1 & 2 above.**

4. Percentage of input material (inputs to total inputs by value\*) sourced from suppliers:

	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Directly sourced from MSMEs/ small producers	54.80%	47.12%
Sourced directly from within the district and neighboring districts	2% (Approx.)	1% (Approx.)

\*Total Procurement of Goods and Services after excluding raw materials, traded products, power, fuel & other goods / services which can't be procured from MSEs.

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Nil	Nil

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount Spent (In INR)
1	Uttar Pradesh	Siddharthnagar	19.95 Lakhs

3. a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) **Yes**

**MSEs Policy order 2012.**

- b) From which marginalized /vulnerable groups do you procure?

**SC/STs and Women**

- c) What percentage of total procurement (by value) does it constitute?

**SC/STs (4%) and Women (3%)**

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
<b>Intellectual properties yet to be assessed.</b>				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
<b>Not Applicable</b>		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Installation of Oxygen Plants in Government Hospitals in Bhopal, Lucknow, Gorakhpur and Indore	<b>These projects were undertaken for the benefit of general public in Govt. Hospitals, covering substantial population from vulnerable and marginalized group.</b>	
2	Providing Advance Life Support (ALS) Ambulance in District Siddharthnagar		

**PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner**
**Essential Indicators**

- Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

**Consumer complaints on National Fertilizers Limited are received through email or phone. By sending the complaints/feedback received to the concerned officer of the Company (Zonal Manager/State Manager/Port Officer or other concerned officer), by coordinating and making necessary efforts with them. Proper resolution of complaints and feedback is done at the Company level.**

- Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Nil
Safe and responsible usage	Nil
Recycling and/or safe disposal	Nil

- Number of consumer complaints in respect of the following:

	FY 2021-22 Current Financial Year		Remarks	FY 2020-21 Previous Financial Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other	36	-	-	20	-	-

4. Details of instances of product recalls on account of safety issues:

	Number Reasons for recall	Number Reasons for recall
Voluntary recalls	Nil	Nil
Forced recalls	Nil	Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? **(Yes/No)** If available, provide a web-link of the policy.

**Yes, NFL has Anti-Virus Policy, Internet Usage Policy and Removable Storage Policy which covers areas related to cyber security and risk related to data privacy.**

**Internet Usage Policy** - <https://nfl.co.in/nflportal/manuals/Internet.pdf>

**Anti-Virus Policy** - <https://nfl.co.in/nflportal/manuals/loMAntivirus.pdf>

**Removable Storage Policy** - [https://nfl.co.in/nflportal/manuals/IOM\\_Removable.pdf](https://nfl.co.in/nflportal/manuals/IOM_Removable.pdf)

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

**Not Applicable**

**Leadership Indicators**

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

**a) For general purpose :**

**Web Link:** <https://www.nationalfertilizers.com>

Information can be obtained from the company's Kisan Call Center by dialing toll-free number 1800-180-6435, 9:30 am to 5:30 pm on any working day (Monday-Friday)

**b) For Specific Products :**

Name of Product (As per NFL Website)	Web Link
Neem Coated Urea	<a href="https://www.nationalfertilizers.com/index.php?option=com_content&amp;view=article&amp;id=139&amp;Itemid=158&amp;lang=en">https://www.nationalfertilizers.com/index.php?option=com_content &amp; view=article&amp;id=139&amp;Itemid=158&amp;lang=en</a>
Bio- Fertilizers	<a href="https://www.nationalfertilizers.com/index.php?option=com_content&amp;view=article&amp;id=140&amp;Itemid=156&amp;lang=en">https://www.nationalfertilizers.com/index.php?option=com_content &amp; view=article&amp;id=140&amp;Itemid=156&amp;lang=en</a>
Bentonite Sulphur	<a href="https://nationalfertilizers.com/index.php?option=com_content&amp;view=article&amp;id=473&amp;Itemid=159">https://nationalfertilizers.com/index.php?option=com_content&amp; view=article&amp;id=473&amp;Itemid=159</a>
Industrial Products	<a href="https://nationalfertilizers.com/index.php?option=com_content&amp;view=article&amp;id=473&amp;Itemid=159#">https://nationalfertilizers.com/index.php?option=com_content&amp; view=article&amp;id=473&amp;Itemid=159#</a>
Traded Products	<a href="https://nationalfertilizers.com/index.php?option=com_content&amp;view=article&amp;id=143&amp;Itemid=159&amp;lang=en">https://nationalfertilizers.com/index.php?option=com_content&amp; view=article&amp;id=143&amp;Itemid=159&amp;lang=en</a>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

**The entity is engaged in sale and marketing of agriculture inputs, hence, periodic training is being organized in marketing territory for the consumers i.e. dealers/retailers and farmers for updating their knowledge on safe and responsible use of products.**

**In addition to this, the entity is also engaged in organising promotional campaigns and participation in Krishi Melas and Agriculture Exhibitions organised by Agricultural Universities/State Agriculture Departments where products and services are displayed and related information is given to the consumers.**

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services. **Not Applicable**

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No) **Yes**

**The information is displayed on the packing of products for judicious use as per the local laws. The entity conducts various periodical meetings with the consumers i.e. farmers to have the comprehensive feedback of the products and take the steps for continuous improvement in quality and services.**

**The entity conducts various periodical meetings with the consumers i.e. farmers to have the comprehensive feedback of the products and take the steps for continuous improvement in quality and services.**

5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact **None**
- b. Percentage of data breaches involving personally identifiable information of customers **None**

**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003.

**Date: 29.08.2022**

**(Nirlep Singh Rai)**

Chairman & Managing Director

DIN: 08725698

**Annexure-I**

Parameter	Previous Year (FY 2020-21)					Current Year (FY 2021-22)				
	Nangal	Panipat	Bathinda	Vijaipur-I	Vijaipur-II	Nangal	Panipat	Bathinda	Vijaipur-I	Vijaipur-II
Total electricity consumption (A) (Giga-J)	580,945	129,536	436,609	519,541	441,932	565,206	176,914	657,352	558,284	406,960
Total fuel consumption (B) (Giga-J)	6,237,607	8,327,665	5,881,754	10,120,361	12,408,427	5,629,076	6,859,127	4,342,641	10,801,856	1,629,767
Energy consumption through other sources (C) (Giga-J)	8,150,068	8,798,012	10,588,963	12,761,823	14,668,954	8,495,075	7,381,126	10,072,189	14,044,341	13,200,541
<b>Total energy consumption (A+B+C) (in Giga-J)</b>	<b>14,968,621</b>	<b>17,255,213</b>	<b>16,907,326</b>	<b>23,401,725</b>	<b>27,519,313</b>	<b>14,689,357</b>	<b>14,417,166</b>	<b>15,072,182</b>	<b>25,404,481</b>	<b>25,237,268</b>
<b>Total NFL Energy Consumption (Giga-J)</b>	<b>100,052,198</b>					<b>94,820,454</b>				
Energy intensity per rupee of turnover (Total energy consumption GJ /turnover in rupees)	<b>0.000843</b> (NFL Turn Over Rs 11906 Cr)					<b>0.000598</b> (Turnover : ₹ 15857 cr)				
(Total energy consumption/Energy intensity (optional) – the relevant metric may be selected by the entity)										

**Annexure-II**

Parameter	(FY 2020-21)				(FY 2021-22)			
	Nangal	Panipat	Bathinda	Vijaipur - I+II	Nangal	Panipat	Bathinda	Vijaipur - I+II
Water withdrawal by source (in kilolitres)								
(i) Surface water	25899529*	0	0	0	25559636*	0	0	
(ii) Groundwater	0	0	0	0		0	0	
(iii) Third party water	0	0	0	0		0	0	
(iv) Seawater / desalinated water	0	0	0	0		0	0	
(v) Others (Canal)	0	8888010	6265317	8791709		8667949	4923262	8819299
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	25899529*	8888010	625317	8791709	25559636*	8667949	4923262	8819299
Total volume of water consumption (in kilolitres)	5945634	8803010	6026146	8494794	6149749	8727949	4743062	8498608
Water intensity per rupee of turnover (Water consumed KL/Turnover)	0.0002458				0.0001773			

## Corporate Governance Report (2021-22)

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 mentioned herein below and the same can be accessed by clicking [https://nationalfertilizers.com/index.php?option=com\\_content&view=article&id=409&Itemid=264](https://nationalfertilizers.com/index.php?option=com_content&view=article&id=409&Itemid=264) :-

- Code of Conduct for Board Members and Senior Management Personnel
- 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
- Terms and Conditions of Appointment of the Independent Directors
- 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 time frame.

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 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 remote E-voting facility is provided to all Shareholders. Simple and inexpensive procedures are adopted to cast their vote electronically as well as e-voting at the AGM or through poll, as the case may be.

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 unauthorized dealing by them in shares of the Company. The code is also available at the website of the Company i.e. [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

**1.4. Role of Stakeholders in Corporate Governance**

The Business Responsibility and Sustainability Report (BRSR) 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 the requested information to the citizens of India as is required to be provided under the said 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 Chief Vigilance 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 is 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. Risks are as 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 disclose 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

The Board of Directors of NFL is entrusted with the responsibility of the affairs of the Company. The Board is also responsible for the ultimate superintendence and control of the Company. The Board protects shareholders' interests, establishes policies for management, oversees the corporation, and makes decisions about important issues the company faces.

### 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' Directors) 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 composition of Board of Directors of the Company is very balance and diverse. The Board of Directors as on 31<sup>st</sup> March, 2022 comprised of Eight Directors i.e. One Whole-time Functional Director i.e. Chairman & Managing

Director who has been entrusted with the additional Charge of Director (Technical), Two Government of India nominee Directors and Five Independent Directors. Brief profile of the Directors is set-out at **Annexure-16** of 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 detailed below was not in accordance with the SEBI (LODR) Regulations, 2015 upto 29.11.2021: -

S.No.	Period		Composition of the Board		
	From	To	Total Directors	Independent Directors	Other Directors
01.	01.04.2021	13.10.2021	6	1	5
02.	14.10.2021	11.11.2021	6	1	5
03.	12.11.2021	29.11.2021	9	4	5
04.	30.11.2021	01.12.2021	10	5	5
05.	02.12.2021	31.12.2021	9	5	4
06.	01.01.2022	31.03.2022	8	5	3

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](http://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.

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 31.03.2022 are tabulated below:-

S. No.	Director (S/Shri)	Category	Tenure		Number of Directorships in other Public Companies		Number of Committees positions held in other Public Companies	
			From	To	Chairman	Directorship	Chairman	Member
01.	Nirlep Singh Rai ^	C&MD	06.09.2021	Continuing	-	2	-	-
		ED	01.04.2020	05.09.2021				
02.	Virendra Nath Datt*	ED	11.10.2018	02.12.2021	-	-	-	-
		Additional Charge of C&MD	03.06.2020	05.09.2021				
03.	Yash Paul Bhola#	ED	03.09.2019	31.12.2021	-	-	-	-
04.	Dharam Pal	NED-Govt. Nominee	09.02.2016	Continuing	-	1	-	-

S. No.	Director (S/Shri)		Tenure		Number of Directorships in other Public Companies		Number of Committees positions held in other Public Companies	
			From	To	Chairman	Directorship	Chairman	Member
05.	Partha Sarthi Sen Sharma**	NED-Govt. Nominee	28.12.2018	14.10.2021	-	-	-	-
06.	Neeraja Adidam***	NED- Govt. Nominee	14.10.2021	Continuing	-	2	-	-
07.	Pandya Ashwinkumar Balvantray	NEID	04.05.2020	Continuing	-	-	-	-
08.	Dr. Poonam Sharma <sup>##</sup>	NEID	12.11.2021	Continuing	-	-	-	-
09.	Ritesh Tiwari <sup>##</sup>	NEID	12.11.2021	Continuing	-	-	-	-
10.	Kashi Ram Godara <sup>#</sup>	NEID	12.11.2021	Continuing	-	-	-	-
11.	Dr. Venkata Sarvarayudu Thota <sup>+</sup>	NEID	30.11.2021	Continuing	-	-	-	-

C&MD-Chairman & Managing Director, ED-Executive Director, NED-Non-Executive Director, NEID-Non-Executive Independent Director. ^ Shri Nirlep Singh Rai appointed as C&MD w.e.f. 06.09.2021 , \* Shri Virendra Nath Datt has ceased to be C&MD (Additional Charge) w.e.f. 05.09.2021 and ED w.e.f. 02.12.2021 ; <sup>#</sup>Ceased to be ED & CFO w.e.f. 31.12.2021; <sup>\*\*</sup>Ceased to be NED w.e.f. 14.10.2021 and <sup>\*\*\*</sup>Appointment as NED-Govt. Nominee w.e.f. 14.10.2021 ; <sup>##</sup>Appointment as NEID w.e.f. 12.11.2021 ; <sup>+</sup>Appointment as NEID w.e.f. 30.11.2021.

In addition to above, Shri Atul Baburao Patil was appointed as Additional Director [Director (Marketing)] w.e.f. 07.04.2022 in terms of DoF order 82/1/2021-HR PSU (part) dated 25.03.2022. Further, Members of the Company appointed him as Director (Marketing), liable to retire by rotation through Postal Ballot resolution passed on 25<sup>th</sup> June, 2022.

Shri Hira Nand was appointed as Chief Financial Officer w.e.f. 24.05.2022 & Additional Director [Director (Finance)] w.e.f. 17.06.2022 in terms of DoF order 82/3/2013-HR-PSU dated 17.06.2022.

Shri Dharam Pal ceased to be Government Nominee Director with effect from 10<sup>th</sup> June, 2022.

Dr. Prathibha A. was appointed as part time Government Nominee Director w.e.f. 03.08.2022 in terms of DoF order 95/1/2019-HR-PSU dated 20.07.2022.

### 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 Government of India. Independent Directors are appointed on the recommendations of the Government of India usually for tenure of three years.

### 2.4 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.

The Independent Directors meets the criteria of independence as defined under Section 149 of the Act and Regulation 16(1)(b) of Listing Regulations and provides an annual confirmation that they meet such criteria. Based on these

declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of Independence and that they are independent of the management.

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

During the year, Dr. Poonam Sharma, Shri Ritesh Tiwari, Shri Kashi Ram Godara were appointed as NEID on the Board of NFL w.e.f. 12.11.2021 and Dr. Venkata Sarvarayudu Thota was appointed as NEID on the Board of NFL w.e.f. 30.11.2021 in terms of DoF order no. 78/2/2006-HR-PSU (pt II) dated 05.11.2021.

Further, Shri Jyoti Bhramar Tubid was appointed as NEID on the Board of NFL w.e.f. 21.04.2022 in terms of DoF order 78/2/2006-HR PSU (pt) dated 28.03.2022.

## 2.5 Board Meetings, Agenda & Minutes

The Board members are expected to rigorously prepare for, attend and participate in Board and applicable committee meetings. The Board Meeting forms an essential part of how a company operates. They are equally crucial for the survival as well as the growth of the business. The strategy of the company, on which the whole organization works, is decided by the board members in these meetings.

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 ensures 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.

## 2.6 Board Meetings held

During the year, Board met Seven (7) times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	451	10.06.2021
02.	452	25.06.2021
03.	453	12.08.2021
04.	454	12.11.2021
05.	455	24.12.2021
06.	456	20.01.2022
07.	457	14.02.2022

The minimum and maximum interval between any two Board Meetings was 15 days and 92 days respectively.

## 2.7 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 29<sup>th</sup> September, 2021 are as follows:

S.No.	Name of the Director (S/Shri)	Category	Board Meetings held during 2021-22 and Attendance thereat		Attendance at last Annual General Meeting
			Held	Attended	
01.	Nirlep Singh Rai <sup>^</sup>	ED & C&MD	7	6	Present
02.	Virendra Nath Datt <sup>^^</sup>	ED & C&MD	4	4	Present
03.	Yash Paul Bhola <sup>#</sup>	ED	5	5	Present
04.	Dharam Pal	NED-Govt. Nominee	7	NIL	Not Present
05.	Partha Sarthi Sen Sharma <sup>*</sup>	NED-Govt. Nominee	3	NIL	Not Present
06.	Neeraja Adidam <sup>**</sup>	NED-Govt. Nominee	4	2	N.A
07.	Pandya AshwinKumar Balvantray	NEID	7	7	Present
08.	Dr. Poonam Sharma <sup>##</sup>	NEID	3	3	N.A
09.	Ritesh Tiwari <sup>###</sup>	NEID	3	3	N.A
10.	Kashi Ram Godara <sup>###</sup>	NEID	3	3	N.A
11.	Dr. Venkata Sarvarayudu Thota <sup>###</sup>	NEID	3	3	N.A

C&MD-Chairman & Managing Director, ED-Executive Director, NED-Non-Executive Director, NEID-Non-Executive Independent Director. <sup>^</sup> Shri Nirlep Singh Rai appointed as C&MD w.e.f. 06.09.2021, <sup>^^</sup>Shri Virendra Nath Datt has ceased to be C&MD (Additional charge) w.e.f. 05.09.2021 and ED w.e.f. 02.12.202, <sup>#</sup>Shri Yash Paul Bhola ceased to be ED & CFO w.e.f. 31.12.2021 <sup>\*</sup>Shri Partha Sarthi Sen Sharma ceased to be NED w.e.f. 14.10.2021, <sup>\*\*</sup>Ms. Neeraja Adidam appointed as NED-Govt. Nominee w.e.f. 14.10.2021, <sup>##</sup>Dr. Poonam Sharma, Shri Ritesh Tiwari, Shri Kashi Ram Godara appointed as NEID w.e.f. 12.11.2021 & <sup>###</sup> Dr. Venkata Sarvarayudu Thota appointed as NEID w.e.f. 30.11.2021.

## 2.8 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 Chief Financial Officer and the 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.

## 2.9 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;
4. Scrutinizing the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

During the year under review, one meeting of Independent Directors was held on 31.03.2022 wherein Shri Pandya Ashwin Kumar Balvantray chaired the meeting and the same was attended by three other Independent Directors (Dr. Poonam Sharma, Shri Ritesh Tiwari and Shri Kashi Ram Godara.)

#### **2.10 Disclosure of relationships between Directors inter-se**

No relationships between Directors inter-se have been reported.

#### **2.11 Number of shares and convertible instruments**

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

#### **2.12 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 Independent 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](http://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.

#### **2.13 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](http://www.nationalfertilizers.com).

#### **2.14 Performance evaluation of Directors**

As per provisions of Section 134(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. GSR 463(E) dated 05<sup>th</sup> 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 05<sup>th</sup> 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 Ministry.
- (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) The assessment of Performance of Independent Directors is done annually by Department of Public Enterprises, Ministry of Finance, Government of India. The assessment / evaluation of performance of Independent Directors is to be undertaken on the basis of their attendance, contributions during the assessment period, suggestions for improving the performance of concerned CPSE and assessment of their professional and ethical conduct and contributions.
- (vii) 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, Part-time Official Directors and Part-time Non Official Directors was not carried out.

### 2.15 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. Committees appointed by the Board focus on specific areas and take informed decisions within the framework of delegated authority, and make specific recommendations to the Board on matters in their areas or purview. All decisions and recommendations of the committees are placed before the Board for information or for approval. 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) Corporate Social Responsibility & Sustainable Development Committee; and

(v) Risk Management Committee.

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

### 3.1 Audit Committee

The Company endeavours 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. During the year under review, the Composition of Audit Committee was not proper till 06.12.2021 due to non-appointment of requisite number of Independent Directors by the Department of Fertilizers, Government of India. 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 appointment, remuneration and terms of appointment of auditors of the listed entity\*;  
\*(In case of Government Companies, recommendation for appointment, and the terms of appointment of Statutory Auditors(including Casual Vacancy) shall be made by CAG and not by the Shareholders of the Company.)
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 utilisation 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.
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

### 3.1.1 Meetings

During the year 2021-22, the Audit Committee met Four (4) times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	133	10.06.2021
02.	134	12.08.2021
03.	135	12.11.2021
04.	136	14.02.2022

### 3.1.2 Composition & Attendance at the Meetings

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 Member (S/Shri)	Status	Category	Period		Meetings during 2021-22	
				From	To	Held	Attended
01.	Pandya Ashwinkumar Balvantray	Chairperson	NEID	14.05.2020	Continuing	04	04
02.	Nirlep Singh Rai*	Member	C&MD	14.05.2020	Continuing	04	03
03.	Virendra Nath Datt*	Member	ED	02.02.2020	02.12.2021	03	03
04.	Dr. Poonam Sharma**	Member	NEID	07.12.2021	Continuing	01	01
05.	Shri Kashi Ram Godara**	Member	NEID	07.12.2021	Continuing	01	01

C&MD - Chairman & Managing Director, ED - Executive Director, NEID - Non-Executive Independent Director. \*Shri Nirlep Singh Rai appointed as C&MD w.e.f. 06.09.2021 \*Shri Virendra Nath Datt ceased to be C&MD (Additional Charge) & Director w.e.f. 05.09.2021 & 02.12.2021 respectively and \*\*Dr. Poonam Sharma and Shri Kashi Ram Godara inducted as member w.e.f. 07.12.2021.

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.

### 3.2 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 the following:-

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company.

#### 3.2.1 Meetings

During the year 2021-22, the Stakeholders Relationship Committee met once as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	09	12.11.2021

#### 3.2.2 Composition & Attendance at the Meetings

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 Member (S/Shri)	Status	Category	Period		Meetings during 2021-22	
				From	To	Held	Attended
01.	Pandya Ashwinkumar Balvantray	Chairperson	NEID	14.05.2020	Continuing	01	01
02.	Nirlep Singh Rai*	Member	C&MD	30.06.2020	Continuing	01	01
03.	Yash Paul Bhola*	Member	ED	02.02.2020	31.12.2021	01	01
04.	Ritesh Tiwari**	Member	NEID	07.12.2021	Continuing	NIL	NIL

C&MD – Chairman & Managing Director, ED – Executive Director, NEID – Non-Executive Independent Director. \*Appointed as C&MD w.e.f. 06.09.2021, \*Ceased to be Director w.e.f. 31.12.2021; \*\* Inducted as Member w.e.f. 07.12.2021.

### 3.2.3 Compliance Officer

Shri Ashok Jha, 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](http://www.nationalfertilizers.com).

### 3.2.4 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, quarter wise investor Complaints details are given below:-

Quarter Ended	Complaints Received	Complaints Resolved	Complaints Pending
30.06.2021	NIL	NIL	N.A
30.09.2021	NIL	NIL	N.A
31.12.2021	NIL	NIL	N.A
31.03.2022	NIL	NIL	N.A
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>N.A</b>

### 3.3 Nomination and Remuneration Committee

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. During the year under review, the composition of Nomination & Remuneration Committee was not proper till 06.12.2021 due to non-appointment of requisite number of Independent Directors by Department of Fertilizers, Government of India.

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 identifies 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.

### 3.3.1 Meetings

During the year 2021-22, the Nomination and Remuneration Committee met three times as detailed below:-

(in Nos.)

S.No.	Meeting No.	Date of Meetings
01.	14	25.06.2021
02.	15	02.11.2021
03.	16	24.12.2021

### 3.3.2 Composition & Attendance at the Meetings

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 Member (S/Shri)	Status	Category	Period		Meetings during 2021-22	
				From	To	Held	Attended
01.	Pandya Ashwinkumar Balvantray	Chairperson	NEID	14.05.2020	Continuing	03	03
02.	Nirlep Singh Rai <sup>#</sup>	Member	C&MD	20.09.2021	Continuing	02	02
03.	Partha Sarthi Sen Sharma <sup>*</sup>	Member	NED-Govt. Nominee	05.11.2019	14.10.2021	01	NIL
04.	Virendra Nath Datt <sup>**</sup>	Member	ED	30.06.2020	20.09.2021	01	01
05.	Neeraja Adidam <sup>^</sup>	Member	NEID	25.10.2021	Continuing	02	NIL
06.	Dr. Poonam Sharma <sup>##</sup>	Member	NEID	07.12.2021	Continuing	01	01
07.	Kashi Ram Godara <sup>##</sup>	Member	NEID	07.12.2021	Continuing	01	01
08.	Dr. Venkata Sarvarayudu Thota <sup>##</sup>	Member	NEID	07.12.2021	Continuing	01	01

C&MD - Chairman & Managing Director, ED - Executive Director, NED - Non-Executive Director, NEID – Non-Executive Independent Director.

<sup>#</sup>Inducted as Member w.e.f. 20.09.2021, appointed as C&MD w.e.f. 06.09.2021, <sup>\*</sup>Ceased to be Director w.e.f. 14.10.2021, <sup>\*\*</sup>Ceased to be C&MD (Additional Charge) & Member w.e.f. 05.09.2021 & 20.09.2021 respectively,

<sup>^</sup>Inducted as Member w.e.f. 25.10.2021, <sup>##</sup>Inducted as Member w.e.f. 07.12.2021.

### 3.4 Corporate Social Responsibility and Sustainable Development Committee

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 and Sustainable Development. Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

The Company has also formulated "CSR Policy" to effectively serve the interests of the society by taking the responsibility for the impact of their activities on customers, employees, shareholders, communities, environment in all aspects of their operation. The CSR Policy of the company is available at the website of the company [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

### 3.4.1 Meetings

During the year 2021-22, the Corporate Social Responsibility and Sustainable Development Committee met two (2) times as detailed below:-

S. No.	Meeting No.	Dates
01.	28	10.06.2021
02.	29	12.08.2021

### 3.4.2 Composition & Attendance at the Meetings

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 Member (S/Shri)	Status	Category	Period		Meetings during 2021-22	
				From	To	Held	Attended
01.	Pandya Ashwinkumar Balvantray	Chairperson	NEID	14.05.2020	Continuing	02	02
02.	Nirlep Singh Rai <sup>+</sup>	Member	C&MD	14.05.2020	Continuing	02	01
03.	Virendra Nath Datt <sup>*</sup>	Member	ED	30.10.2018	02.12.2021	02	02
04.	Yash Paul Bhola <sup>**</sup>	Member	ED	20.09.2021	07.12.2021	NIL	NIL
05.	Dharam Pal <sup>^</sup>	Member	NED-Govt. Nominee	05.11.2019	20.09.2021	02	NIL
06.	Dr. Poonam Sharma <sup>#</sup>	Member	NEID	07.12.2021	Continuing	NIL	NIL
07.	Ritesh Tiwari <sup>#</sup>	Member	NEID	07.12.2021	Continuing	NIL	NIL
08.	Kashi Ram Godara <sup>#</sup>	Member	NEID	07.12.2021	Continuing	NIL	NIL

C&MD - Chairman & Managing Director, ED - Executive Director, NED - Non-Executive Director, NEID - Non-Executive Independent Director.

<sup>+</sup>Appointed as C&MD w.e.f. 06.09.2021, <sup>\*</sup>Ceased to be C&MD (Additional Charge) & Member w.e.f. 05.09.2021 & 02.12.2021 respectively, <sup>\*\*</sup>Inducted as Member w.e.f. 20.09.2021 and Ceased as Member w.e.f. 07.12.2021, <sup>^</sup>Ceased to be Member w.e.f. 20.09.2021, <sup>#</sup>Inducted as Member w.e.f. 07.12.2021.

### 3.5 Risk Management Committee

Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is applicable to top 1000 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year w.e.f. 05.05.2021 (which was earlier applicable to top 500 listed entities). 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 Meeting held on 1<sup>st</sup> February, 2019 constituted Risk Management Committee to monitor, approve and review the risk policies/plan and associated practices of the Company. Currently NFL's Ranking is 627 as on 31.03.2022 as per data published by NSE based on market capitalization. The role and responsibilities of the Risk Management Committee inter-alia includes the following:

- Assist the board in fulfilling its corporate governance in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks.
- Monitor, approve and review the risk policies/ plans and associated practices of the company.
- Review and approve risk disclosure statements in any public documents or disclosures.

- Carry out any other function as required by the provisions of the Companies Act, 2013, Listing Agreement including SEBI (LODR) Regulations, 2015 and Corporate Governance Guidelines issued by DPE.
- Ensure that appropriate systems are in place to manage the identified risks, so that the organizations assets and reputation are suitably protected.
- Ensure that responsibility and authorities are clearly defined and adequate resources are assigned to implement the Risk Management Policy.
- Review the reports from the Risk Assessment Committee and take remedial action.

### 3.5.1 Meetings

During the year 2021-22, the Risk Management Committee met four (4) times as detailed below:-

S. No.	Meeting No.	Dates
01.	11	10.06.2021
02.	12	12.08.2021
03.	13	12.11.2021
04.	14	14.02.2022

### 3.5.2 Composition & Attendance at the Meetings

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 Member (S/Shri)	Status	Category	Period		Meetings during 2021-22	
				From	To	Held	Attended
01.	Pandya Ashwinkumar Balvantray	Chairperson	NEID	14.05.2020	Continuing	04	04
02.	Nirlep Singh Rai*	Member	C&MD	14.05.2020	Continuing	04	03
03.	Virendra Nath Datt*	Member	ED	01.02.2019	02.12.2021	03	03
04.	Yash Paul Bhola**	Member	ED	02.08.2019	07.12.2021	03	03
05.	Dr. Venkata Sarvarayudu Thota^	Member	NEID	07.12.2021	Continuing	01	01
06.	R.K. Gogia <sup>#</sup>	Member	ED (IA& Law/CS/MS)	01.02.2019	30.06.2021	01	01
07.	Dinesh Sood	Member	ED (HR)	30.06.2020	Continuing	04	04
08.	Hira Nand <sup>##</sup>	Member	ED (F&A)	14.02.2022	Continuing	NA	NA

\*Appointed as C&MD w.e.f. 06.09.2021, \*Ceased to be C&MD (Additional Charge) & Member w.e.f. 05.09.2021 & 02.12.2021 respectively, \*\*Ceased to be Member w.e.f. 07.12.2021, ^ Inducted as Member w.e.f. 07.12.2021, <sup>#</sup>Ceased to be Member w.e.f.30.06.2021, <sup>##</sup>Inducted as Member w.e.f. 14.02.2022. Further, Shri Hira Nand has been appointed as Chief Financial Officer (CFO) and Additional Director [Director (Finance)] w.e.f. 24.05.2022 and 17.06.2022 respectively.

## 4. Details of Remuneration and Sitting Fee paid to Directors during 2021-22

**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.	Nirlep Singh Rai, C&MD	51	5	56
02.	Virendera Nath Datt, Director (Marketing)**	39	37	76
03.	Yash Paul Bhola, Director (Finance)***	43	17	60
04.	Ashok Jha, Company Secretary	24	2	26
	<b>Total</b>	<b>157</b>	<b>61</b>	<b>218</b>

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

\*\*Shri Virendera Nath Datt Director (Marketing) has been entrusted the additional Charge of C&MD w.e.f. 03.06.2020 and ceased to hold the said additional charge w.e.f. 05.09.2021. Further he ceased to be Director w.e.f. 02.12.2021.

\*\*\* Shri Yash Paul Bhola, Director (Finance) ceased to be Director & CFO w.e.f. 31.12.2021.

**4.2. Sitting Fee to Independent Directors**

The Non-executive Independent Directors are paid sitting fee of ₹25,000/- for attending each meeting of the Board and/or Committee thereof. Sitting fee paid to Independent Directors during 2021-22 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.	Pandya AshwinKumar Balvantray	175000	350000	525000
02.	Dr. Poonam Sharma*	75000	50000	125000
03.	Ritesh Tiwari*	75000	-	75000
04.	Kashi Ram Godara*	75000	50000	125000
05.	Dr. Venkata Sarvarayudu Thota <sup>#</sup>	75000	50000	125000
	<b>TOTAL</b>			<b>975000</b>

The criteria of making payments to Non-Executive Directors is available at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

\*Dr. Poonam Sharma, Sh. Ritesh Tiwari, Sh. Kashi Ram Godara appointed as NEID w.e.f. 12.11.2021

<sup>#</sup>Dr. Venkata Sarvarayudu Thota appointed as NEID w.e.f. 30.11.2021

**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	Whether any special resolution passed
<b>Year 2018-19</b>				
Annual General Meeting	18.09.2019	02.30 PM	Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi-110003	Yes
<b>Year 2019-20</b>				
Annual General Meeting	17.12.2020	02.30 PM	Through Video Conferencing (VC) or Other Audio Visual Means (OAVM)	-
<b>Year 2020-21</b>				
Annual General Meeting	29.09.2021	02.30 PM	Through Video Conferencing (VC) or Other Audio Visual Means (OAVM)	-

### 6. Postal Ballot

Company had not transacted any business through postal ballot during the year 2021-22.

### 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), 18 & 19 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.

BSE vide its email dated 24.09.2020 informed that NFL's request for waiver of fine has been accepted and fine levied pursuant to SEBI circular SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 03, 2018 for the quarter ended September 2018, December 2018, March 2019, June 2019, September 2019, December 2019, March 2020 and June 2020 has been waived. Further, BSE vide its email dated 19.04.2021 informed that NFL's request for waiver of fine has been accepted and fine levied pursuant to SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 and SEBI circular SEBI/HO/CFD/CMD/CIR/P/2018/177 dated May 03, 2018 for the quarter ended September 2020, December 2020 has been waived.

Further, it is pertinent to mention here that company is compliant of the provisions of Regulation 17(1), 18(1) and 19(1)/(2) of SEBI (LODR) Regulations, 2015 as on 31<sup>st</sup> March, 2022.

#### 8.3 Details of Vigil Mechanism/Whistle Blower Policy

Company believes in transparency and propriety in all its business dealings and 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](http://www.nationalfertilizers.com).

#### 8.4 Related Party Transactions Policy

Related Party Transaction Policy of the Company is available at [www.nationalfertilizers.com](http://www.nationalfertilizers.com) and the same can also be downloaded by clicking on <https://nationalfertilizers.com/images/pdf/policy19.08.2015.pdf>.

#### 8.5 Policy for Determining 'Material' Subsidiaries

Policy for determining 'material' subsidiaries is available at [www.nationalfertilizers.com](http://www.nationalfertilizers.com) and the same can also be downloaded by clicking on [https://nationalfertilizers.com/images/pdf/investorsdesk/Policy\\_Material21042016.pdf](https://nationalfertilizers.com/images/pdf/investorsdesk/Policy_Material21042016.pdf).

#### 8.6 Foreign Exchange risk or Commodity price risk and hedging activities

Hedging activities/ transactions during the financial year 2021-22 have been undertaken by the company in line with the Board approved foreign exchange risk management policy. The basic philosophy is that the risk should be limited to what company can bear based on this the risk appetite of the Company (generally linked to % of profits) 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.

#### 8.7 Compliance with Mandatory Requirements for 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 as specified in Compliance Certificate on Corporate Governance by the Secretarial Auditor and the same is appended as **Annexure-4**.

#### 8.8 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. 2021-22 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.

#### 8.9 Investor Education and Protection Fund

During the year 2021-22 company has no obligation to transfer any amount to Investor Education and Protection Fund with respect to unpaid/unclaimed dividend.

#### 8.10 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 no obligation to transfer equity shares to the Investor Education and Protection Fund Authority during the year 2021-22. Thus total number of equity shares transferred to IEPF Authority Demat Account as on 31.03.2022 remains the same i.e., 24,337.

#### 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 Ashok Jha, 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 Ashok Jha, Company Secretary of the Company as Designated Official for assessing NSDL web interface to submit requisite foreign investment information and coordinating with NSDL from 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, member of the promoter group, and designated person 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 Ashok Jha, 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 ₹77.38 Lakh (Rupees Seventy Seven Lakh Thirty Eight Thousand only) plus GST was paid for all services rendered by Statutory Auditor (on consolidation basis) during 2021-22.

### 8.16 Disclosure under Sexual Harassment of Women at Workplace

During the year 2021-22, 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 |

### 8.17 SEBI (LODR) Regulation, 2015:- Certification from Company Secretary in Practice regarding debarred or disqualification of Directors on the Board for the year ended 31<sup>st</sup> March, 2022.

M/s Parveen Rastogi & Co, Practicing Company Secretary has issued Annual Secretarial Compliance Report for the year ended 31<sup>st</sup> March, 2022 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 -15** to this Report.

**9. Compliance Officer**

Shri Ashok Jha, 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 2021-22 were published in prominent newspapers as below: -

Quarter ended	Date of Publication	News paper
30 <sup>th</sup> June, 2021	13.08.2021 (English)	The Indian Express, Delhi Edition, Financial Express, Delhi Edition
	(Hindi)	Jansatta, Delhi Edition, The Pioneer (Hindi), Delhi Edition
30 <sup>th</sup> September, 2021	13.11.2021 (English)	The Indian Express, Delhi Edition, Financial Express, Delhi Edition, Free Press (English) Mumbai Edition
	(Hindi)	Jansatta, Delhi Edition
31 <sup>st</sup> December, 2021	15.02.2022 (English)	The Indian Express, Delhi Edition, Financial Express, Delhi Edition, The Pioneer (English), Delhi Edition, Millenium Post (English), Delhi Edition
	(Hindi)	Jansatta, Delhi Edition
31 <sup>st</sup> March, 2022	25.05.2022 (English)	The Indian Express, Delhi Edition, Financial Express, Delhi Edition, The Statesman, Delhi Edition, The Business Standard, Delhi Edition Free Press (English), Mumbai Edition
	(Hindi)	Jansatta, Delhi Edition, Pioneer (Hindi), Delhi Edition

The quarterly results are also displayed on the official website of the Company at [www.nationalfertilizers.com](http://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](http://www.nationalfertilizers.com)

**10.4 Intimation to Stock Exchanges**

Stock Exchanges are kept posted with all periodical compliance filings and other major events related to the Company.

**10.5 Designated exclusive email ID**

Company has designated exclusive email ID: [investor@nfl.co.in](mailto: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](http://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 :** 29<sup>th</sup> September, 2022

**Time :** 2.30 P.M.

**Venue :** Meeting is being conducted through Video Conferencing / Other Audio Visual Means (VC/OAVM) pursuant to the MCA Circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021 and May 5, 2022.

### 11.3 Financial Year

01<sup>st</sup> April to 31<sup>st</sup> 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 (Uttar Pradesh).

### 11.5 Website

Information related to shareholders like Annual Report, Quarterly Financial Results, Shareholding Pattern etc. is available at Company's website [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

### 11.6 Telephone numbers and E-Mail Reference for communication are given below:

Particulars	E mail ID	Telephone No.	Fax No.
Registered Office	investor@nfl.co.in	011-24360066	011-24361553
Investor Services Cell		0120-2412322 PBX:0120-3292201-08	0120-2411132 & 0120-2412397
Company Secretary	cs@nfl.co.in	0120-2412322	0120-2411132

### 11.7 Financial Calendar for FY 2022-23

Particulars	Period
Accounting Period	01 <sup>st</sup> April, 2022 to 31 <sup>st</sup> March, 2023
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, 2023 (Tentative)

### 11.8 Book Closure and Cut - Off date

The Register of Members and Share Transfer Books will remain closed from 23.09.2022 to 29.09.2022 (both days inclusive). The cut-off date for the purpose of recognising the voting rights of Shareholders is 22.09.2022.

**11.9 E-voting**

Members will be provided e-voting facility to exercise their right to vote at the 48<sup>th</sup> 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 26.09.2022 (from 09.00 AM) to 28.09.2022 (up to 5.00 PM).

**11.10 Payment of Dividend**

During the year under review the Company has not declared any Dividend on the paid-up equity share capital of the company.

Further, the Company has the Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is available on the Company's website at :<https://nationalfertilizers.com/images/pdf/investorsdesk/FINAL%20DIVIDEND%20DISTRIBUTION%20POLICY%20FINAL.pdf>

**11.11 Listing on Stock Exchanges**

The equity shares of the Company are listed on the following stock exchanges:-

**11.11.1 The BSE Limited (BSE)**

Name Address and contact details	Security Code	Security
BSE Limited (BSE), P.J. Towers, Dalal Street, Mumbai – 400001. Telephone: 022-22721233/4 Fax: 022- 22723121 /3719 / 2037/ 2039 Email: <a href="mailto:info@bseindia.com">info@bseindia.com</a> Website: <a href="http://www.bseindia.com">www.bseindia.com</a>	523630	Equity

**11.11.2 The National Stock Exchange of India Limited (NSE)**

Name Address and contact details	Security Code	Security
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: <a href="mailto:cc_nse@nse.co.in">cc_nse@nse.co.in</a> Website: <a href="http://www.nseindia.com">www.nseindia.com</a>	NFL	Equity

**11.11.3 Commercial Paper Listed during the Year-2021-22**

Name Address and Contact details of Stock exchange	Scrip Code-BSE	ISIN Code	Amount (₹)
<b>National Stock Exchange</b> Name: Mr Santosh Kumar (Sr Manager, Listing Business Development) Address: National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051 Telephone : 8105677272 Email: <a href="mailto:spotlacheru@nse.co.in">spotlacheru@nse.co.in</a> Website: <a href="http://www.nse-india.com">www.nse-india.com</a>	720638	INE870D14DQ5	275,00,00,000
	720657	INE870D14DR3	1200,00,00,000
	720951	INE870D14DS1	600,00,00,000
	721037	INE870D14DT9	1200,00,00,000
	721074	INE870D14DU7	550,00,00,000

Name Address and Contact details of Stock exchange	Scrip Code-BSE	ISIN Code	Amount (₹)
<b>Bombay Stock Exchange</b> Name: Mr. Raghavendra Bhat Address: BSE Limited, P J Towers, Dalal Street, Mumbai -400001, India Telephone: 08879752654 Email: raghavendra.bhat@bseindia.com Website: www.bseindia.com <b>TOTAL</b>	721183	INE870D14DV5	625,00,00,000
	721617	INE870D14DW3	700,00,00,000
	721644	INE870D14DX1	1200,00,00,000
			<b>6,350,00,00,000</b>

#### 11.12 Listing Fee

The Annual Listing Fee upto 2022-23 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
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Company has paid the Annual Custody Fee to NSDL and CDSL for the financial year 2022-23.

#### 11.14 Market Price Data

Monthly high and low price of shares of the Company during the financial year on the BSE Limited (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, 2021	64.05	50.90	50375.77	47204.50
May, 2021	73.75	56.65	52013.22	48028.07
June, 2021	73.10	64.70	53126.73	51450.58
July, 2021	67.25	59.60	53290.81	51802.73
August, 2021	65.10	48.95	57625.26	52804.08
September, 2021	63.30	53.75	60412.32	57263.90
October, 2021	61.80	53.00	62245.43	58551.14
November, 2021	57.75	47.30	61036.56	56382.93
December, 2021	55.25	47.70	59203.37	55132.68
January, 2022	61.80	52.20	61475.15	56409.63
February, 2022	59.25	41.05	59618.51	54383.20
March, 2022	55.85	42.50	58727.78	52260.82

**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, 2021	64.15	51.15	15044.35	14151.4
May, 2021	73.70	56.65	15606.35	14416.25
June, 2021	73.25	64.65	15915.65	15450.9
July, 2021	67.20	59.00	15962.25	15513.45
August, 2021	65.25	49.30	17153.5	15834.65
September, 2021	63.30	53.80	17947.65	17055.05
October, 2021	61.90	53.10	18604.45	17452.9
November, 2021	57.90	47.10	18210.15	16782.4
December, 2021	55.25	47.75	17639.5	16410.2
January, 2022	61.80	52.25	18350.95	16836.8
February, 2022	59.25	41.05	17794.6	16203.25
March, 2022	55.90	42.50	17559.8	15671.45

Face Value per Share is ₹10/-

### 11.15 Registrar and Share Transfer Agent

Name of Registrar and Share Transfer Agent	M/s. MAS Services Limited
Address:	T-34, 2 <sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi Pin Code – 110020,
Phone:	011-26387281/82/83
Fax:	011-26387384, 011-26387384
Email :	investor@masserv.com

### 11.16 Distribution of Shareholding

Shares held by different type of shareholders as on 31<sup>st</sup> March, 2022 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	99915	84.871	12899805	2.630
5001 to 10000	9387	7.974	7791784	1.588
10001 to 20000	4513	3.833	6987722	1.424
20001 to 30000	1521	1.292	3949634	0.805
30001 to 40000	612	0.520	2221392	0.453
40001 to 50000	539	0.458	2569317	0.524
50001 to 100000	758	0.644	5643689	1.150
100001 & above	481	0.409	448515057	91.426
<b>Total</b>	<b>117726</b>	<b>100.00</b>	<b>490578400</b>	<b>100.00</b>

### 11.17 Shareholding Pattern

S.No.	Category	Number of Shares held	% age of shareholding
(A)	<b>Shareholding of Promoter and Promoter Group (Government of India)</b>		
I	Indian	366,529,532	74.71
II	Foreign	-	-
	<b>Sub Total (A)</b>	<b>366,529,532</b>	<b>74.71</b>
(B)	<b>Public shareholding Institutions</b>		
I	Institutions	68,455,234	13.95
II	Non-institutions	55,593,634	11.34
	<b>Sub Total (B)</b>	<b>124,048,868</b>	<b>25.29</b>
	<b>GRAND TOTAL</b>	<b>490,578,400</b>	<b>100.00</b>

### 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 31<sup>st</sup> March, 2022

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). 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.

#### 11.19.1 The position of shares held in dematerialized and physical mode as on 31.03.2022

Mode of Holding	Number of Shares	% age
National Securities Depository Limited (NSDL)	95,427,917	19.45
Central Depository Services (India) Limited (CDSL)	394,881,525	80.49
Physical	268,958	0.06
<b>Total</b>	<b>490,578,400</b>	<b>100.00</b>

#### 11.19.2 Share Transfer System

Trading in equity shares of the Company through Recognized Stock Exchanges can be done only in dematerialized form. The Board has delegated the authority for approving transfer/ transmission, etc. to the Share Transfer Committee. Company obtains Yearly Certificate of compliance with the share transfer formalities from a Company Secretary in practice as required under regulation 40 (9) of SEBI (LODR) Regulations, 2015 which is filed with the stock exchanges and also available on the website of the company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

#### 11.19.3 Shares held in physical form – details of PAN and Bank Account

SEBI vide Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 03, 2021 has made it mandatory for all shareholders holding shares in physical form in the Company, to furnish requisite documents/details (including of joint holders) to the Registrar and Share Transfer Agent of the Company (RTA).

As per aforesaid SEBI Circular, Folios wherein any one of the said document/details are not available on or after April 01, 2023 shall be frozen and shareholder will not be eligible to lodge grievance or avail service request from the RTA and will not be eligible for receipt of dividend in physical mode. Further, shareholders holding shares in physical mode are requested to ensure that their PAN is linked to Aadhaar by March 31, 2022 or any other date as may be specified by the Central Board of Direct Taxes to avoid freezing of folio. The frozen folios shall be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002, after December 31, 2025.

Company's RTA M/s. MAS Services Limited has also approached the shareholders holding shares in physical form to collect their valid PAN, KYC details in Form ISR-1, for change of signature detail in Form ISR- 2, for Incorporation of Nomination in Form SH-13, For Removal of nomination or declaration to opt-out in Form ISR-3 etc. In this regards communication has been sent through registered post to the shareholders holding shares in physical mode by the Company pursuant to the aforesaid SEBI Circular.

#### 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 its press release dated 27.03.2019 had clarified that any investor who is desirous of transferring shares (which are held in physical form) after April 01, 2019 can do so only after the shares are dematerialized. 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 Limited (NSDL)	
Address	Trade World, 4 <sup>th</sup> Floor, Kamala Mills Compound, , Lower Parel, Mumbai - 400013.
Central Depository Services (India) Limited (CDSL)	
Address	Phiroze Jeejeebhoy Towers, 17 <sup>th</sup> 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.01887-220543, FAX No.01887-220541
02.	Bathinda	Sibian Road, Bathinda, Punjab-151003 Tel. No.0164-2270261/62, FAX No.01642760270
03.	Panipat	Gohana Road, Panipat, Haryana-132106 Tel.No.0180-2652481-83,85, 2655570, FAX No.0180-2652515
04.	Vijaipur I & II	Vijaipur, District Guna, Madhya Pradesh-473111 Tel.No. 07544 - 273089, 273109, 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.

### 12. Credit Rating

Information regarding credit rating during the financial year 2021-22 is provided in the Board's Report.

### 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](http://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](http://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 31<sup>st</sup> March, 2022.

**(Nirlep Singh Rai)**  
Chairman & Managing Director  
DIN: 08725698

**19. Compliance Certificate of the Secretarial Auditors**

Certificate from the Company's Secretarial Auditor M/s. Parveen Rastogi & Co. 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 believes in maximum transparency and benchmarks 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 1<sup>st</sup> December, 2015. 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.

**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003.

**Date: 29.08.2022**

**(Nirlep Singh Rai)**  
Chairman & Managing Director  
DIN: 08725698

## 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 the Company's 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) Organizational 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 super ordinate 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 fine-tune strategies to attract, retain and nurture competitively superior talent. Ability to appreciate and critique the need for in-depth specialization 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.

### (vii) 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.

### (viii) Culture Building

Ability to contribute to the Board's role towards promoting an ethical organizational culture, eliminating conflict of interest, and setting & upholding the highest standards of ethics, integrity and organizational 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 the multiple views and thought processes and synergize a range of ideas for organizational benefit.

Given below is a list of core skills, expertise and competencies of the Individual Directors:

S. No.	Director (S/Shri)	SKILLS, EXPERTISE AND COMPETENCIES								
		Organisational Purpose	Strategic Insight	Organisational Capacity Building	Stakeholder Value Creation	Commercial Acumen	Risk Management and Compliance	Policy Evaluation	Culture Building	Board Cohesion
1	Nirlep Singh Rai	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Dharam Pal	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Neeraja Adidam	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Pandya Ashwin Kumar Balvantray	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Dr. Poonam Sharma	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Ritesh Tiwari	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Kashi Ram Godara	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Dr. Venkata Sarvarayudu Thota	✓	✓	✓	✓	✓	✓	✓	✓	✓

## **Certification of Chief Executive Officer and Chief Financial Officer under Schedule II Part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We, Nirlep Singh Rai, Chairman and Managing Director and Hira Nand, Executive Director (F&A) / Chief Financial Officer certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2022 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 are entered into by the company during the year ended 31<sup>st</sup> March, 2022 which are fraudulent, illegal or in violation 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 of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, 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 31<sup>st</sup> March, 2022;
  2. Significant changes in accounting policies during the year ended 31<sup>st</sup> March, 2022 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 31<sup>st</sup> March 2022 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, except for a case of misappropriation of stocks of fertilizer of ₹ 3.84 crore by a stockiest under Godown Agreement with Company. Matter is under investigation.

**(Hira Nand)**

Executive Director/Chief Financial Officer  
PAN: AAMPN3390G

**(Nirlep Singh Rai)**

Chairman & Managing Director  
DIN: 08725698

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003.

**Date: 24.05.2022**

## Compliance Certificate on Corporate Governance

TO,

THE MEMBERS

NATIONAL FERTILIZERS LIMITED

(CIN: L74899DL1974GOI007417)

We have examined the compliance of conditions of Corporate Governance by “**NATIONAL FERTILIZERS LIMITED**” for the year ended 31<sup>st</sup> March, 2022, 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 (Listing Obligations and Disclosure Requirements) 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 the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said regulations 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 explanation given to us and based on representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India, we certify that for the year ended as on 31<sup>st</sup> March, 2022, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance except the following observations:

1. Regulation 17 (1) (a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company did not have a Woman Independent Director on its Board till 11<sup>th</sup> November, 2021.
2. Regulation 17 (1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance requires that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. The Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least fifty percent of the Board Members; however, the number of Independent Directors on the Board was less than fifty percent till 29<sup>th</sup> November, 2021.
3. Regulation 17 (10) of 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.
4. Regulation 18 (1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Two-thirds of the members of Audit Committees shall be Independent Directors. The number of Independent Directors in the Audit Committee was less than two-third of the members of Audit Committee till 06<sup>th</sup> December, 2021.
5. Regulation 19 (1) (b) and (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Directors of the Nomination and remuneration committee shall be Non-Executive Directors and at least fifty percent of the Directors shall be Independent Directors. The Composition of Committee consists of Executive Director as well as Non- Executive Director. Further, number of Independent Directors was also less than fifty percent till 06<sup>th</sup> December, 2021.
6. 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:

- 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;

Whereas, the Company is not fulfilling such requirements during the year under review.

**We further report that:**

The appointment of Chairman, 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 Directors are also decided by GOI and there is a well laid down procedure for evaluation of Chairman, Functional Directors and Independent Director by GOI.

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 PARVEEN RASTOGI & CO.  
COMPANY SECRETARIES**

**PLACE: DELHI  
DATE: 11/07/2022  
UDIN Number: F004764D000600832**

**PARVEEN KUMAR RASTOGI  
M NO.: 4764  
COP. NO. 2883**

## Annexure-4

## Management's Explanation to the Observations of Secretarial Auditor on Corporate Governance for the Financial Year 2021-22

Sr.No.	Secretarial Auditors' Observations	Management's Explanation
01.	Regulation 17(1) (a) of SEBI (LODR) Regulations, 2015, the Company did not have a Women Independent Director on its Board till 11 <sup>th</sup> November, 2021.	<p>Presently, the Company has a Woman Independent Director on its Board.</p> <p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI.</p> <p>The Company has no control over the appointment of Women Director and we had requested DoF from time to time for appointment of adequate number of Independent Directors including Woman Independent Directors on the Board of the Company.</p> <p>With the consistent effort of the Company, one Woman Director and one Woman Independent Director had been appointed on the Board of NFL w.e.f. 14<sup>th</sup> October, 2021 and 12<sup>th</sup> November, 2021 respectively.</p>
02.	Regulation 17(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance requires that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. The Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least fifty percent of the Board Members, however, the number of Independent Directors on the Board was less than fifty percent till 29 <sup>th</sup> November, 2021.	<p>Presently, the Company has requisite number of Independent Directors.</p> <p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI.</p> <p>The Company has no control over the appointment of Independent Directors and we had requested DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.</p> <p>With the consistent effort of the Company, three Independent Directors had been appointed on the Board of NFL w.e.f. 12<sup>th</sup> November, 2021 and one Independent Director appointed w.e.f. 30<sup>th</sup> November, 2021 on the Board of NFL.</p>
03.	Regulation 17 (10) of SEBI (LODR) Regulations, 2015, the performance evaluation of Independent Directors shall be done by the entire Board of Directors.	<p>(a) Regulation 17(10) of SEBI (LODR) Regulations, 2015 requires the performance evaluation of Independent Directors to be done by the entire Board of Directors to decide their continuance or otherwise.</p> <p>However, the MCA vide its notification dated 5<sup>th</sup> June, 2015 notified exemptions applicable to Government</p>

Sr.No.	Secretarial Auditors' Observations	Management's Explanation
		<p>Companies from the provisions of the Companies Act, 2013 which inter- alia provides that Sub Sections (2), (3) &amp; (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.</p> <p>(b) Further MCA vide notification dated 5<sup>th</sup> 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.</p> <p>(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 the Administrative Ministry i.e. Ministry of Chemicals and Fertilizers, GOI. Further, terms &amp; 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, Functional Directors and Independent Directors by Administrative Ministry.</p> <p>(d) Performance evaluations to which the Government Companies and their Directors are subjected to are as follows:</p> <p>(i) All the Functional Directors (through C&amp;MD) and C&amp;MD are accountable to the Board and the Administrative Ministry.</p> <p>(ii) For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&amp;MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is discussed by Department of Public Enterprises, Niti Aayog, Ministry of Statistics &amp; 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.</p> <p>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.</p>

Sr.No.	Secretarial Auditors' Observations	Management's Explanation
		<p>(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&amp;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.</p> <p>(iv) Annual performance appraisal of the C&amp;MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister.</p> <p>(v) Tenure of Functional Directors and C&amp;MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry.</p> <p>(vi) All the Government Companies are also subject to regular review by various Parliamentary Committees on different subjects.</p> <p>(vii) In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and Part-time non-Official Directors (Independent Directors) was not carried out.</p> <p>In view of the above exemption, no performance evaluation of the Independent Directors was required to be carried out.</p>
04.	<p>Regulation 18(1) (b) of SEBI (LODR) Regulations, 2015, two-thirds of members of Audit Committee shall be Independent Directors. The number of Independent Directors in the Audit Committee was less than two-third of members of Audit Committee till 6<sup>th</sup> December, 2021.</p>	<p>Presently, the Composition of Audit Committee is compliant of Regulation 18(1)(b).</p> <p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI.</p> <p>The Company has no control over the appointment of Independent Directors and we had requested DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.</p> <p>With the consistent effort of the Company, three Independent Directors had been appointed on the Board of NFL w.e.f. 12<sup>th</sup> November, 2021 and one Independent Director appointed w.e.f. 30<sup>th</sup> November, 2021 on the Board of NFL and the constitution of Audit Committee was in compliance of Regulation 18 w.e.f. 7<sup>th</sup> December, 2021.</p>

Sr.No.	Secretarial Auditors' Observations	Management's Explanation
05.	<p>Regulation 19(1) (b) &amp; (c) of SEBI (LODR) Regulations, 2015, all Directors of Nomination and Remuneration Committee shall be non-executive Directors and at least fifty percent of the Directors shall be Independent Directors. The Composition of Committee consists of Executive Director as well as Non-Executive Director. Further, number of Independent Directors was less than 50% of the total number of members of the Committee till 6<sup>th</sup> December, 2021.</p>	<p>Presently, the Composition of Nomination &amp; Remuneration Committee is compliant of Regulation 19(1) (b) &amp; (c).</p> <p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI.</p> <p>The Company has no control over the appointment of Independent Directors and we had requested DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.</p> <p>With the consistent effort of the Company, three Independent Directors had been appointed on the Board of NFL w.e.f. 12<sup>th</sup> November, 2021 and one Independent Director appointed w.e.f. 30<sup>th</sup> November, 2021 on the Board of NFL and the constitution of Nomination &amp; Remuneration Committee was in compliance of Regulation 19(1) w.e.f. 7<sup>th</sup> December, 2021.</p>
06.	<p>Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee shall:</p> <p>(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;</p> <p>(b) Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;</p> <p>Whereas, the Company is not fulfilling such requirements during the year under review.</p>	<p>Same as explanation provided in Sr. No. 3.</p>

**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003

**Date: 29.08.2022**

**(Nirlep Singh Rai)**  
Chairman & Managing Director  
DIN: 08725698

## Annual Report on Corporate Social Responsibility Activities

### 1) Brief outline on CSR Policy of the Company

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.
- j) To take into consideration the guidelines and instructions issued by Government of India regarding theme, thrust area etc.

### 2) Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Pandya Ashwin kumar Balvantray	Chairperson / Independent Director	2	2
2.	Shri Nirlep Singh Rai	Member /C&MD	2	1
3.	Shri Virendra Nath Datt*	Member/Director (Marketing)	2	2
4.	Shri Yash Paul Bhola**	Member/Director (Finance) & CFO	0	0

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
5.	Shri Dharam Pal*	Member/ Government Nominee Director	2	0
6.	Dr. Poonam Sharma <sup>#</sup>	Member/ Independent Director	0	0
7.	Shri Ritesh Tiwari <sup>#</sup>	Member/ Independent Director	0	0
8.	Shri Kashi Ram Godara <sup>#</sup>	Member/ Independent Director	0	0

\*Shri Virendra Nath Datt and Shri Dharam Pal ceased to be a Member w.e.f. 02.12.2021 and 20.09.2021 respectively.

\*\* Inducted as Member w.e.f. 20.09.2021 and Ceased as Member w.e.f. 07.12.2021. <sup>#</sup>Inducted as Member w.e.f. 07.12.2021.

### 3) Weblink:

#### CSR Committee:

<https://www.nationalfertilizers.com/images/pdf/investorsdesk/Constitution%20of%20Board%20Level%20Committees%20w.e.f.%2009.03.2022.pdf>

**CSR Policy:** [https://nationalfertilizers.com/images/pdf/csr/csr\\_policy01062022\\_en.pdf](https://nationalfertilizers.com/images/pdf/csr/csr_policy01062022_en.pdf)

**CSR Projects approved by the Board:** [https://nationalfertilizers.com/images/pdf/csr/CSR\\_data\\_21-22.pdf](https://nationalfertilizers.com/images/pdf/csr/CSR_data_21-22.pdf)

#### 4) Details of Impact assessment of CSR projects carried out in pursuance of sub rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

No impact assessment was conducted as the CSR projects of the Company do not have 10 crore of average CSR obligation in the last 3 years.

#### 5) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

There is no amount available for set off for the financial year.

#### 6) Average net profit of the company as per section 135(5)

₹ 17260.54 Lakh

#### 7)

- |  |   |               |
|--|---|---------------|
| a) Two percent of average net profit of the company as per section 135(5)                              | : | ₹ 345.21 Lakh |
| b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years | : | Nil           |
| c) Amount required to be set off for the financial year, if any  | : | Nil           |
| d) Total CSR obligation for the financial year (7a+7b- 7c)   | : | ₹ 345.21 Lakh |

**8) (A) CSR amount spent or unspent for the financial year 2021-22:**

Total Amount Spent for the Financial Year (₹ in Lakh)	Amount Unspent (₹ in Lakh)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
216.44	125.21	29.04.2022	-	3.56*	-

\* Note: The amount will be transferred to specified fund before due date i.e. 30.09.2022

Note: In compliance to Section 135(5) of Companies (Amendment) Act, 2019 an amount of ₹160.95 Lakh was transferred to Prime Minister's National Relief Fund (PMNRF) on 28.09.2021 upon reconciliation of unspent amount since FY 2010-11.

**(B) Details of CSR amount spent against ongoing projects for the financial year 2021-22:**

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (₹ In Lakh)	Amount spent in the current financial Year (₹ In Lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ In Lakh)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Installation of 7 nos. oxygen plants in Government Hospitals i.e. one each in Noida, Bhopal, Lucknow, Gorakhpur, Bathinda, Panipat and Indore	(i)	Yes	Uttar Pradesh, Haryana, Punjab & Madhya Pradesh	Noida, Bhopal, Lucknow, Gorakhpur, Bathinda, Panipat & Indore	16 Months	271.13	196.02	75.11	Yes	-	-
2	Installing innovation STEM Lab in 05 Govt. Schools in Bidar (Karnataka)	(ii)	No	Karnataka	Bidar	12 Months	28.50	0.00	28.50	No	Srujana Welfare Association	CSR00002066
3	Installation of Ventilator in the Advance Life Support Ambulance provided to Basti Medical College, Basti under CSR by NFL	(i)	Yes	Uttar Pradesh	Basti	15 Months	9.00	0.00	9.00	Yes	-	-
4	Distribution of 5000 nos. Long Lasting Insecticidal Nets (LLIN) of HIL in the regions under Zonal Offices	(i)	Yes	Uttar Pradesh, Haryana, Punjab, Madhya Pradesh & Telangana	Lucknow, Chandigarh, Bhopal & Hyderabad	16 Months	12.60	0.00	12.60	Yes	-	-
<b>Total</b>							<b>321.23</b>	<b>196.02</b>	<b>125.21</b>			

**C. Details of CSR amount spent against other than ongoing projects for the financial year 2021-22:**

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ In Lakh)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Enhancement of budget for Provision of Medical Equipment i.e. A Scan Machine and Operating Microscope in District Hospital, Basti (U.P.)	(ii)	Yes	Uttar Pradesh	Basti	0.47	Yes	-	-
2.	Providing Advance Life Support (ALS) Ambulance in District Siddharthnagar, U.P.	(ii)	Yes	Uttar Pradesh	Siddharthnagar	19.95	Yes	-	-
<b>TOTAL</b>						<b>20.42</b>			

(d) Amount spent in Administrative Overheads	:	Nil
(e) Amount spent on Impact Assessment, if applicable	:	Nil
(f) Total amount spent for the Financial Year (8b+8c+8d+8e)	:	₹ 216.44 Lakh
(g) Excess amount for set off, if any	:	None

**9) (a) Details of Unspent CSR amount for the preceding three Financial years:**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Lakh)	Amount spent in the reporting Financial Year (₹ in Lakh)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding Financial years. (₹ in Lakh)
				Name of the Fund	Amount (₹ In Lakh)	Date of transfer	
1.	2020-21	304.66	187.11	-	65.69	-	51.86
2.	2019-20	168.34	5.26	-	6.58	-	156.50
3.	2018-19	58.41	-	-	58.41	-	0.00
	<b>TOTAL</b>	<b>531.41</b>	<b>192.37</b>		<b>130.68</b>		<b>208.36</b>

**(b) Details of CSR amount spent in the Financial year for ongoing projects of the preceding Financial year(s):**

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ In Lakh)	Amount spent on the project in the reporting Financial Year (₹ In Lakh)	Cumulative amount spent at the end of reporting Financial Year (₹ In Lakh)	Status of the project - Completed/ Ongoing
1.	NFL/N/CSR/SD/ 2020-21/8	Utilization of the CSR fund for training of Apprentices in Nangal Unit	2020-21	9 Months	13.20	13.20	13.20	Completed
2.	NFL/B/CSR/SD/ 2020-21/3	Utilization of the CSR fund for training of Apprentices in Bathinda Unit	2020-21	9 Months	13.20	13.20	13.20	Completed
3.	NFL/P/CSR/SD/ 2020-21/5	Utilization of the CSR fund for training of Apprentices in Panipat Unit	2020-21	9 Months	13.20	13.20	13.20	Completed
4.	NFL/V/CSR/SD/ 2020-21/4	Utilization of the CSR fund for training of Apprentices in Vijaipur	2020-21	9 Months	13.20	13.20	13.20	Completed
5.	NFL/V/CSR/SD/ 2020-21/2	Providing Welding simulator at ITI Raghogarh (M.P.)	2020-21	6 Months	11.80	11.75	11.75	Ongoing
6.	NFL/N/CSR/SE/ 2020-21/2	Making 'Smart Classes' at Government Primary School Bhanupali	2020-21	9 Months	4.17	0.38	2.91	Completed
7.	NFL/M/CSR/SE/ 2020-21/1	Provision of school items in two Government Schools in adopted village- Karad, block Israna, Distt. Panipat (Haryana)	2020-21	6 Months	7.48	0.21	6.69	Completed
8.	NFL/N/CSR/SE/ 2020-21/3	Adoption of Government Primary School, Khamachon, Nawashehar-1, Dist: SBS Nagar, Punjab	2020-21	9 Months	14.77	9.32	13.99	Completed

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ In Lakh)	Amount spent on the project in the reporting Financial Year (₹ In Lakh)	Cumulative amount spent at the end of reporting Financial Year (₹ In Lakh)	Status of the project - Completed/ Ongoing
9.	NFL/B/CSR/SE/2020-21/2	Provision of 06 nos. Smart Classrooms in two Government schools in Bathinda (Punjab)	2020-21	10 Months	5.66	1.95	1.95	Completed
10.	NFL/P/CSR/SE/2020-21/4	Providing 80 Nos. ceiling fans in 3 Government Schools in Panipat (Haryana)	2020-21	6 Months	1.21	1.10	1.10	Completed
11.	NFL/N/CSR/SE/2020-21/4	Provision of school items at Two Government Schools, Nangal, Punjab	2020-21	9 Months	6.10	3.94	4.18	Completed
12.	NFL/N/CSR/SE/2020-21/5	Renovation of floor of classrooms at Government Primary School, Khamachon, Nawashehar, Dist SBS Nagar, Punjab	2020-21	9 Months	7.30	7.30	7.30	Completed
13.	NFL/CO/CSR/H/2020-21/1	Improving Nutrition & Health of the Government School Children through "Gift Milk Program" under CSR Scheme in Vijaipur, Guna District (M.P.)	2020-21	24 Months	28.74	2.87	2.87	Ongoing
14.	NFL/N/CSR/H/2020-21/6	Provision of 5 nos. Fowler Beds in Civil Hospital Nangal	2020-21	6 Months	1.60	0.85	0.85	Completed
15.	NFL/CO/CSR/H/2020-21/2	Provision of 09 Nos. Refrigeration equipments to aid Government's COVID-19 vaccination programme in Chandigarh under CSR	2020-21	6 Months	7.33	1.12	7.33	Completed
16.	NFL/N/CSR/H/2020-21/7	Distribution of Artificial Limbs and Assistive Devices to differently abled persons through ALIMCO	2020-21	12 Months	25.02	25.01	25.01	Completed
17.	NFL/CO/CSR/H/2020-21/3	Provision of Two Advance Life Support (ALS) Ambulances i.e. one each in Basti Medical College, Basti (U.P.) and District Hospital, Sultanpur (U.P.)	2020-21	9 Months	56.00	45.08	45.08	Completed
18.	NFL/CO/CSR/H/2020-21/4	Provision of Medical equipment i.e. A Scan Machine and Operating Microscope in District Hospital, Basti (U.P.)	2020-21	9 Months	12.43	12.43	12.43	Completed
19.	NFL/CO/CSR/SL/2020-21/5	Installation of 30 nos. solar street lights in two villages of District Basti (U.P.)	2020-21	9 Months	6.00	3.96	3.96	Ongoing
20.	NFL/M/CSR/EN/2020-21/2	Management of Soil Health and Productivity through City Compost for the FY 2020-21	2020-21	12 Months	66.30	7.04	20.85	Completed
21.	NFL/CO/CSR/SE/2019-20/1	Setting up of Mini Science centre in Noida	2019-20	12 Months	11.00	5.26	10.52	Completed
		<b>Total</b>			<b>325.71</b>	<b>192.37</b>	<b>231.57</b>	

**10) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**

No capital asset was created / acquired for FY 2021-22 through CSR spending.

**11) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).**

The Company allocated a CSR budget of ₹ 345.21 Lakh for the FY 2021-22 and incurred an expenditure of ₹ 216.44 Lakh against it in the FY 2021-22. Out of this, CSR projects amounting to ₹ 344.70 Lakh have been approved. These projects are at different stages of execution.

The allocation of budget for CSR @ 2% of average Net Profit of last three years is made subsequent to finalization of Accounts. Thereafter projects are being approved by Board of Directors in subsequent meetings. The execution of the 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 focused on CoVID related measures including setting up of makeshift hospitals and temporary CoVID Care facilities as the common theme for undertaking CSR activities by CPSEs for the year 2021-22. Accordingly, approximately 80% of total CSR budget was allocated for installing Medical Oxygen Generation Plants in Government Hospitals to meet the demand for Medical grade oxygen during pandemic. Since the project is of high magnitude, it is being implemented in two phases. The project is likely to be completed in the succeeding financial year.

In addition to above, some of the CSR projects were approved in the 2<sup>nd</sup> quarter of the financial year with implementation spread over the period of 9 to 12 months. Furthermore, the CSR projects are executed in project mode with payments being linked to achievement of key deliverables. The actual expenditure against approved projects spreads beyond the financial year. Hence, payments for projects committed during the reported year, will be released during the subsequent years.

**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003

**Date: 29.08.2022**

**(Pandya Ashwinkumar Balvantray)**

Chairperson CSR & SD Committee  
DIN : 03068985

**(Nirlep Singh Rai)**

Chairman & Managing Director  
DIN: 08725698

## Annexure-6

## FORM-A

### Disclosure of Particulars with Respect to Conservation of Energy (Annexure to Board's Report)

		2021-22	2020-21
<b>A. POWER &amp; FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
<b>a) Purchased</b>			
Unit	Mwh	102258	188549
Total amount	₹ in Lakh	7919	12653
Average rate/Unit	₹ /Mwh	7744	6711
<b>b) Own Generation</b>			
<b>i) Through diesel generator Unit</b>			
Unit	Mwh	2.707	2.956
Unit per ltrs. of diesel oil	Mwh/ltrs	0.001	0.001
Cost/Unit	₹ /Mwh	390589	91273
<b>ii) Through Steam Turbine/Gas Turbine</b>			
Unit	Mwh	598460	567693
Coal/unit of Power	MT/Mwh	0.972	0.900
Gas/unit of Power	000sm <sup>3</sup> /Mwh	0.163	0.120
Cost per Unit	₹ /Mwh	8717	5887
<b>iii) From Waste Steam</b>			
	Mwh	-	-
<b>2. COAL (Specify quality &amp; where used) (Slack coal used for operating boilers)</b>			
Quantity	MT	488519	685275
Total cost	₹ in Lakh	31937	44797
Average rate	₹ /MT	6538	6537
<b>3. OTHER/INTERNAL GENERATION</b>			
<b>Natural Gas</b>			
Quantity 000M <sup>3</sup>	000sm <sup>3</sup>	279168	261699
Total cost (₹ /Lakh)	₹ in Lakh	109135	56813
Rate/Unit (₹)	₹ /000sm <sup>3</sup>	39093	21709
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
i) Electricity	Mwh	0.199	0.199
ii) Coal	MT	0.320	0.402
iii) Gas	000M <sup>3</sup>	0.079	0.069

For and on behalf of the Board of Directors

**Registered Office:**

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**Date: 29.08.2022****(Nirlep Singh Rai)**

Chairman &amp; Managing Director

DIN: 08725698

## FORM-B

### Disclosure of Particulars with Respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo

#### a) Energy Conservation Measures

NFL is committed to work towards reduction in energy consumption. During 2021-22, Nangal & Bathinda units have achieved ever best energy consumption.

Attempts are being made to further reduce the energy consumption at NFL units. At Vijaipur-1 & Vijaipur-2 units, Advance Process Control (APC) systems are being installed for fine tuning of process parameters. Procurement actions have been initiated with OEMs of DCS supplier of both lines (M/s Yokogawa & M/s Honeywell). It is expected post installation of APC at both the units; there will be net energy reduction of 0.01 to 0.02 Gcal/MT of Urea at both the units.

In a similar initiative M/s HTAS has been engaged to study for further energy reduction at the backend of Ammonia plants at Nangal, Bathinda & Panipat units.

All the NFL Units have replaced all the conventional lighting with eco-friendly LED lights in a phased manner for energy saving. Further 300 KW rooftop solar power plant is also being installed at Vijaipur unit for use of renewable energy in non-critical areas. Similarly, installation of rooftop solar power plant at other units is also being explored for use of solar power in non-critical areas.

#### b) Technology Absorption

To meet revised energy norms as stipulated in New Urea Policy-2015, NFL has implemented following energy saving measures at its Units.

- **Installation of GTG-HRSG at Bathinda, Panipat & Nangal:** The GTG-HRSG projects were scheduled to be completed at all the three sites by 30.11.2019. However, due to spread of CoVID waves & other unavoidable reasons, commissioning of GTG-HRSG was severely impacted. GTG-HRSG at Bathinda & Nangal were put in commercial use from May' 21, while at Panipat it began from Jan' 22. This has led to reduction in carbon footprint at these NFL units by around 28%.
- **Energy saving Project :** At Vijaipur, in order to achieve an energy target of 5.5 Gcal/MT of Urea, following schemes have been implemented at Vijaipur Complex (Vijaipur-I & Vijaipur-II) at an estimated cost of ₹ 234.60 Crore:-
  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 plant.
  3. Installation of Vapor Absorption machines to chill Process Air Compressor (PAC) Suction air & 3<sup>rd</sup> stage suction of synthesis gas compressor in Ammonia-II plant 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 plant.

The above schemes were scheduled to be completed by Feb' 20, however due to covid the projects were completed in Mar' 22.

After implementation of above schemes, the intended benefits have been achieved. Further, NFL is taking following additional initiatives :

1. **Use of super cup trays in urea reactor:** Vijaipur Unit is in the process of procurement of new urea reactors with improved super cup tray design. The super cup design will allow higher conversion and improved reactor

efficiency leading to a saving of about 70-80 TPH of medium pressure steam per reactor. Order has been placed and delivery of urea reactors is expected by August' 22. Same shall be replaced during next ATA.

2. **Installation of DCS (Distributed Control System) in Urea Plants of Nangal, Bathinda & Panipat:** To improve instrumentation & process control system in Urea plants of Nangal, Bathinda & Panipat, installation of DCS (Distributed Control System) has been considered and tender document for same shall be issued shortly.
3. **Replacement of existing S-200 Ammonia converter with S-300 Ammonia converter at Vijaipur-1:** Existing S-200 ammonia converter basket in Vijaipur-1 has already outlived its life and needs to be replaced. Procurement of latest upgraded and more energy efficient S-300 Converter has been undertaken. The new converter basket and catalyst have reached site.

#### c) Foreign Exchange Earnings/Outgo

The Foreign Exchange earned in terms of actual inflows during the year were ₹ 47.70 crore and the Foreign Exchange outgo during the year in terms of actual outflow amounted to ₹ 4098.63 crore.

**For and on behalf of the Board of Directors**

**Registered Office:**

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**Date: 29.08.2022**

**(Nirlep Singh Rai)**

Chairman & Managing Director  
DIN: 08725698

## 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 the large. Company has taken various initiatives for adopting best practices for health safety and environment management, energy conservation and social up-liftment 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 and health check-up of all employees is being done as per occupational health policy.

Company remained focused towards achieving Sustained energy efficient operations of its manufacturing facilities while maintaining pollution free environment and process safety. All manufacturing Units continue to be ISO 9001-2015, ISO 14001-2015 and ISO 45001-2018 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 footprint, 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 Boards in order to monitor the level of pollutants on continuous real time basis.

Quarterly review meetings are conducted regularly at all Units to review Health and Safety issues. Modern method and latest technologies based on 'Hazard and Operability Study' have been implemented in all Units to improve process safety. For updating knowledge of employees regular training programs are conducted at Units. Employees are also sent to attend Safety programs organized by expert agencies.

To safeguard the plants from emergencies like Fire, Explosion and Toxic gases, "On site & Off site Emergency Disaster Management Plan" is available in the Units. These plans aim to train people and act efficiently and confidently in emergency with minimum damage to humans and assets. The procedures are regularly reviewed and updated by the company. Mock drills are conducted regularly. 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 neighbouring 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.

### Afforestation and Rain Water Harvesting

To protect, restore and promote ecosystem, afforestation has been adopted in all Units, to improve the environment surrounding the Units. A total of 6016 tree saplings were planted in and around various Units during FY 2021-22 for cleaner and greener earth for future generation. The cumulative plantation since commencement is about 8.75 lakhs for all the Units.

All Units of NFL have installed Rain Water Harvesting System to increase the sub soil water level. 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. In an attempt to reiterate its commitment towards utilization of green power, NFL has installed GTG (Gas Turbo Generator) along with Heat Recovery Steam Generation (HRSG) at Nangal, Bathinda & Panipat Units. The

GTG-HRSG projects have started its commercial operation in all the three Units in FY 2021-22. After successful commissioning of GTG-HRSGs, these Units are now operating with reduced energy consumption and with lower CO<sub>2</sub> emission.

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.

All the conventional lights at all the Units and Corporate Office have been converted in to LED lights.

#### Development of Sustainable Product

**Neem Coated Urea:** During FY 2021-22 the total production of Neem Coated Urea was 35.23 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 culture 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, Azetobactor 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 the FY 2021-22, the sale of Liquid & Powder Bio-Fertilizers was 745 MT.

NFL is committed to Government of India's dream of Swachh Bharat Mission by sale of 26647 MT of city compost sourced from manufacturers located in various states during the FY 2021-22. Beside this Vijaipur Unit of NFL produces compost from the bio-degradable 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.

**For and on behalf of the Board of Directors**

#### Registered Office:

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**Date: 29.08.2022**

**(Nirlep Singh Rai)**

Chairman & Managing Director  
DIN: 08725698

## FORM MBP 2 (2021-22)

### 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	29.04.2021	Ramagundam Fertilizers and Chemicals Limited (RFCL)	43,83,42,000 <b>Total 43,83,42,000</b>	Investment in equity	
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)
-	-	12.02.2021	-	-	-
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)
4,38,34,200 Equity Shares	₹ 10/-	-	-	-	-

For and on behalf of the Board of Directors

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003.

**Date: 29.08.2022**

(Nirlep Singh Rai)

Chairman & Managing Director  
DIN: 08725698

## Annexure-9

**Form AOC-1 (2021-22)**

**(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 ₹)

Sr. 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.

## 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. 04 <sup>th</sup> November, 2015.
1. Latest audited Balance Sheet Date	31.03.2022	31.03.2022
2. Shares of Associate/Joint Ventures held by the Company on the year end No.(shares)	49,14,62,400	1,80,002
Amount of Investment in Associates/ Joint Venture (in ₹ )	₹ 491,46,24,000	₹ 18,00,020.00
Extend of Holding %	26.76%	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 share holding as per latest audited Balance Sheet	₹ 257,36,14,367	₹ 1,83,324
6. Profit/Loss for the year	Loss of ₹203,20,60,740	Loss of ₹21,694
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**

**(Ashok Jha)**  
Company Secretary  
A-14100

**(Shri Hira Nand)**  
Chief Financial Officer  
PAN: AAMPN3390G

**(Nirlep Singh Rai)**  
Chairman & Managing Director  
DIN: 08725698

**Registered Office:**  
Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003.

**Date: 24.05.2022**

## 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

(Ashok Jha)  
Company Secretary  
A-14100

(Shri Hira Nand)  
Chief Financial Officer  
PAN: AAMPN3390G

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN: 08725698

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003.

**Date: 24.05.2022**

## Procurement made from Micro and Small Enterprises (MSEs) during FY 2021-22

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 /CPSUs 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

In November-2018, Ministry of MSME has issued amendment 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](http://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. In FY 21-22, two Vendor Development Programmes have been organized by NFL Units as detailed below:
  - a. Panipat Unit organized Vendor Development Programme for women entrepreneurs and SC/ST MSEs in consultation with DICCI Haryana, National SC/ST Hub, Ludhiana and MSME-DI, Karnal.
  - b. Bathinda Unit organized Vendor Development Programme exclusively for SC-ST & Women owned MSEs, jointly in association with NSIC (SC-ST Hub, Ludhiana), DICCI (Punjab Chapter) and MSME, Ludhiana.

With concerted efforts, NFL has been able to achieve a percentage of 54.80 % during FY 21-22 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 21-22 are as below:

(₹ in Crore)

S. No.	Particulars	Annual procurement target for the FY 21-22	Target achieved for the FY 21-22
I.	Annual procurement of Goods and Services*	679.06	661.4884
II.	Value of Goods and Services procured from MSEs (including MSEs owned by SC/ST and women entrepreneurs)	169.77	362.5054
III.	Value of Goods and Services procured from only MSEs owned by SC/ST entrepreneurs.	27.16	2.5268
IV.	Value of Goods and Services procured from only MSEs owned by women entrepreneurs.	20.37	5.5806
V.	% age of procurement of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs) out of annual procurement of Goods and Services	25%	54.80%
VI.	% age of procurement of Goods and Services from only MSEs owned by SC/ST entrepreneurs out of annual procurement of Goods and Services	4%	0.38 %
VII.	% age of procurement of Goods and Services from only MSEs owned by women entrepreneurs out of annual procurement of Goods and Services	3%	0.84%
VIII.	Total number of vendor development programmes for MSEs	5 (Nos.)	2 (Nos.)

\* Annual Procurement of Goods and Services after excluding raw materials, traded products, power, fuel & other goods/services which cannot be procured from MSEs.

**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003.

**Date: 29.08.2022**

**(Nirlep Singh Rai)**

Chairman & Managing Director  
DIN:08725698

## Initiatives taken for development of employees belonging to Scheduled Caste/ Scheduled Tribes / Other Backward Classes/ Persons with disabilities category (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/STs Employees Welfare Associations by the Management for redressal of grievances of SC/ST employees. A statement showing representation of employees belonging to Scheduled Caste/Scheduled Tribes/Other Backward Classes/Persons with disabilities is as under:

REPRESENTATION OF SCs/STs/OBCs AS ON 31.03.2022									
Group	Employees on Rolls	SC	%age	ST	%age	OBC	%age	Divyangjan	%age
A	1421	271	19.07	67	4.71	188	13.23	6	0.42
B	1051	284	27.02	55	5.23	100	9.51	11	1.04
C	469	71	15.13	29	6.18	139	29.63	27	5.75
D	29	11	37.93	0	0	8	27.58	0	0
D (Safai karamchari)	33	33	100	0	0	0	0	0	0
<b>TOTAL</b>	<b>3003</b>	<b>670</b>	<b>22.31</b>	<b>151</b>	<b>5.03</b>	<b>435</b>	<b>14.49</b>	<b>44</b>	<b>1.47</b>

RECRUITMENT of SCs/STs/OBCs DURING THE YEAR 2021-2022									
Group	Total Recruitment	SC	%age	ST	%age	OBC	%age	Divyangjan	%age
A	56	5	8.92	0	0	9	16.07	1	1.78
B	0	0	0	0	0	0		0	0
C	20	1	5.00	0	0	5	25.0	0	0
D	0	0	0	0	0	0	0	0	
D (Safai karamchari)	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>76</b>	<b>6</b>	<b>7.89</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>18.42</b>	<b>0</b>	<b>0</b>

PROMOTION of SCs/STs/OBCs DURING THE YEAR 2021-2022									
Group	Total Promotion	SC	%age	ST	%age	OBC	%age	Divyangjan	%age
A	292	45	15.41	25	8.56	36	12.33	0	0
B (O)	29	6	20.69	3	10.34	1	3.45	0	0
B (W)	24	6	25.00	0	0.00	5	20.83	0	0
C	85	16	18.82	4	4.71	16	18.82	1	1.18
D	1	0	0	0	0	1	100.00	0	0
D (Safai karamchari)	7	7	100.00	0	0	0	0	0	0
<b>TOTAL</b>	<b>438</b>	<b>80</b>	<b>18.26</b>	<b>32</b>	<b>7.31</b>	<b>59</b>	<b>13.47</b>	<b>1</b>	<b>0.23</b>

The overall reservation percentage achieved for SC category employees is 22.31% which is more than the prescribed reservation. In case of ST, the percentage achieved is 5.03%. 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. 01 June 1985. For Other Backward Classes, the percentage achieved is 14.49%.

**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003

**Date: 29.08.2022**

**(Nirlep Singh Rai)**  
Chairman & Managing Director  
DIN:08725698

## FORM MR-3

### Secretarial Audit Report

### For the Financial year Ended 31<sup>st</sup> March, 2022

[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 practice by **NATIONAL FERTILIZERS LIMITED** (hereinafter called the “Company”) having **CIN L74899DL1974GOI007417**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the Companies books, papers, minute books, forms and returns filed and other statutory 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 year ended on 31<sup>st</sup> March, 2022, (‘Audit Period’), 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 return filed and other statutory records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022, 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) Regulations, 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 to the Company during the Audit Period)**
  - (d) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (formerly know as The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 till August 8, 2021); (Applicable to the extent of issuance of Commercial Paper by the Company)
  - (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, 2021; **(Not applicable to the Company during the Audit Period)**

- (g) The Securities and Exchange Board of India ( Buyback of Securities ) Regulation, 2018; **(Not applicable to the Company during the Audit Period)**
- (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 and Sweat Equity) Regulations, 2021; **(Not applicable to the Company during the Audit Period).**
- (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 compliances with the applicable clauses/regulation of the following:**

- (i) The Secretarial Standards, as amended from time to time, issued by the Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with the National Stock Exchange Limited (NSE) and BSE Limited (BSE).
- (iii) DPE Guidelines on Corporate Governance for CPSEs.

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) (a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company did not have one Independent Woman Director on its Board till 11<sup>th</sup> November, 2021.
2. Regulation 17 (1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per clause 3.14 of DPE Guidelines, the Company did not have requisite number of Independent Directors on its Board. The number of Independent Directors on the Board was less than fifty percent till 29<sup>th</sup> November, 2021.
3. 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.
4. Regulation 18 (1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The number of Independent Directors in the Audit Committee was less than two-third of the members of Audit Committee till 6<sup>th</sup> December, 2021.
5. Regulation 19 (1) (b) and (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Section 178(1) of Companies Act, 2013, number of Independent Directors in Nomination and Remuneration Committee was less than fifty percent of the total number of the members of the committee till 6<sup>th</sup> December, 2021.
6. 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:
  - (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

**Whereas, the Company is not fulfilling such requirements during the year under review.**

**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 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.

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that:**

There are adequate systems and processes in the company commensurate with the size and its operations to monitor and ensure compliance with applicable laws, rules, regulation and guidelines.

**We further report that** during the audit period, the Company has Complied with Regulation 17 (1) (a), Regulation 17 (1) (b), Regulation 18 (1) (b), Regulation 19 (1) (b) and (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f. 12<sup>th</sup> November, 2021, 30<sup>th</sup> November, 2021, 7<sup>th</sup> December, 2021, and 7<sup>th</sup> December, 2021 respectively. 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** NSE and BSE have levied monetary fines for non-compliance with Regulation 17(1), 18(1) & 19(1)/19(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarters ended 31/03/2021, 30/06/2021, 30/09/2021 and 31/12/2021 against which the Company has submitted waiver requests to NSE and BSE.

**FOR PARVEEN RASTOGI & CO.  
(COMPANY SECRETARIES)**

**PLACE: DELHI  
DATE: 11/07/2022  
UDIN NUMBER: F004764D000600722**

**PARVEEN KUMAR RASTOGI  
C.P. NO 2883  
M.NO. 4764**

This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

## Annexure to the Secretarial Audit Report

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 content of the Secretarial records. The verification was done on test basis to ensure the 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 regulations and happening of events etc.
5. The Compliance of the provisions of the corporate and other applicable laws, rules, regulations and 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 the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR PARVEEN RASTOGI & CO.  
(COMPANY SECRETARIES)

PLACE: DELHI  
DATE: 11/07/2022  
UDIN: F004764D000600722

PARVEEN KUMAR RASTOGI  
C.P. NO 2883  
M.NO. 4764

## Management's Explanation to the Observations of Secretarial Auditor Report for the Financial Year 2021-22

Sr.No.	Secretarial Auditors' Observations	Management's Explanation
01.	Regulation 17(1) (a) of SEBI (LODR) Regulations, 2015, the Company did not have a Women Independent Director on its Board till 11 <sup>th</sup> November, 2021.	<p>Presently, the Company has a Woman Independent Director on its Board.</p> <p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI.</p> <p>The Company has no control over the appointment of Women Director and we had requested DoF from time to time for appointment of adequate number of Independent Directors including Woman Independent Directors on the Board of the Company.</p> <p>With the consistent effort of the Company, one Woman Director and one Woman Independent Director had been appointed on the Board of NFL w.e.f. 14<sup>th</sup> October, 2021 and 12<sup>th</sup> November, 2021 respectively.</p>
02.	Regulation 17 (1) (b) of SEBI (LODR) Regulations, 2015 and as per Clause 3.1.4 of DPE Guidelines, the Company did not have requisite number of Independent Directors on its Board. The number of Independent Directors on the Board was less than fifty percent till 29 <sup>th</sup> November, 2021.	<p>Presently, the Company has requisite number of Independent Directors.</p> <p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI.</p> <p>The Company has no control over the appointment of Independent Directors and we had requested DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.</p> <p>With the consistent effort of the Company, three Independent Directors had been appointed on the Board of NFL w.e.f. 12<sup>th</sup> November, 2021 and one Independent Director appointed w.e.f. 30<sup>th</sup> November, 2021 on the Board of NFL.</p>
03.	Regulation 17 (10) of SEBI (LODR) Regulations, 2015, the performance evaluation of Independent Directors shall be done by the entire Board of Directors.	<p>(a) Regulation 17(10) of SEBI (LODR) Regulations, 2015 requires the performance evaluation of Independent Directors to be done by the entire Board of Directors to decide their continuance or otherwise.</p> <p>However, the MCA vide its notification dated 5<sup>th</sup> June, 2015 notified exemptions applicable to Government</p>

Sr.No.	Secretarial Auditors' Observations	Management's Explanation
		<p>Companies from the provisions of the Companies Act, 2013 which inter- alia provides that Sub Sections (2), (3) &amp; (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.</p> <p>(b) Further MCA vide notification dated 5<sup>th</sup> 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.</p> <p>(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 the Administrative Ministry i.e. Ministry of Chemicals and Fertilizers, GOI. Further, terms &amp; 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, Functional Directors and Independent Directors by Administrative Ministry.</p> <p>(d) Performance evaluation to which the Government Companies and their Directors are subjected to are as follows:</p> <p>(i) All the Functional Directors (through C&amp;MD) and C&amp;MD are accountable to the Board and the Administrative Ministry.</p> <p>(ii) For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&amp;MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is discussed by Department of Public Enterprises, Niti Aayog, Ministry of Statistics &amp; 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.</p> <p>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.</p>

Sr.No.	Secretarial Auditors' Observations	Management's Explanation
		<p>(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&amp;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.</p> <p>(iv) Annual performance appraisal of the C&amp;MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister.</p> <p>(v) Tenure of Functional Directors and C&amp;MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry.</p> <p>(vi) All the Government Companies are also subject to regular review by various Parliamentary Committees on different subjects.</p> <p>(vii) In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and Part-time non-Official Directors (Independent Directors) was not carried out.</p> <p>In view of the above exemption, no performance evaluation of the Independent Directors was required to be carried out.</p>
04.	Regulation 18(1)(b) of SEBI (LODR) Regulations, 2015, the number of Independent Directors in the Audit Committee were less than two-third of the members of Audit Committee till 6 <sup>th</sup> December, 2021.	<p>Presently, the Composition of Audit Committee is compliant of Regulation 18(1)(b).</p> <p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI.</p> <p>The Company has no control over the appointment of Independent Directors and we had requested DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.</p> <p>With the consistent effort of the Company, three Independent Directors had been appointed on the Board of NFL w.e.f. 12<sup>th</sup> November, 2021 and one Independent Director appointed w.e.f. 30<sup>th</sup> November, 2021 on the Board of NFL and the constitution of Audit Committee was in compliance of Regulation 18 w.e.f. 7<sup>th</sup> December, 2021.</p>

Sr.No.	Secretarial Auditors' Observations	Management's Explanation
05.	Regulation 19 (1) (b) & (c) of SEBI (LODR) Regulations, 2015, and as per Section 178 (1) of Companies Act, 2013, number of Independent Directors in Nomination and Remuneration Committee was less than 50% of the total strength of the committee till 6 <sup>th</sup> December, 2021.	<p>Presently, the Composition of Nomination &amp; Remuneration Committee is compliant of Regulation 19(1) (b) &amp; (c).</p> <p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI.</p> <p>The Company has no control over the appointment of Independent Directors and we had requested DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.</p> <p>With the consistent effort of the Company, three Independent Directors had been appointed on the Board of NFL w.e.f. 12<sup>th</sup> November, 2021 and one Independent Director appointed w.e.f. 30<sup>th</sup> November, 2021 on the Board of NFL and the constitution of Nomination &amp; Remuneration Committee was in compliance of Regulation 19(1) w.e.f. 7<sup>th</sup> December, 2021.</p>
06.	<p>Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee shall:</p> <p>(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;</p> <p>(b) Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.</p> <p>Whereas, the Company is not fulfilling such requirements during the year under review.</p>	Same as explanation provided in Sr. No. 3.

For and on behalf of the Board of Directors

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003

**Date: 29.08.2022**

**(Nirlep Singh Rai)**

Chairman & Managing Director  
DIN: 08725698

## Secretarial Compliance Report Of National Fertilizers Limited for the year ended 31<sup>st</sup> March, 2022

I, Parveen Kumar Rastogi, Proprietor of Parveen Rastogi & Co. have examined:

- All the documents and records made available to me and explanation provided by National Fertilizers Limited (NFL). ("the listed entity"),
- The filings/ submissions made by the listed entity to the stock exchanges viz. NSE & BSE.
- website of the listed entity,
- any other document/ filing, as may be relevant, which has been relied upon to make this certification,

**For the year ended 31<sup>st</sup> March, 2022 ("Review Period") in respect of compliance with the provisions of:**

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder ; and
- 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:-**

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **{Not Applicable to the Company during the Reporting Period}**
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **{Not Applicable to the Company during the Reporting Period}**
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **{Not Applicable to the Company during the Reporting Period}**
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **{Applicable to the extent of issuance of Commercial Paper by the Company}.**
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- SEBI (Delisting of Equity Shares) Regulations, 2009 **{Not Applicable to the Company during the Reporting Period}**
- SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- Other regulations as applicable and circulars/guidelines issued thereunder;

**And based on the above examination, I hereby report that, during the Review Period:**

- The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder except in respect of matter specified below:-

Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
1.	Regulation 17 (1) (a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, where the listed entity shall have at least one woman director on its Board and top 1000 listed entities shall have at least one independent woman director by April 1, 2020.	The Company does not have a Woman independent director on its Board w.e.f. 25.04.2020 till 11 <sup>th</sup> November, 2021.	The Company, at present have a Woman independent director on its Board.  As NFL is a Government Company, therefore, Directors of the Company are appointed by the Government of India through the DoF. During the Audit, the Management informed us that the Company had requested to DoF from time to time for appointment of Women Director and in terms of DoF order One Women Director and one Woman Independent Director were appointed on the Board w.e.f 14 <sup>th</sup> October, 2021 & 12 <sup>th</sup> November, 2021 respectively.
2.	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 till 11 <sup>th</sup> November, 2021	The Board of Directors of the Company is headed by an Executive Chairman. Accordingly the number of Independent Directors should be at least 50% of the Board Members. As NFL is a Government Company, therefore, Directors of the Company are appointed by the Government of India through the DoF. During the Audit, the Management informed us that the Company had requested to DoF from time to time for appointment of adequate number of Independent Directors and in terms of DoF order adequate number of Independent Directors were appointed on the Board w.e.f 12 <sup>th</sup> November, 2021.
3.	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 have not been done by the entire Board of 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 and Independent Directors by Administrative Ministry.
4.	Regulation 18 (1) (b) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015, Two-thirds of the members of Audit Committees shall be independent directors.	The number of Independent Directors in the Audit Committee was less than two-third of the members of Audit Committee till 06 <sup>th</sup> December, 2021.	The Composition of Audit Committee was not in accordance with the requirement of Regulation 18(1) of SEBI (LODR) Regulations, 2015, due to inadequate number of Independent Director in the Company till 06 <sup>th</sup> December, 2021. The Independent Directors are appointed by Government of India (GOI) and Company has no control over the same. The Composition of Audit Committee was in compliance of Regulation 18(1) w.e.f. 7 <sup>th</sup> December,2021.

Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
5.	Regulation 19 (1) (b) and (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, All directors of the Nomination and remuneration committee shall be non-executive directors; and at least fifty percent of the directors shall be independent directors.	The Composition of Committee consists of Executive Director as well as Non- Executive Director. Further, number of Independent Directors was also less than 50% till 06 <sup>th</sup> December, 2021.	The Composition of Nomination and Remuneration Committee (NRC) was not in accordance with the requirement of Regulation 19(1) of SEBI (LODR) Regulations, 2015, due to inadequate number of Independent Director in the Company till 06 <sup>th</sup> December, 2021. The Independent Directors are appointed by Government of India (GOI) and Company has no control over the same. The Composition of NRC was in compliance of Regulation 19(1) w.e.f. 7 <sup>th</sup> December, 2021.
6.	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:  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 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 and Remuneration 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 Chairman, Functional Directors and Independent Director by GOI.

- 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 my 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.
1.	National Stock Exchange Limited	Regulation 17(1), 18(1) & 19(1)/19(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Quarter ended June 30, 2021.	NSE vide its notice dated August 20, 2021 has imposed a fine of Rs.9,66,420/- inclusive of GST.	The Company has submitted a response vide their letter dated 27.08.2021 and has Requested to waive off the fine on the grounds that the Company is a Government Company and Independent Directors are Appointed by Government of India.
2.	BSE Limited	Regulation 17(1), 18(1) & 19(1)/19(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended June 30, 2021.	BSE vide its email dated August 20, 2021 has Imposed a fine of Rs. 9,66,420/-inclusive of GST.	The Company has submitted a response vide their letter dated 27.08.2021 and has requested to waive off the fine on the Grounds that the Company is a Government Company and all Independent Directors are appointed by Government of India.
3.	National Stock Exchange Limited	Regulation 17(1), 18(1) & 19(1)/19(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Quarter ended September 30, 2021.	NSE vide its Notice dated November 22, 2021 has imposed a fine of Rs.9,77,040/- inclusive of GST.	The Company has submitted a response vide their letter dated 26.11.2021 and has requested to waive off the fine on the grounds that the Company is a Government Company and Independent Directors are Appointed by Government of India.
4.	BSE Limited	Regulation 17(1), 18(1) & 19(1)/19(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Quarter ended September 30, 2021.	BSE vide its email dated November 22, 2021 has imposed a fine of Rs. 9, 77,040/- inclusive of GST.	The Company has submitted a response vide their letter dated 26.11.2021 and has requested to waive off the fine on the grounds that the Company is a Government Company and Independent Directors are Appointed by Government of India.
5.	National Stock Exchange Limited	Regulation 17(1), 18(1) & 19(1)/19(2) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended December 31, 2021.	NSE vide its notice dated February 21, 2022 has imposed a fine of Rs. 6,70,240/- inclusive of GST.	The Company has submitted a response vide their letter dated 25.02.2022 and has requested to waive off the fine on the grounds that the Company is a Government Company and Independent Directors are Appointed by Government of India. Further, with the Consistent effort of the Company, one Woman Director , three Independent Directors (including one Women independent Director ) and one more Independent Director were appointed on the Board of NFL w.e.f. 14 <sup>th</sup> October 2021, 12 <sup>th</sup> November, 2021 and 30 <sup>th</sup> November, 2021 respectively.

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.
				With effect from 12 <sup>th</sup> November , 2021 Company is compliant of the provisions of Regulation 17(1) and further w.e.f. 07 <sup>th</sup> December , 2021 Company is compliant with 18(1) and 19 (1) / (2).
6.	BSE Limited	Regulation 17(1), 18(1) & 19(1)/19(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended December 31, 2021.	BSE vide its email dated February 21, 2022 has imposed a fine of Rs. 6, 70,240/- inclusive of GST.	<p>The Company has submitted a response vide their letter dated 25.02.2022 and has Requested to waive off the fine on the grounds that the Company is a Government Company and Independent Directors are appointed by Government of India.</p> <p>Further, with the consistent effort of the Company , one Women Director, three Independent Directors ( including one Women Independent Director) and one more Independent Director were appointed on the Board of NFL w.e.f 14<sup>th</sup> October ,2021, 12<sup>th</sup> November, 2021 and 30<sup>th</sup> November, 2021 respectively.</p> <p>With effect from 12<sup>th</sup> November, 2021, company is compliant of the provisions of Regulation 17(1) and further w.e.f. 07<sup>th</sup> December, 2021 company is compliant with 18(1) and 19(1)/(2).</p>

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 31 March, 2021	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Please Refer to Serial No. 1 to 6 of table (a) as given above.				

Place: New Delhi  
Date: 29.04.2022  
UDIN: F004764D000241748

For Parveen Rastogi & Co.  
Company Secretaries

Parveen Kumar Rastogi  
M. No.: 4764  
COP No.: 2883

## Annexure -15

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS****(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,  
The Members of  
National Fertilizers Limited  
Scope Complex Core-III,  
7 Institutional Area, Lodhi Road,  
New Delhi - 110003

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **NATIONAL FERTILIZERS LIMITED** having **CIN-L74899DL1974GOI007417** and registered office at Scope Complex Core-III, 7 Institutional Area, Lodhi Road, New Delhi- 110003 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in Company	Date of Cessation in Company
1	NIRLEP SINGH	08725698	01/04/2020	-
2	VIRENDRA NATH DATT	07823778	11/10/2018	02/12/2021
3	YASH PAUL BHOLA	08551454	03/09/2019	31/12/2021
4	DHARAM PAL	02354549	09/02/2016	-
5	PARTHA SARTHI SENSHARMA	03210350	28/12/2018	14/10/2021
6	NEERAJA ADIDAM	09351163	14/10/2021	-
7	PANDYA ASHWIN KUMAR BALVANTRAY	03068985	04/05/2020	-
8	POONAM SHARMA	09392920	12/11/2021	-
9	RITESH TIWARI	07082681	12/11/2021	-
10	KASHI RAM GODARA	09393859	12/11/2021	-
11	VENKATA SARVARAYUDU THOTA	01631664	30/11/2021	-

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

DATE: 29.04.2022  
PLACE: NEW DELHI  
UDIN: F004764D000238470

FOR PARVEEN RASTOGI & CO.  
COMPANY SECRETARIES

PRAVEEN RASTOGI  
M. NO. - 4764  
COP.NO. -2883

## Director's Profile

### Shri Nirlep Singh Rai (DIN: 08725698)

Shri Nirlep Singh Rai was born on 28.08.1962 aged about 59 years. Shri Rai has taken over as Chairman and Managing Director on 06.09.2021. He is a B.E. (Instrumentation & Control) from Thapar University. Prior to his appointment as Chairman & Managing Director, Shri Rai was holding the position of Director (Technical) and he had also worked as CEO, of RFCL i.e. Joint venture (JV) Company of NFL. During his career spanning of more than 35 years, he has been involved in various projects such as Feed Stock change over from fuel oil to Natural Gas, Commissioning of DCS and ESD Systems, Machine Monitoring Systems, Process Gas Analyzers, Fire and Gas Systems etc. His experience includes Technical Services and Operation & Maintenance of large scale Fertilizer Plants. He also has considerable exposure to the subject of agricultural practices, Nutrient imbalance and issues like farm subsidy, DBT etc. through various seminars he has attended over the years.

Shri Rai is member of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility and Sustainable Development Committee and Risk Management Committee of the Company. Shri Rai is also the Chairman on the Board of Ramagundam Fertilizers and Chemicals Limited (a JV of NFL) and Director on the Board of Fertilizers Association of India.

### Shri Atul Baburao Patil (DIN: 09557730)

Shri Atul Baburao Patil was born on 06.07.1965 aged about 57 years. Shri Patil has taken over as Director (Marketing) w.e.f. 07.04.2022. He is B.Sc in Chemistry, Botany, and Zoology with first division from Guru Nanak Dev University Amritsar, Punjab. He is also an MBA (Master in Business Administration) in Marketing & Personnel Management with first division from Shivaji University, Kolhapur, Maharashtra. Prior to his appointment as Director (Marketing), he was holding the position of Executive Director at Rashtriya Chemicals & Fertilizers Ltd. He has rich experience of more than 26 years in Marketing and Management in the Fertilizers Industry.

### Shri Hira Nand (DIN: 09476034)

Shri Hira Nand was born on 05.02.1966 aged about 56 years. Shri Hira Nand is Cost and Management Accountant by profession. He is also a Law graduate from Bhopal University. Prior to his appointment as Director (Finance) & CFO in NFL, he was holding position of ED (Finance & Accounts) in NFL, he has also worked as ED (F&A) at Ramagundam Fertilizers & Chemicals Limited. Earlier, he has also worked with ONGC Petro additions Limited (OPaL), KRIBHCO and Model Economic Township Ltd. (a wholly owned company by Reliance Industries Ltd). He has a rich experience of more than 30 years. He worked in areas of Corporate Finance & Treasury in mobilization of funds from market including forex risk management, capital & revenue budgeting, accounts and taxation, fertilizer pricing related regulatory matters etc.

Further, Shri Hira Nand is also Nominee Director of NFL on the Board of Urvarak Videsh Limited and Ramagundam Fertilizers and Chemicals Limited.

### Ms Neeraja Adidam (DIN: 09351163)

Ms. Neeraja Adidam was born on 19.05.1965 aged about 57 years. She is a M.Phil., M.Sc (Botany) and holds a P.G. Diploma in Forestry. She has been appointed as Government Nominee Director w.e.f. 14.10.2021 on the Board of NFL. Presently, she is working as Joint Secretary, Department of Fertilizers Ministry of Chemicals & Fertilizers, Govt. of India, New Delhi. Prior to that she was Joint Secretary to Department of Agriculture Cooperation and Farmers Welfare. She has also held various honorable posts in Forest Department of UP, Ministry of Agriculture etc. She also won Governor Award (twice) for exemplary contribution to Social Forestry.

She has done specialization in the area of Agro Forestry, Forest Management and Social Forestry/ Urban Forestry. She also assisted in the publication of world bank report unlocking opportunities for forest dependent people.

She is also the member of Nomination and Remuneration Committee of the Company. Ms. Neeraja Adidam also holds the position of Managing Director in Fertilizer Corporation of India Limited and Hindustan Fertilizer Corporation Limited.

**Dr. Prathibha A. (DIN: 09692712)**

Dr. Prathibha A. was born on 23.03.1978, aged about 44 years. Dr. Prathibha has done her Ph.D. in Economics from University of Kerala, Kariavattom. She is a member of Indian Economic Service (Batch: 2003). She has been appointed as Government Nominee Director w.e.f. 03.08.2022 on the Board of NFL. Presently, she is working as Economic Advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Govt. of India, New Delhi. Prior to that, she was Director in the Ministry of Finance, Ministry of Development of North Eastern Region and had wide ranging experience working in various Ministries/ Departments such as NITI Aayog, Department of Economic Affairs, Ministry of Finance, Department of Consumer Affairs, New Delhi, Central Board of Film Certification, Trivandrum etc.

She has done specialization in the areas of Development Economics, Fisheries Management, Prices, Poverty alleviation, Public Private Partnerships Infrastructure Development etc.

**Shri Pandya Ashwinkumar Balvantray (DIN: 03068985)**

Shri Pandya Ashwinkumar Balvantray was born on 23.04.1955, aged about 67 years. Shri Pandya is M. Tech (Structural Engineering) from I.I.T. Delhi and B.E. (Civil) from Saurashtra University. He has taken over as Non-Official Independent Director on the Board of NFL w.e.f. 04.05.2020. He is currently also serving as Secretary General of International Commission on Irrigation and Drainage. Prior to this he also served as Chairman, Central Water Commission and Ex-Officio Secretary to Government of India, Ministry of Water Resources, River Development & Ganga Rejuvenation, Chairman and Managing Director (Addl. Charge) in National Projects Construction Corporation Limited and various other senior positions at Central Water Commission, Ministry of Water Resources, River Development & Ganga Rejuvenation.

He is the Chairperson of Audit Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility and Sustainable Development Committee and Nomination & Remuneration Committee of the Company.

**Dr. Poonam Sharma (DIN: 09392920)**

Dr. Poonam Sharma was born on 26.12.1967, aged about 54 years. She is MA and PhD in Psychology. Dr. Poonam Sharma is a social worker & educator. She has a large experience of working on grassroots issues in Bihar including upliftment of girl child education, poverty, health, education, finances and consumer affairs. She has a deep knowledge owing to her background of rural & agricultural issues.

She is also the member of Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility & Sustainable Development Committee of the Company.

**Shri Kashi Ram Godara (DIN: 09393859)**

Shri. Kashi Ram Godara, was born on 25.04.1966, aged about 56 years. He is a bachelor of Arts. He has been involved in various social work at the grassroots level. He is also the member of Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility & Sustainable Development Committee of the Company.

**Shri Ritesh Tiwari (DIN: 07082681)**

Shri Ritesh Tiwari was born on 14.06.1971, aged about 51 years. He is a bachelor of Arts and a businessman & had been involved in various social work at the grassroots level. He is also the member of Stakeholder Relationship Committee and Corporate Social Responsibility and Sustainable Development Committee of the Company.

**Dr. Venkata Sarvarayudu Thota (DIN: 01631664)**

Dr. Venkata Sarvarayudu Thota was born on 03.03.1963, aged about 59 years. He is a B.Tech (Mechanical Engineering), MBA (International Business) and Ph.D in Department of Commerce and Management studies. He had

a work experience for 12 years in various Pvt. & Govt. organizations, SEBI Mumbai and New Delhi and also in JK group, Allwyn group.

He is also the member of Risk management Committee and Nomination & Remuneration Committee of the Company.

**Shri Jyoti Bhramar Tubid (DIN: 02442295)**

Shri Jyoti Bhramar Tubid was born on 14.03.1958, aged about 64 years. He is an Indian Administrative Service (IAS) officer of 1983 batch and voluntary retired from the Civil Services in 2014. During his tenure in the Civil Services before taking voluntary retirement, he had held various significant post in the state of Jharkhand such as Secretary in Department of Excise and Prohibition; Secretary in Department of Health, Medical Education & Family Welfare. Further, he had been a Board Member of XLRI, Jamshedpur and various Government Companies. His Area of Specialization includes Management, Administration and Technology.

**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003

**Date: 29.08.2022**

**(Nirlep Singh Rai)**

Chairman & Managing Director  
DIN:08725698



**CORPORATE OFFICE**



**VIJAIPUR I & II PLANT**



**BATHINDA PLANT**



**NANGAL PLANT**



**PANIPAT PLANT**

# **AUDITED FINANCIAL STATEMENTS 2021-2022**

## Auditor's Report

**MEHRA GOEL & COMPANY**  
**CHARTERED ACCOUNTANTS**

505, Chiranjiv Tower 43,  
Nehru Place, New Delhi-110019

**ARUN K. AGARWAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

105, FF, South Ex. Plaza-1, 389, Masjid Moth,  
South Extn. Part-II, New Delhi-110049

### INDEPENDENT AUDITOR'S REPORT

**To the Members of**  
**National Fertilizers Limited**

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the accompanying standalone financial statements of National Fertilizers Limited (hereinafter referred to as "the Company") which comprise the Standalone Balance Sheet as at 31 March 2022, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone 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 ("IND AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its profit (including other 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 ("SAs") specified under section 143(10) of the Act. 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 ethical 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.

##### Emphasis of Matter

We draw attention to Note No. 57 of accompanying standalone financial statements regarding misappropriation of stock of fertilizers fraudulently by a stockist under Godown Agreement with the company during the year. Cost of stock amounting to ₹ 3.84 crores has been accounted for in the Statement of Profit & Loss through reduction of inventories.

Our opinion is not qualified in respect of this matter.

##### 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:

S. No.	Key Audit Matter	Response to Key Audit Matter
1.	<p><b>Revenue recognition</b></p> <p>Recognition of subsidy is made on the basis of in-principle recognition/approval/ settlement of claims from Fertilizer Industry Coordination Committee (FICC), Department of Fertilizers (DoF), Government of India, while finalizing the financial statements. Also the FICC regulates such subsidy and the bills raised on such notifications. Escalation/de-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given.</p> <p>Since there is a time lag between actual expenditure incurred and notification of concession rates for the year, Management exercises significant judgment in arriving at the income entitled on account of same for the year.</p> <p>Therefore, there is a risk of revenue being misstated on account of estimation of concession/ Import Parity Price (IPP) rates yet to be notified.</p> <p>Regarding process of Collection, utilization and retention of Retailer Margin.</p>	<p><b>Principal Audit Procedures</b></p> <p>The following principal audit procedures have been performed by us in relation to revenue recognition:</p> <p>a) We have reviewed the Company's Accounting policies for Revenue Recognition (Refer Note No. 1 of the standalone financial statements), relevant Notifications and Circulars issued by the DoF, Government of India.</p> <p>b) We have carried out substantive procedures on sample basis for evaluation of operating effectiveness of key controls over subsidy and each income stream, basis of management estimation and their corresponding disclosure.</p> <p>c) We have reviewed directions of FICC, various Notifications issued from time to time and management assessment in relation to retailer margin.</p>
2.	<p><b>Estimation of Provision &amp; Contingent Liabilities</b></p> <p>The Company has its operations in various States within India, exposing it to a variety of different Central and State laws. Litigations and claims may arise from direct and indirect tax proceedings. Resolution of litigations and claims proceedings may span over multiple years beyond 31 March 2022.</p> <p>The determination of a provision or contingent liability requires significant judgement by the Company because of the inherent complexity in estimating future liabilities.</p> <p>The Company has reported Contingent liabilities amounting to ₹ 121.23 Crores in Note 50 to standalone financial statement.</p> <p>The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims over time as new facts emerge as each legal case progresses and positions taken by the Company. There is an inherent complexity in estimations of magnitude of potential exposures. Significant judgment is required to estimate the likelihood, amount of cash outflows, timing based on</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit process involved understanding of identification process relating to litigations, claims and contingent liabilities.</p> <p>We have evaluated the design and testing the operating effectiveness of controls in respect of process.</p> <p>We have evaluated management's assessment of the likely outcome and potential exposures arising from significant contingencies subject to ongoing court cases and arbitration proceedings and considered the requirements for any provision as per the best estimate of the possible expenditure.</p> <p>In respect of significant claims, we checked the amount of claim, nature of issues involved, management submissions and corroborated the same with external evidence, where available.</p>

	interpretations of the legal aspects, opinions, demand notices, relevant judgements etc.	
3.	<p><b>Trade receivables</b></p> <p>Trade Receivables appearing in financial statement consists of receivables from sale of products as well as receivable from Government of India in the form of subsidy. Trade Receivables as at 31 March 2022 amounting to ₹ 2799.92 crores includes subsidy receivable of ₹ 2634.08 crores.</p> <p>Refer Note 13 to the Standalone Financial Statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>a) In respect of Subsidy recoverable from Government of India, as no confirmation of balance is on record, we have relied on the management's assertion on the recoverability.</p> <p>As subsidy receivable is outstanding from Department of Fertilizer, Government of India (i.e. Sovereign Authority) and is backed by the approved claims generated from MFMS (Mobile Fertilizer Management System), amount outstanding as at balance sheet date has been considered as recoverable (net of provisions).</p> <p>b) In respect of receivables other than Subsidy receivables, management have sent request for confirmation from the parties. The response to the request was checked together, subsequent realisation check was also performed and long outstanding balances have been reviewed.</p>
4.	<p><b>Property, Plant and Equipment</b></p> <p>Management judgment is applied for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/amortization rates. These include the decision to capitalize or expense costs; the annual asset life review; the timelines of the capitalization of assets and the measurement and recognition criteria for assets retired from active use. Please refer accounting policy no 1.2.9.</p>	<p><b>Principal Audit Procedures</b></p> <p>a) Testing of controls in place over the fixed assets cycle,</p> <p>b) Evaluation of appropriateness of capitalization process performed tests to verify the capitalized costs,</p> <p>c) Assessment of the timelines of the capitalization of the assets and assessed the derecognition criteria for assets retired from active use.</p> <p>The useful life review of assets has been assessed by the management. In performing these procedures, we reviewed the judgments made by management for the following:</p> <p>a) Identification of the nature of underlying costs capitalized,</p> <p>b) Determination of realizable value of the assets retired from active use,</p>

		<p>c) Appropriateness of asset lives applied in the calculation of depreciation/ amortization,</p> <p>d) Useful lives of assets prescribed in Schedule II of the Companies Act, 2013.</p>
5.	<p><b>Capital Work in Progress</b></p> <p>The Company has undertaken major capitalisation on energy reduction projects at Nangal, Bhatinda and Panipat plant.</p> <p>Management assessment includes the decision to capitalize or expense costs, review of Performance Guarantee Run Test, Preliminary Acceptance Certificate (PAC), the timelines of the capitalization of CWIP. Please refer accounting policy no 1.2.12.</p> <p>The company has opening balance of capital work in progress amounting to ₹ 840.21 crores. During the year, the Company has made a gross addition of ₹ 214.80 crores in CWIP including expenditure during construction phase of ₹ 25.50 crores. Total CWIP as on 31 March 2022 amounts ₹ 112.15 crores.</p>	<p><b>Principal Audit Procedures</b></p> <p>a) Our audit process includes 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.</p> <p>b) We understood and evaluated the design and tested operating effectiveness of management's internal financial control in relation to approval of expenditure and capitalization of appropriate costs. We were able to place reliance on these controls for the purpose of our audit.</p> <p>c) In respect of internal costs allocated to the plant, test checked the identification and allocation of costs directly attributable to the construction of plant.</p>
6.	<p><b>Impact of Covid-19:</b></p> <p>It is the responsibility of the management to make appropriate adjustments to the financial statements and ensure necessary disclosures specifically the impact on business due to Covid-19, subsequent risks and uncertainties, and conditions that may impact future operating results, cash flows and financial position of the company. We are informed by the management that considering the present scale of operations, seasonal product, demand in the ensuing future, the management does not perceive any risk in ensuing operations, liquidity and capital resources. We find sufficient and appropriate evidences of such management perception on record. It is also concluded by the management that no material adjustments are required in the financial statements in the current financial year.</p> <p>Refer Note-63 of Standalone Financial Statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>The audit procedures included but were not limited to:</p> <p>a) Obtaining a detailed understanding of future business climate and demand potential.</p> <p>b) Subsequent performance upto the date of signing the report.</p> <p>c) Minutes of the Audit Committee/ Board and discussions with the appropriate Management personnel.</p> <p>d) Possible outcomes and the reasonableness of the estimates.</p>

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The company's management and Board of Directors are responsible for the preparation of other information. The other information comprises the Management Discussion and Analysis, Director's Report including annexures to Director's Report, Business Responsibility Report, Corporate Governance, Performance at a Glance and Chairman's Statement included in the annual report of the company, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of audit, or otherwise appears to be materially misstated. On reading the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

### **Responsibilities of Management and those charged with Governance for the Standalone Financial Statements**

The Company's management and Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone 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 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 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 is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

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 and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors' 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 ability of the Company 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 Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

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, 2020 ("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 to the extent applicable.
2. 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 B"**.
3. 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 standalone balance sheet, the standalone statement of profit and loss, the standalone statement of cash flows and the standalone 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 financial statements comply with the IND AS specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) As per notification number G.S.R. 463(E) dated 5 June 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company;
  - (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 C"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

- (g) As per notification number G.S.R. 463 (E) dated 5 June 2015 issued by Ministry of Corporate Affairs, section 197 of the Act regarding remuneration to director is not applicable to the Company, since it is a Government Company; and
- (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 financial statements – Refer Note 50 to the standalone 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.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries")
    - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
- v. No dividend has been declared or paid during the year by the company.

**For MEHRA GOEL & COMPANY**  
**Chartered Accountants**  
**Firm's Registration No.: 000517N**

**(Devinder Kumar Aggarwal)**  
**Partner**  
**Membership number: 087716**  
**UDIN No. : 22087716AJMNRR1181**

Place: Noida  
Date: 24.05.2022

**For ARUN K. AGARWAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**  
**Partner**  
**Membership number: 413012**  
**UDIN No. : 22413012AJMJYU3809**

**'ANNEXURE A' to Independent Auditor's Report on the Standalone Financial Statements of National Fertilizers Limited for the year ended 31 March 2022**

**(Referred to in para 1 under 'Report on Legal and Regularity Requirements' section of our report of even date)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment and relevant details of right-of-use assets.;
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of Property, Plant & Equipment and right-of-use assets by which all the 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 property, plant and equipment 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. Further as per the Government directions, the company have installed PoS devices at different retail points, for which no physical verification is carried out.
- (c) The title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company except the following:

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Property held since which date	Reason for not being held in name of company
Freehold Land at Bhatinda	₹ 0.15 crores	Government of Punjab	No	11.02.1988 10.03.1988 20.01.1988 21.01.1988 23.05.1984	Out of 685.301 Acres of land, 14.261 Acres of land for construction of Fertilizers Minor was acquired at the cost of NFL but there is no provision in the Government rules to transfer the ownership of Government Property.
Leasehold Land at Vijaipur	Nil*	Government of Madhya Pradesh	No	12.07.1984	Lease Deed is not yet executed.
Freehold Land at Alwar	₹ 1	Urban Improvement Trust, Alwar	No	05.04.1986	As informed, the land has not yet been registered in the name of NFL due to ongoing litigation between Urban Improvement Trust, Alwar and the concerned farmers.
3190.46 Sq Mtrs in Core - III, SCOPE Complex, Lodhi Road, New Delhi under Investment Property	₹ 1.18 crores	Standing Conference of Public Enterprises (SCOPE)	No	19.10.1979	There is no title deed in favour of the company, however, as informed, the company is a deemed owner of the property.

\* The deemed cost of Leasehold Land at Vijaipur Unit as on 01.04.2015 (Transition to Ind AS) was Nil.

Further, symbolic possession of 325.70 acres of land at Nangal (having gross carrying value ₹ 0.12 crores) was taken by the Punjab Government on 29.10.1998 by an order against which the company has filed a Civil Writ Petition in the Punjab & Haryana High Court and the matter is sub-judice.

Also, there is a litigation in respect of land measuring 1.7 acres approx. which is not in possession in the company, before Punjab & Haryana High Court, Chandigarh. The Regular Second Appeal (RSA) preferred by appellant is pending wherein Hon'ble High Court has ordered status-quo in the matter.

- (d) The Company has not revalued any of its Property, Plant and Equipment (including right of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The physical verification of the inventory has been conducted by the management in accordance with the perpetual inventory programme, at regular intervals during the year and the coverage and procedure of such verification by the management is appropriate. The discrepancies noticed on verification have been properly dealt within the books of account; No discrepancy of 10% or more in the aggregate for each class of inventory was noticed.
- (b) Company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks or financial institutions which are secured on the basis of security of current assets. The quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) The company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. However, the Company has made investments in its joint venture company during the year, in respect of which:
  - (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) of the Order is not applicable.
  - (b) The Company has not provided any guarantee or given any security. In our opinion, the investments made during the year are, prima facie, not prejudicial to the Company's interest;
  - (c) No loans and advances in the nature of loans have been granted by the company, accordingly, paragraph 3(iii)(c), (d), (e) and (f) of the Order is not applicable.
- (iv) The Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security made.
- (v) 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. Accordingly, paragraph 3(v) of the Order is not applicable.
- (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) The Company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues. Further, no undisputed amounts remain payable in respect of such statutory liabilities as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March 2022 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount Involved (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	14.94	AY 2006-07 and AY 2011-12 to 2014-15	ITAT, Delhi
	Income Tax	17.91	AY 2017-18	CIT (Appeals)
	Income Tax	10.57	AY 2018-19	CIT (Appeals)
Custom Act, 1962	Custom Duty	1.37	1996-97	CESTAT, Mumbai
Central Excise Act, 1944	Excise Duty	3.69	2013-14	CESTAT, Ahmedabad
	Penalty on Excise Duty	0.02	FY 2017-18	Commissioner (Appeals), Bhopal
Punjab Municipal Act	Property Tax	1.21	2007-08 to 2009-10	Punjab & Haryana High Court
		0.10	1982-83 to 1991-92	
Haryana Local Development Tax Act, 200	Entry tax	6.72	2000-01 to 2002-03	Joint Excise & Taxation Commissioner, Rohtak
MP Value Added Tax Act, 2002	VAT	0.01	2008-09	Madhya Pradesh High Court
MP Entry Tax Act, 1976	Entry Tax	0.08	2013-14, 2014-15 and 2016-17	Additional Commissioner, Gwalior
	Entry Tax	0.03	2010-11 & 2012-13	Madhya Pradesh High Court, MPCTAB
MP Vidyut Shulk Adhiniyam, 2012	Electricity Generation Duty & Cess	0.47	2008-09 to 2012-13	MP High Court, Jabalpur Bench, Gwalior
Municipal Corporation	Octroi Charges	0.40	FY 1998-99, 1991-92	Punjab and Bathinda Haryana High Court
Finance Act	Penalty on Service Tax	0.17	FY 2015-16 & 2016-17	Commissioner (Appeals), Ludhiana
Punjab State GST Act	GST	0.05	2017-18	Appellate Authority GST

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender dues to any bank or bonds/debenture holders as at the Balance Sheet date.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- (c) Term loans were applied for the purpose for which the loans were obtained;
- (d) Based on an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) Based on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its joint ventures.
- (f) The Company has not raised any loans during the year on the pledge of securities held in its joint ventures.

- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) and hence reporting under clause 3(x)(b) of the Order is not applicable
- (xi) (a) During the year, a case of misappropriation of stock of fertilizer fraudulently costing to ₹ 3.84 crores by a stockiest under Godown Agreement with the company at Madhubani district under Area Office, Muzaffarpur, Bihar has been reported for which FIR has also been lodged. Further, Vigilance has also initiated investigation into the matter and observed as 'likely fraud'. However the complete facts, staff's accountability and lapses shall emerge only after the conclusion of the investigation.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As informed, no whistle blower complaints have been received by the Company during the year.
- (xii) The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Act with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) 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) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) (a), (b) and (c) of the Order is not applicable to the Company.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, paragraph 3(xvi) (d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, the Company has transferred unspent amount as at the end of the

previous financial year, to a Fund specified in Schedule VII to the Act within a period of six months of the expiry of said financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

In respect of other than ongoing projects, the Company has not transferred the unspent amount as at the Balance Sheet date out of the amounts that was required to be spent during the year, to a Fund specified in Schedule VII to the Act in compliance with second proviso to sub-section (5) of section 135 of the said Act till the date of our report since the time period for such transfer i.e. six months of the expiry of said financial year has not elapsed till the date of our report.

- (b) Amount remaining unspent under sub-section (5) of section 135 of the Act, pursuant to any ongoing project, has been transferred to a Special account in compliance with the provision of sub-section (6) of section 135 of the said Act.

**For MEHRA GOEL & COMPANY**  
**Chartered Accountants**  
**Firm's Registration No.: 000517N**

**(Devinder Kumar Aggarwal)**  
**Partner**  
**Membership number: 087716**  
**UDIN No. : 22087716AJMNRR1181**

Place: Noida  
Date: 24.05.2022

**For ARUN K. AGARWAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**  
**Partner**  
**Membership number: 413012**  
**UDIN No. : 22413012AJMJYU3809**

**'ANNEXURE B' to Independent Auditor's Report on the Standalone Financial Statements of National Fertilizers Limited for the year ended 31 March 2022**

**(Referred to in para 2 under 'Report on Legal and Regularity Requirements' section of our report of even date)**

## **COMPLIANCE CERTIFICATE**

We have conducted the audit of the accounts of National Fertilizers Limited for the year ended 31 March 2022 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 MEHRA GOEL & COMPANY**  
**Chartered Accountants**  
**Firm's Registration No.: 000517N**

**(Devinder Kumar Aggarwal)**  
**Partner**  
**Membership number: 087716**  
**UDIN No. : 22087716AJMNRR1181**

Place: Noida  
Date: 24.05.2022

Enclosed: Direction and Sub-direction u/s 143(5) are attached

**For ARUN K. AGARWAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**  
**Partner**  
**Membership number: 413012**  
**UDIN No. : 22413012AJMJYU3809**

## AUDIT REPORT OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR 2021-2022 PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

### I. Directions for the year 2021-22

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 majority of the accounting transactions through IT system except:

- a. Calculation of depreciation of fixed asset
- b. Valuation of Closing Stock of traded goods
- c. Calculations of subsidy on Urea production (through GC-4)

Unit-wise accounting is maintained on different computer systems which are not interconnected. However, integrity of the accounts is not in jeopardy.

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. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of the lender company).**

Based on Audit Procedure performed by us and as per the information and explanation given to us, 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.

3. **Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.**

Funds received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its terms and conditions.

### II. Sub-Directions under section 143(5) of Companies Act 2013 for the year 2021-22

1. **Whether subsidy received/recoverable from the GOI has been properly accounted for and reconciled as per claims admitted?**

Based on Audit Procedure performed by us and as per the information and explanation given to us, Price and Freight Subsidy receivable is measured and raised based on policy issued by DOF /principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of the 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 accounted for in relevant year.

Taking into consideration the above, the subsidy received /recoverable from Government of India has been properly accounted for by the Company. Further, the subsidy received during the year has been reconciled as per the claims admitted.

2. **Impact of revision of subsidies for Fertilizer Product viz NPK, Ammonium Sulphate and imported MoP in valuation of closing stock may be stated.**

The closing stock of NPK, Ammonium Sulphate and imported MoP as on 31 March 2022 has been valued at cost. There is no impact of revision of subsidy in valuation of closing stock.

3. **Whether subsidy was recognized as per provision of the Direct Benefit Transfer Scheme of GoI?**

Recognition of subsidy is generally made on the basis of in principle recognition/approval/ settlement of claims from Fertilizer Industry Coordination Committee (FICC), Department of Fertilizers (DoF), Government of India

(GOI). Also the FICC regulates such subsidy and the bills raised on such notifications. Subsidy is being recognised at point of sale by the company. Escalations/de-escalations in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given. The difference, if any based on final notification received from FICC is accounted for in relevant year.

However, under Direct Benefit Transfer Scheme of GoI, 100% payment of subsidy is made 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 5.24 lakh MT through POS machine to beneficiaries as on 31 March 2022, subsidy of ` 1064.65 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. (refer note 37 of the standalone financial statement)

Hence subsidy was recognized as per the applicable provisions.

**4. State the area of land under encroachment, if any, and briefly explain the steps taken by the company to remove the same.**

According to the information and explanation given to us by the management, details of land under encroachment are as under:

- Symbolic possession of 325.70 acres of land at Nangal was taken by the Punjab Government on 29.10.1998 against which the company has filed a Civil Writ Petition No 4446 of 2000 in The Punjab & Haryana High Court and the matter is sub-judice. (refer note 2(a) of the standalone financial statement)
- Approx. 1.7 acres of land is in litigation before Punjab & Haryana High Court, Chandigarh. The regular Second Appeal (RSA) preferred is pending wherein Hon'ble High Court has ordered status-quo in the matter. (refer note 2(a) of the standalone financial statement)
- Approx. 1.76 acres of land containing Gair Mumkin Abadi is occupied by residents of village Mojowal (Basindgan and Harijan). Action regarding actual demarcation/removal etc. is yet to be taken by the Company.
- In 2 (Two) acres of land, situated between Kheta Singh Basti and Bathinda Firozpur Railway Line adjoining Hardev Nanagar, Bathinda, few persons (predominantly daily wagers) have built hutments. The matter for evacuation/removal of unauthorized hutments has been taken up with DC, Bathinda.
- Approx. 0.71 hectares (1.754 acres) of freehold land at Vijaipur Unit has been encroached. The case is being persuaded by NFL with Collector, Guna for removal of unauthorized occupants.
- 14 staff quarters on leasehold land measuring 22500 sq. ft. at Guna has been taken over by MP State Govt. in the year 1995 by an order of the Collector, Guna, however construction cost is yet to be paid to the Company as per the terms of allotment. The company is continuously following the matter with the authorities for payment of outstanding dues.

**5. Issue regarding constraints in cost ascertainment of fruit bearing trees may be examined and its impact, if any, may be reported upon.**

Cost of fruit bearing trees at Nangal Unit and the same has been capitalised during FY 2021-22 on the basis of expert's valuation report. (refer note 2(d) of the standalone financial statement)

**For MEHRA GOEL & COMPANY**  
Chartered Accountants  
Firm's Registration No.: 000517N

(Devinder Kumar Aggarwal)  
Partner  
Membership number: 087716  
UDIN No. : 22087716AJMNRR1181

Place: Noida  
Date: 24.05.2022

**For ARUN K. AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 003917N

(Lokesh Garg)  
Partner  
Membership number: 413012  
UDIN No. : 22413012AJMJYU3809

## **'ANNEXURE C' to Independent Auditor's Report on the Standalone Financial Statements of National Fertilizers Limited for the year ended 31 March 2022**

(Referred to in para 3(f) under 'Report on Legal and Regularity Requirements' section of our report of even date)

### **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 (hereinafter referred to as "the Company") as of 31 March 2022 in conjunction with our audit of the standalone 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 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 31 March 2022, 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 ICAI.

**For MEHRA GOEL & COMPANY**  
Chartered Accountants  
Firm's Registration No.: 000517N

**(Devinder Kumar Aggarwal)**  
Partner  
Membership number: 087716  
UDIN No. : 22087716AJMNRR1181

Place: Noida  
Date: 24.05.2022

**For ARUN K. AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 003917N

**(Lokesh Garg)**  
Partner  
Membership number: 413012  
UDIN No. : 22413012AJMJYU3809

## Balance Sheet as at 31st March 2022

₹ in Crore

Particulars	Note No.	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>I. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
a) Property, Plant and Equipment	2	4223.99	3608.72
b) Right-of-Use Assets	3	2.48	3.93
c) Investment Property	4	1.04	1.11
d) Capital Work in Progress	5	112.15	840.21
e) Other Intangible Assets	6	2.03	1.31
f) Intangible assets under development	7	26.34	22.22
g) <b>Financial Assets</b>			
i) Investments	8	491.48	447.65
ii) Loans	9	4.66	5.59
iii) Other Financial Assets	10	34.48	33.53
h) Other Non-Current Assets	11	50.99	50.83
		<b>4949.64</b>	<b>5015.10</b>
<b>(2) CURRENT ASSETS</b>			
a) Inventories	12	2255.29	438.03
b) <b>Financial Assets</b>			
i) Trade Receivables	13	2799.92	2634.09
ii) Cash and Cash Equivalents	14	25.82	39.33
iii) Other Bank Balances	15	2.99	2.89
iv) Loans	16	2.65	2.85
v) Other Financial Assets	17	95.50	33.34
c) Current Tax Assets (Net)	18	4.28	-
d) Other Current Assets	19	591.97	277.81
		<b>5778.42</b>	<b>3428.34</b>
		<b>10728.06</b>	<b>8443.44</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	20	490.58	490.58
(b) Other Equity	21	1790.96	1680.86
		<b>2281.54</b>	<b>2171.44</b>
<b>LIABILITIES</b>			
<b>(1) NON-CURRENT LIABILITIES</b>			
a) <b>Financial Liabilities</b>			
i) Borrowings	22	629.73	648.01
ii) Lease Liabilities	23	0.74	0.87
iii) Other Financial Liabilities	24	23.48	22.64
b) Provisions	25	205.68	201.47
c) Deferred Government Grant	26	1926.94	2116.74
d) Deferred Tax Liabilities (Net)	27	36.28	13.46
e) Other Non-Current Liabilities	28	7.15	8.32
		<b>2830.00</b>	<b>3011.51</b>
<b>(2) CURRENT LIABILITIES</b>			
a) <b>Financial Liabilities</b>			
i) Borrowings	29	2539.83	1239.51
ii) Lease Liabilities	30	2.00	3.34
iii) Trade Payables	31		
- Micro and Small Enterprises		8.36	1.85
- Other than Micro and Small Enterprises		1437.30	728.32
iv) Other Financial Liabilities	32	1020.52	663.71
b) Provisions	33	239.36	258.46
c) Deferred Government Grant	34	194.87	204.25
d) Current Tax Liabilities (Net)	35	-	34.98
e) Other Current Liabilities	36	174.28	126.07
		<b>5616.52</b>	<b>3260.49</b>
		<b>10728.06</b>	<b>8443.44</b>

Significant accounting policies

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
ED (F&A) / CFO

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN No.08725698

As per our report of even date attached  
For Arun K. Agarwal & Associates  
Chartered Accountants  
Firm Regd. No. 003917N

For Mehra Goel & Co.  
Chartered Accountants  
Firm Regd. No. 000517N

(Lokesh Garg)  
Partner  
Membership No. 413012

(Devinder Kumar Aggarwal)  
Partner  
Membership No.087716

Place: Noida  
Date: 24.05.2022

# Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	Note No.	Year Ended 31 <sup>st</sup> March 2022	Year Ended 31 <sup>st</sup> March 2021
<b>Revenue</b>			
Revenue from Operations	37	15857.09	11905.66
Other Income	38	34.33	33.34
<b>Total Income (I)</b>		<b>15891.42</b>	<b>11939.00</b>
<b>Expenses</b>			
Cost of Materials Consumed	39	6219.44	3698.19
Purchase of Stock- in- Trade	40	5026.30	2118.70
Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in- Trade	41	(1820.26)	760.61
Employee Benefits Expense	42	648.90	626.33
Power and Fuel	43	4040.27	2549.65
Freight and Handling		845.84	937.65
Repair and Maintenance	44	95.93	80.22
Finance Cost	45	132.96	291.23
Depreciation and Amortization Expense	46	334.55	312.27
Other Expenses	47	222.67	220.69
<b>Total Expenses (II)</b>		<b>15746.60</b>	<b>11595.54</b>
<b>Profit / (Loss) before exceptional item and tax (III) = (I) - (II)</b>		<b>144.82</b>	<b>343.46</b>
<b>Exceptional Item (IV)</b>		<b>-</b>	<b>-</b>
<b>Profit/(Loss) before Tax (V)=(III)-(IV)</b>		<b>144.82</b>	<b>343.46</b>
<b>Tax expenses:</b>	48		
Current tax		13.87	52.85
Deferred tax		22.82	41.09
Short / (Excess) tax for earlier years		(0.07)	(0.11)
<b>Total Tax Expense (VI)</b>		<b>36.62</b>	<b>93.83</b>
<b>Profit/(Loss) for the year (VII)=(V)-(VI)</b>		<b>108.20</b>	<b>249.63</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Profit &amp; Loss</b>			
Remeasurement of Defined Employee Benefit obligations		2.54	1.17
Income Tax relating to above items		(0.64)	(0.30)
<b>Other Comprehensive Income (net of tax) (VIII)</b>		<b>1.90</b>	<b>0.87</b>
<b>Total Comprehensive Income (IX) = (VII) + (VIII)</b>		<b>110.10</b>	<b>250.50</b>
<b>Earnings per share</b>	49		
Basic earnings per share of ₹10 each		<b>2.21</b>	<b>5.09</b>
Diluted earnings per share of ₹10 each		<b>2.21</b>	<b>5.09</b>
Significant accounting policies	1		
The accompanying notes forms an integral part of these financial statements			

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

As per our report of even date attached  
**For Arun K. Agarwal & Associates**  
Chartered Accountants  
Firm Regd. No. 003917N

(Lokesh Garg)  
Partner  
Membership No. 413012

Place: Noida  
Date: 24.05.2022

(Hira Nand)  
ED (F&A) / CFO

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN No.08725698

**For Mehra Goel & Co.**  
Chartered Accountants  
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)  
Partner  
Membership No.087716

# Statement of Cash Flows for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March 2022	Year Ended 31 <sup>st</sup> March 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) Before Tax	144.82	343.46
Adjustments For :		
Depreciation / Amortization	334.55	312.27
Finance Charges	132.96	291.23
Amortisation of Deferred Govt Grant	(198.53)	(194.12)
Interest Income	(4.69)	(9.11)
Profit on Sale of Fixed Assets	(2.08)	(1.15)
Exchange Rate Variation (Net)	8.72	19.03
Provision for Doubtful Debts/ Advances	3.84	4.11
Provision for Obsolete/Surplus Stores	0.12	0.10
Provision for GST	(2.81)	6.52
Stores and Spares write offs	4.18	3.93
Assets Written off	0.12	0.13
Other Write off	0.47	0.03
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>421.67</b>	<b>776.43</b>
Adjustments For :		
Trade and Other Receivables	(526.38)	5481.71
Inventories	(1822.03)	834.39
Trade Payables, Provisions & Others Liabilities	1154.40	(40.67)
Direct Taxes paid	(53.60)	(18.06)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>"A"</b> <b>(825.94)</b>	<b>7033.80</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for purchase of PPE (including CWIP)	(297.23)	(418.70)
Investment in Joint Ventures	(43.83)	(106.09)
Proceeds from disposal of PPE	4.46	4.88
Interest Received	4.09	10.68
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>"B"</b> <b>(332.51)</b>	<b>(509.23)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans	1300.32	(6198.66)
Long Term Loan	(18.28)	(16.43)
Interest Paid	(134.91)	(287.77)
Payment of Lease Liabilities	(2.19)	(1.91)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>"C"</b> <b>1144.94</b>	<b>(6504.77)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b> <b>(13.51)</b>	<b>19.80</b>
Cash And Cash Equivalents (Closing Balance)	25.82	39.33
Cash And Cash Equivalents (Opening Balance)	39.33	19.53
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13.51)</b>	<b>19.80</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
<b>Components of Cash and Cash Equivalents (Note - 14)</b>		
<b>Balances with banks</b>		
Current accounts	6.24	28.71
Remittances in transit	19.56	10.60
Cash on hand	0.02	0.02
<b>Total</b>	<b>25.82</b>	<b>39.33</b>

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100  
As per our report of even date attached  
**For Arun K. Agarwal & Associates**  
Chartered Accountants  
Firm Regd. No. 003917N  
(Lokesh Garg)  
Partner  
Membership No. 413012

(Hira Nand)  
ED (F&A) / CFO

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN No.08725698

**For Mehra Goel & Co.**  
Chartered Accountants  
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)  
Partner  
Membership No.087716

Place: Noida  
Date: 24.05.2022

## Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2022

### A. Equity Share Capital

₹ in Crore

Particulars	Notes	Amount
As at 1st April 2020	20	490.58
Changes in Equity Share Capital due to prior period errors		-
Restated balance at the beginning of the previous reporting period		-
Change in Equity Share Capital during the year		-
<b>As at 31st March 2021</b>		<b>490.58</b>
As at 1st April 2021	20	490.58
Changes in Equity Share Capital due to prior period errors		-
Restated balance at the beginning of the current reporting period		-
Change in Equity Share Capital during the year		-
<b>As at 31st March 2022</b>		<b>490.58</b>

### B. Other Equity

₹ in Crore

Particulars	Reserve & Surplus			Total
	Capital Reserve	General Reserve	Retained Earning	
Opening balance as at 1st April 2020	2.51	332.89	1094.96	1430.36
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-	-
Profit for the year	-	-	249.63	249.63
Comprehensive income for the year	-	-	0.87	0.87
<b>Total Comprehensive Income for the year</b>	-	-	<b>250.50</b>	<b>250.50</b>
Dividend Paid	-	-	-	-
Transfer to/(from) retained earnings	-	-	-	-
<b>Closing balance as at 31st March 2021</b>	<b>2.51</b>	<b>332.89</b>	<b>1345.46</b>	<b>1680.86</b>
Opening balance as at 1st April 2021	2.51	332.89	1345.46	1680.86
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-
Profit for the year	-	-	108.20	108.20
Comprehensive income for the year	-	-	1.90	1.90
Adjustment of Bearer Plants (refer note 21)	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	-	<b>110.10</b>	<b>110.10</b>
Dividend Paid	-	-	-	-
Transfer to/(from) retained earnings	-	-	-	-
<b>Closing Balance as at 31st March 2022</b>	<b>2.51</b>	<b>332.89</b>	<b>1455.56</b>	<b>1790.96</b>

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100  
As per our report of even date attached  
**For Arun K. Agarwal & Associates**  
Chartered Accountants  
Firm Regd. No. 003917N  
(Lokesh Garg)  
Partner  
Membership No. 413012  
Place: Noida  
Date: 24.05.2022

(Hira Nand)  
ED (F&A) / CFO

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN No.08725698

**For Mehra Goel & Co.**  
Chartered Accountants  
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)  
Partner  
Membership No.087716

## Notes to the Financial Statement and Significant Accounting Policies

### 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 24.05.2022.

#### 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 53 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.

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, compressor, 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 asset acquired out of Govt Grant / retailer margin, Capital Spares and 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 Investment Property**

Investment Properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss.

#### **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**

##### **Till 31st March 2019:**

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.

##### **With effective from 1st April 2019:**

"Effective April 1st, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Accordingly, comparative information as at and for the year ended March 31, 2019 has not been restated. The impact of adoption of the standard on financial statements of the Company has been disclosed in the notes to accounts.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

#### **The Company as a lessee:**

The Company's lease asset classes primarily consist of leases for land, vehicle and office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and estimated restoration costs of the underlying asset where applicable. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate of the company. Lease liabilities are remeasured to reflect any re-assessment, lease modification, or revised in-substance fixed lease payments, with a corresponding adjustment to the related right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Lease liabilities and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### **The Company as a Lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of - use assets arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The company did not need to make any adjustment to the accounting for assets held as lessor as a result of adopting the new leasing standard.

#### **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 60 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
- (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 31<sup>st</sup> March 2022

## Note: 2 Property, Plant and Equipment

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2021	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2022	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2021	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2022	As at 31st March 2022	As at 31st March 2021
LAND										
- Freehold	12.19	-	-	12.19	-	-	-	-	12.19	12.19
- Leasehold	6.35	-	-	6.35	0.60	0.10	-	0.70	5.65	5.75
BUILDINGS										
- on Freehold Land	130.70	20.46	-	151.16	31.69	5.35	-	37.04	114.12	99.01
- on Leasehold Land	35.15	0.15	-	35.30	18.66	0.94	(0.20)	19.80	15.50	16.49
Leasehold Buildings	0.28	-	-	0.28	0.28	-	-	0.28	-	-
Plant and Machinery	5076.61	932.36	24.33	5984.64	1637.73	314.33	6.42	1945.64	4039.00	3438.88
Furniture and Fixtures	4.00	0.16	0.04	4.12	2.05	0.32	-	2.37	1.75	1.95
Vehicles	8.17	0.89	-	9.06	2.37	0.86	-	3.23	5.83	5.80
Office Equipments	7.18	1.21	0.19	8.20	3.97	1.15	0.15	4.97	3.23	3.21
OTHERS										
Electrical Installations	21.65	1.41	-	23.06	15.34	1.85	-	17.19	5.87	6.31
Railway Sidings	1.95	1.00	-	2.95	1.03	0.10	-	1.13	1.82	0.92
EDP Equipments	49.86	3.28	0.56	52.58	43.63	2.68	0.47	45.84	6.74	6.23
Other Equipments	30.98	3.49	0.07	34.40	19.00	3.22	0.11	22.11	12.29	11.98
Bearer Plants	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	5385.07	964.41	25.19	6324.29	1776.35	330.90	6.95	2100.30	4223.99	3608.72
As at 31st March, 2021	5185.01	203.51	3.45	5385.07	1467.64	309.03	0.32	1776.35	3608.72	

### Footnote:

- Out of total land of 2541.82 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 entire land including 325.70 acres vests with the Company in the records, the physical possession of 325.70 acres of land is not with the Company. Further, there is a litigation in respect of land measuring 1.7 acres approx. before Punjab & Haryana High Court, Chandigarh. The Regular Second Appeal (RSA) preferred by appellant is pending wherein Hon'ble High Court has ordered status-quo in the matter.
- 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 ₹ 3890.68 crore (CPLY ₹ 3909.25 crore) represented by capital grant as disclosed in Note: 26 & 34 relating to Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹ 2115.66 crore (CPLY ₹ 2315.45 crore) as on 31.03.2022.
- 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 ₹ Nil crore (CPLY gain of ₹ 1.75 crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2022. The unamortized amount of exchange difference as on 31.03.2022 is ₹ 59.81 crore (CPLY ₹ 63.51 crore).
- Based on expert opinion of ICAI, existing fruit bearing trees (1404 No) at Nangal Unit, have been capitalised during the financial year 2021-2022. In terms of accounting policy, the cost of each tree being less than ₹ 5000/-, 100% depreciation has been provided and residual value of ₹ 1/- per tree has been retained. The Gross Carrying Amount and the Net Carrying Amount is ₹ 1404/-.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

e. Title deeds of following Immoveable Properties are not held in the name of the Company:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property Plant & Equipment	Leasehold Land-Vijaipur	*	Govt of Madhya Pradesh	No	12.07.1984	Lease Deed is under execution.
Property Plant & Equipment	Free Hold Land - Bathinda	₹ 0.15 crore	Govt of Punjab	No	11.02.1988 10.03.1988 20.01.1988 21.01.1988 23.05.1984	Out of 685.301 Acres of land, 14.261 Acres of land for construction of Fertilizers Minor was acquired at the cost of NFL but there is no provision in the Government rules to transfer the ownership of Government Property.
Property Plant & Equipment	Free hold land at Alwar	**	Urban Improvement Trust, Alwar	No	05.04.1986	The land has not yet been registered in the name of NFL due to on going litigation between Urban Improvement Trust, Alwar and the concerned farmer.

\* The deemed cost of Leasehold Land at Vijaipur Unit as on 01.04.2015 (Transition to Ind AS) was Nil.

\*\* The value of Land at Alwar is ₹ 1, hence figure not given.

### Note: 3 Right-of-Use Assets

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2021	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2022	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2021	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2022	As at 31st March 2022	As at 31st March 2021
Vehicles	7.49	0.72	0.07	8.14	3.56	2.17	0.07	5.66	2.48	3.93
As at 31st March, 2022	7.49	0.72	0.07	8.14	3.56	2.17	0.07	5.66	2.48	3.93
As at 31st March, 2021	6.25	1.30	0.06	7.49	1.63	1.99	0.06	3.56	3.93	

### Amount recognised in Statement of Profit and Loss Account

₹ in Crore

Particulars	FY 2021-22	FY 2020-21
Depreciation charged for the Right of Use Asset	2.17	1.99
Interest Expense	0.32	0.39

The Total Cash Outflow for leases for the year ended March 31, 2022 was ₹ 2.55 crore (CPLY ₹ 2.30 crore)

The following is the movement in lease liabilities during the year ended March 31, 2022:

₹ in Crore

Particulars	FY 2021-22	FY 2020-21
Opening Balance	4.21	4.82
Additions during the period	0.72	1.30
Finance Cost accrued during the period	0.32	0.39
Less : Payment of Lease Liabilities	2.51	2.30
<b>Closing Balance</b>	<b>2.74</b>	<b>4.21</b>
Lease Liabilities - Current (Note No. - 30)	2.00	3.34
Lease Liabilities - Non Current (Note No. - 23)	0.74	0.87

# Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

## Note: 4 Investment Property

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2021	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2022	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2021	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2022	As at 31st March 2022	As at 31st March 2021
BUILDINGS										
Scope Building - New Delhi	1.18	-	-	1.18	0.22	0.04	-	0.26	0.92	0.96
Paryavas Bhawan - Bhopal	0.30	-	-	0.30	0.20	0.03	-	0.23	0.07	0.10
Bajaj Bhawan-Mumbai	0.05	-	-	0.05	-	-	-	-	0.05	0.05
As at 31 <sup>st</sup> March, 2022	1.53	-	-	1.53	0.42	0.07	-	0.49	1.04	1.11
As at 31 <sup>st</sup> March, 2021	1.53	-	-	1.53	0.35	0.07	-	0.42	1.11	

- (i) Title/Lease Deed for Building at Scope Complex, New Delhi is pending for execution.
- ii) The above assets have been determined as Investment Properties with effect from 01.04.2019.

### iii) Information regarding income and expenditure of Investment Property

₹ in Crore

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Rental Income derived from investment properties.</b>	<b>13.35</b>	<b>12.41</b>
Less : Direct operating expenses (including repairs and maintenance) generating rental income	0.33	0.30
Less : Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.01	0.01
<b>Profit arising from investment properties before depreciation and indirect expense</b>	<b>13.01</b>	<b>12.10</b>
Less: Depreciation	0.07	0.07
<b>Profit arising from investment properties before indirect expense</b>	<b>12.94</b>	<b>12.03</b>

### (iv) Title deeds of following Investment Property is not held in the name of the Company.

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Investment Property	3190.46 Sq Mtrs in Core - III, SCOPE Complex, Lodhi Road, New Delhi	1.18	SCOPE	No	19.10.1979	The company is a deemed owner of the property.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 5 Capital Work in Progress

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Building	14.47	12.31
Plant and Machinery	23.80	664.57
Capital Stores	73.88	65.29
Expenditure During Construction Period	-	98.04
	<b>112.15</b>	<b>840.21</b>
<b>Details of Expenditure During Construction Period</b>		
<b>Opening Balance</b>	<b>98.04</b>	<b>48.18</b>
<b>Add: Expenditure during the year:</b>		
Employees' Remuneration & Benefits	0.88	0.98
Power & fuel	2.54	0.70
Project Management fee	0.12	0.50
Other Expenses	1.13	3.82
Finance cost	14.98	45.21
Trial Run Expense	5.85	7.28
<b>Total</b>	<b>25.50</b>	<b>58.49</b>
<b>Total Expenditure</b>	<b>123.54</b>	<b>106.67</b>
<b>Less: Transfer to Property, Plant &amp; Equipment</b>	<b>123.54</b>	<b>8.63</b>
<b>Closing Balance</b>	<b>-</b>	<b>98.04</b>

#### a) CWIP aging schedule as at 31.03.2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	72.97	6.41	32.69	0.08	112.15
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>72.97</b>	<b>6.41</b>	<b>32.69</b>	<b>0.08</b>	<b>112.15</b>

#### b) The following is the list of project under capital-work-in progress as on 31.03.2022, whose completion is overdue or has exceeded its cost compared to its original plan:

CWIP	Name of Scheme	Total Budgeted Cost	Total Actual Cost	Date of Completion as per PO / WO	Expected Date of Completion	To be completed in			
						Less than 1 year	1-2 years	2-3 years	More than 3 years

Nil

# Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

## Note: 6 Other Intangible Assets

₹ in Crore

Description	Gross Block				Amortization				Net Block	
	Gross Carrying Amount as on 1st April 2021	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2022	Accumulated Depreciation as on 1st April 2021	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2022	As at 31st March 2022	As at 31st March 2021
Computer Software	1.01	2.13	-	3.14	0.91	0.39	-	1.30	1.84	0.10
Licence and Know-how	26.18	-	-	26.18	24.97	1.02	-	25.99	0.19	1.21
<b>As at 31<sup>st</sup> March, 2022</b>	<b>27.19</b>	<b>2.13</b>	<b>-</b>	<b>29.32</b>	<b>25.88</b>	<b>1.41</b>	<b>-</b>	<b>27.29</b>	<b>2.03</b>	<b>1.31</b>
<b>As at 31<sup>st</sup> March, 2021</b>	<b>27.16</b>	<b>0.08</b>	<b>0.05</b>	<b>27.19</b>	<b>24.75</b>	<b>1.18</b>	<b>0.05</b>	<b>25.88</b>	<b>1.31</b>	

## Note: 7 Intangible assets under development

₹ in Crore

DESCRIPTION	Gross Block				
	Gross Carrying Amount as on 1st April 2021	Additions	Deductions/ Adjustments	Capitalisation	Gross Carrying Amount as on 31st March 2022
ERP	22.22	4.44	0.32	-	26.34
<b>As at 31st March, 2022</b>	<b>22.22</b>	<b>4.44</b>	<b>0.32</b>	<b>-</b>	<b>26.34</b>
<b>As at 31st March, 2021</b>	<b>0.48</b>	<b>21.74</b>	<b>-</b>	<b>-</b>	<b>22.22</b>

### a) Intangible assets under development aging schedule as on 31.03.2022

Intangible assets under development	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress-ERP	4.44	21.74	0.08	0.08	26.34
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>4.44</b>	<b>21.74</b>	<b>0.08</b>	<b>0.08</b>	<b>26.34</b>

### b) The following is the list of Intangible Assets under Development as on 31.03.2022, whose completion is overdue or has exceeded its cost compared to its original plan:

₹ in Crore

Intangible assets under development	Name of Scheme	Total Budgeted Cost	Total Actual Cost	Date of Completion as per PO / WO	Expected Date of Completion	To be completed in			
						Less than 1 year	1-2 years	2-3 years	More than 3 year
ERP	Implementation of ERP	40.00	32.68	29.07.2021	31.01.2023	6.34	-	-	-

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 8 Investments

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Investment in Equity instruments of Bodies Corporates (Unquoted) #</b>		
<b>Joint Venture Companies</b>		
1,80,002 Equity Shares (CPLY 1,80,002 Equity Shares) with face value of ₹10 each fully paid up in Urvarak Videsh Limited**	0.18	0.18
Provision for impairment in value of investments	(0.16)	(0.16)
(A)	0.02	0.02
49,14,62,400 Equity Shares (CPLY 44,76,28,200 Equity Shares) with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL) <sup>§</sup>	491.46	447.63
(A+B)	491.48	447.65
Aggregate amount of unquoted investments	491.64	447.81
Aggregate provision for diminution in value of investments	(0.16)	(0.16)
	<b>491.48</b>	<b>447.65</b>
<b>Investment in Equity Instruments of Co-operative Societies (Unquoted)*</b>		
1250 Equity Shares (CPLY 1250 Equity Shares) with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*
100 Equity Shares (CPLY 100 Equity Shares) with face value of ₹50 each fully paid up (₹5000) in NFL Employees' Consumer co-operative stores	*	*
Investment in mutual fund (₹5000)	*	*
	<b>491.48</b>	<b>447.65</b>

\* 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	
		31.03.2022	31.03.2021
Urvarak Videsh Limited	India	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00

\*\*Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup on 18.07.2008 for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited was declared Dormant Company from 04.11.2015.

§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. RFCL has declared commercial operation on 22.03.2021. The Annual Urea capacity of plant is 12.71 Lakhs MT.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 9 Loans

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Secured, considered good</b>		
Loans to employees	4.66	5.58
<b>Unsecured, considered good</b>		
Loans to employees	-	0.01
<b>Total</b>	<b>4.66</b>	<b>5.59</b>

### Note : 10 Other Financial Assets

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Security Deposits	25.08	23.71
Fixed Deposit - Margin Money against Bank Guarantees (more than one year)	8.10	8.10
Claims recoverable	1.55	2.28
	<b>34.73</b>	<b>34.09</b>
Unsecured, considered good from above	34.48	33.53
Unsecured, considered doubtful from above	0.25	0.56
Provision for doubtful advances*	(0.25)	(0.56)
<b>Total</b>	<b>34.48</b>	<b>33.53</b>
<b>*Details of Provisions for doubtful advance</b>		
Claims recoverable	0.25	0.56
<b>Total</b>	<b>0.25</b>	<b>0.56</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 11 Other Non-Current Assets

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Unsecured, considered good</b>		
Income Tax Assets (Net)	49.22	48.68
Recoverable Balances with customs and excise authorities	0.85	0.85
Supplier#	129.64	129.64
Others	0.93	1.31
	<b>180.64</b>	<b>180.48</b>
Unsecured, considered good from above	50.99	50.83
Unsecured, considered doubtful from above	129.65	129.65
Provision for doubtful advances <sup>^</sup>	(0.01)	(0.01)
Provision for doubtful advances appropriated from reserve <sup>^</sup>	(129.64)	(129.64)
<b>Total</b>	<b>50.99</b>	<b>50.83</b>
<sup>^</sup> Details of Provisions for doubtful advances		
Suppliers	129.64	129.65
Others	0.01	-
<b>Total</b>	<b>129.65</b>	<b>129.65</b>

# 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.

### Note : 12 Inventories

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Raw materials	4.18	1.07
Add: In transit	1.58	0.36
Work in Progress	34.82	16.43
Finished goods	275.86	57.76
Add: In transit	60.68	40.22
Traded goods	1561.58	109.86
Add: In transit	85.54	0.46
Stores and spares	176.69	193.11
Add: In transit	2.87	3.40
Less: Provision for Obsolescence	1.94	1.83
Loose Tools	0.06	0.05
Packing Materials	25.17	15.12
Add: In transit	1.68	2.02
Others (Carbon Slurry)*	26.52	-
<b>Total</b>	<b>2255.29</b>	<b>438.03</b>

\*Based on expert opinion, during FY 2021-22 stock of Carbon Slurry amounting to ₹ 26.52 crore has been recognised as inventory on account of contractual agreements with third parties considering likely certainty of performance.

# Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

## Note : 13 Trade Receivables

₹ in Crore

Particulars	As at 31st March 2022		As at 31st March 2021	
<b>Trade Receivables outstanding for a period more than six months from the date they are due for payment</b>				
Subsidy (Government of India)#	25.48		46.02	
Others	12.72	38.20	14.63	60.65
<b>Trade Receivables less than six months</b>				
Subsidy (Government of India)#	2608.60		2116.67	
Others	174.82	2783.42	469.75	2586.42
Provision for doubtful receivables		(21.70)		(12.98)
<b>Total</b>		<b>2799.92</b>		<b>2634.09</b>
<b>Aggregate of trade receivables:</b>				
Unsecured, considered good (including secured debts backed by bank guarantees ₹ 16.68 crore, (CPLY ₹1.74 crore)		2799.92		2634.09
Unsecured, considered doubtful		21.70		12.98
Provision for doubtful receivables		(21.70)		(12.98)
<b>Total</b>		<b>2799.92</b>		<b>2634.09</b>

# The Total Subsidy Receivable is ₹ 2634.08 crore (CPLY ₹2162.69 crore).

Pending sale of Urea and P&K fertilizer totalling 5.24 lakh MT through POS device to beneficiaries as on 31.03.2022, subsidy of ₹ 1064.65 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS device and same has been recognized in the current period (CPLY quantities 10.80 lakh MT and subsidy ₹ 1276.70 crore).

### Trade Receivable Ageing Schedule as on 31.03.2022

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	2773.76	0.91	1.56	0.30	23.39	2799.92
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>2773.76</b>	<b>0.91</b>	<b>1.56</b>	<b>0.30</b>	<b>23.39</b>	<b>2799.92</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Trade Receivable Ageing Schedule as on 31.03.2021

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	2585.30	4.86	18.66	23.36	1.91	2634.09
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>2585.30</b>	<b>4.86</b>	<b>18.66</b>	<b>23.36</b>	<b>1.91</b>	<b>2634.09</b>

### Note: 14 Cash and Cash Equivalents

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Balances with banks</b>		
Current accounts	6.24	28.71
Remittances in transit	19.56	10.60
<b>Cash on hand</b>	0.02	0.02
<b>Total</b>	<b>25.82</b>	<b>39.33</b>

### Note: 15 Other Bank Balances

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Fixed Deposit - Margin Money against Bank Guarantees	2.78	2.68
Unclaimed dividend account	0.21	0.21
<b>Total</b>	<b>2.99</b>	<b>2.89</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 16 Loans

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Secured, considered good</b>		
Loans to employees	0.88	1.18
<b>Unsecured, considered good</b>		
Loans to employees	1.77	1.67
<b>Total</b>	<b>2.65</b>	<b>2.85</b>

### Note : 17 Other Financial Assets

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Security Deposits	0.46	0.51
Claims recoverable	89.64	28.39
Interest Accrued but not due on Deposits	5.40	4.44
<b>Total</b>	<b>95.50</b>	<b>33.34</b>
Unsecured, considered good from above	95.50	33.34
<b>Total</b>	<b>95.50</b>	<b>33.34</b>

### Note : 18 Current Tax Assets (Net)

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Advance Tax / TDS	18.79	-
Less : Provision for Tax	(14.51)	-
<b>Total</b>	<b>4.28</b>	<b>-</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 19 Other Current Assets

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Unsecured, considered good unless otherwise stated</b>		
<b>Advances</b>		
Contractors	4.22	6.82
Suppliers *	238.78	85.10
Employees	3.21	2.32
Recoverable/Balances with customs and excise authorities	1.48	1.48
GST Input Credit	280.75	155.31
Non Current Asset Held for Sale#	17.72	1.98
Others	81.12	63.64
<b>Total</b>	<b>627.28</b>	<b>316.65</b>
Unsecured, considered good from above	591.97	277.81
Unsecured, considered doubtful from above	35.31	38.84
Provision for doubtful advances^	(35.31)	(38.84)
<b>Total</b>	<b>591.97</b>	<b>277.81</b>
<b>^ Details of Provisions for doubtful advances</b>		
Contractors	0.32	0.18
Suppliers	6.51	7.21
GST Input Credit	27.46	30.27
Others	1.02	1.18
<b>Total</b>	<b>35.31</b>	<b>38.84</b>

\* Includes amount recoverable on account of Gas Pool Account amounting to ₹ 193.88 crore (CPLY ₹ 56.35 crore)

### # Details of Non-Current Asset Held for Sale

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Plant & Machinery	17.72	1.98

The Company expects to dispose of items classified under "Non Current Asset Held for Sale" within one year.

# Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

## Note : 20 Equity Share Capital

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Authorized</b>	<b>1000.00</b>	<b>1000.00</b>
100,00,00,000 Equity Shares (CPLY 100,00,00,000 Equity Shares) of Rs 10 each		
<b>Issued, Subscribed and Paid -up</b>	<b>490.58</b>	<b>490.58</b>
49,05,78,400 Equity Shares (CPLY 49,05,78,400 Equity Shares) of Rs 10 each fully paid up		
	<b>490.58</b>	<b>490.58</b>

### a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period.

Particulars	31st March 2022		31st March 2021	
	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)
Opening Balance	490578400	490.58	490578400	490.58
Increase during the year	-	-	-	-
<b>Closing Balance</b>	<b>490578400</b>	<b>490.58</b>	<b>490578400</b>	<b>490.58</b>

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 Rs. 10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends. The dividend proposed by the Board of Director is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which is approved by the Board of Directors. In the event of liquidation of the company, the holders of equity share will be entitled to receive the 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 2022		31st March 2021	
	No.	%	No.	%
<b>Equity Shares of ₹10 each fully paid</b>				
i) Government of India	366529532	74.71	366529532	74.71
ii) Life Insurance Corporation of India (LIC)	55523101	11.32	55523101	11.32

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### d. Shareholding of Promoters as under:

Equity Shares held by promoters as on 31.03.2022				% Change during the year
S.No	Promoter name	No. of Shares	%of total shares	
1	Government of India	36,65,29,532	74.71	-
	<b>Total</b>	<b>36,65,29,532</b>	<b>-</b>	<b>-</b>

Equity Shares held by promoters as on 31.03.2021				% Change during the year
S.No	Promoter name	No. of Shares	%of total shares	
1	Government of India	36,65,29,532	74.71	-
	<b>Total</b>	<b>36,65,29,532</b>	<b>-</b>	<b>-</b>

### Note : 21 Other Equity

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Capital Reserve</b>		
Balance at the beginning of the year	2.51	2.51
Balance at the end of the year <b>A</b>	<b>2.51</b>	<b>2.51</b>
<b>General Reserve</b>		
Balance at the beginning of the year	332.89	332.89
Balance at the end of the year <b>B</b>	<b>332.89</b>	<b>332.89</b>
<b>Retained Earnings in Statement of Profit and Loss</b>		
Balance at the beginning of the year	1345.46	1094.96
Less: Dividend Paid	-	-
Less: Adjustment of Bearer Plants	*	*
	1345.46	1094.96
Profit/(Loss) for the year transferred from Statement of Profit and Loss	108.20	249.63
Profit/(Loss) for the year transferred from Other Comprehensive Income	1.90	0.87
Balance at the end of the year <b>C</b>	<b>1455.56</b>	<b>1345.46</b>
<b>Total (A+B+C)</b>	<b>1790.96</b>	<b>1680.86</b>

\* The value of adjustment from Retained Earnings on account of Bearer Plants i.e. Fruit Bearing Trees is ₹ 42726/-, being less than ₹ 50,000/- not appearing.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 22 Borrowings

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Term Loans</b>		
Rupee Term Loan ( Secured)#	629.73	648.01
<b>Total</b>	<b>629.73</b>	<b>648.01</b>

# To meet the funding requirement of Energy Saving and other Capex Schemes, the company has entered into a Rupee Term Loan Agreement with SBI on 24.12.2018 for ₹ 1044 crore.

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.

A sum of ₹ 734.13 crore is outstanding as on 31.03.2022 out of which instalment due for payment upto 31st March 2023 amounting to ₹ 104.40 crore is disclosed on Note: 29 - Borrowings.

Repayment of sanctioned term loan would repayable in 40 quarterly instalments of ₹ 26.10 crore each started from June 2020 and ending in March 2030. The rate of interest on the term loan is 1 year SBI MCLR plus spread of 0.15%. During the year interest rate was 7.10 % p.a.

### Note : 23 Lease Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Lease Liability	0.74	0.87
	<b>0.74</b>	<b>0.87</b>

### Note : 24 Other Financial Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Security Deposits	5.29	6.52
Others#	18.19	16.12
	<b>23.48</b>	<b>22.64</b>

# Includes gross amount of ₹ 24.28 crore (CPLY ₹23.07 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.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 25 Provisions

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for employee benefits *^	205.68	201.47
<b>Total</b>	<b>205.68</b>	<b>201.47</b>
<b>* Item wise breakup of Provisions for employee benefits</b>		
Earned Leave	95.89	88.25
Half Pay Leave	94.93	97.87
Post Retirement Settlement Benefits	1.52	1.58
Long Service Award	0.64	0.74
Social Security Benefits	3.95	4.99
Employees' Family Economic Rehabilitation Scheme	8.75	8.04
<b>Total</b>	<b>205.68</b>	<b>201.47</b>

^ Short term Provision for Employee Benefits of ₹ 227.20 crore is disclosed in Note 33.

### Note: 26 Deferred Government Grant

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Opening Balance#		
Non Current	2116.74	2332.28
Current	204.25	222.99
Add: Addition/Adjustment during the year (AFCP)*	(1.71)	(40.74)
Add: Addition/Adjustment during the year (Others)	1.06	0.58
Less : Govt Grant recognised in Statement of Profit & loss Account (Note No. 37)	198.53	194.12
Less : Transferred Deferred Government Grant Current (Note 34)	194.87	204.25
<b>Total</b>	<b>1926.94</b>	<b>2116.74</b>

# Includes 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 08.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 08.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 08.02.2010 for Nangal Unit which 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'.

Department of Fertilizers vide its notification dated 14.08.2020 have conveyed the decision of government to conclude reimbursement of conversion cost of the plant from FO/LSHS to natural gas by making a one time payment of Rs. 167.55 crore to NFL Nangal, Bathinda & Panipat Units for the said conversion. Accordingly one time payment of Rs. 167.55 crore representing return on own funds for FY 2012-13 to 2017-18 has been recognised in the financial year 2020-21.

\* Represents addition / adjustment 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 Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 27 Deferred Tax Assets / Liability (net)

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Deferred Tax Liability (A)</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.	173.74	153.59
<b>(A)</b>	<b>173.74</b>	<b>153.59</b>
<b>Deferred Tax Assets (B)</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.	137.46	140.13
Losses carried forward	-	-
<b>(B)</b>	<b>137.46</b>	<b>140.13</b>
<b>Net Deferred Tax Liability (A-B)</b>	<b>36.28</b>	<b>13.46</b>

### Movement in deferred tax components

Particulars	At April 1, 2021	Charged or (credited) to profit or loss	At March 31, 2022
Expenses allowed on cash basis	140.13	2.67	137.46
Losses carried forward	-	-	-
Property, Plant & Equipment impact	(153.59)	20.15	(173.74)
<b>Total</b>	<b>(13.46)</b>	<b>22.82</b>	<b>(36.28)</b>

Tax has been computed as per section 115 BAA of the Income Tax Act, 1961.

### Note : 28 Other Non Current Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Others	7.15	8.32
<b>Total</b>	<b>7.15</b>	<b>8.32</b>

# Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

## Note : 29 Borrowings

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Secured</b>		
Cash credit from banks*	10.23	0.02
Working Capital Demand Loan*	1200.13	1108.00
<b>Unsecured</b>		
Commercial Paper	-	-
Short Term loans from Banks	1225.07	27.09
<b>Current maturities of long term borrowings</b>		
Rupee Term Loan\$	104.40	104.40
<b>Total</b>	<b>2539.83</b>	<b>1239.51</b>

\*Cash credit / Working Capital Demand Loan from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation on the whole of the current assets of the borrower namely, Stocks of Raw Materials, Stocks in Process, Semi Finished and Finished Goods, Stores and Spares not relating to Plant & Machinery (Consumable Stores and Spares), Bills receivables and book debts and all other moveables, both present and future of the company.

\$ Details in respect of Interest and terms of repayment of Rupee Term Loan are disclosed in Note : 22 Borrowings.

## Note : 30 Lease Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Lease Liabilities	2.00	3.34
<b>Total</b>	<b>2.00</b>	<b>3.34</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 31 Trade Payables

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Micro and Small Enterprises*	8.36	1.85
Other than Micro and Small Enterprises\$	1437.30	728.32
<b>Total</b>	<b>1445.66</b>	<b>730.17</b>

\*Interest amount due to MSMED parties during the year is not due/accrued/paid or payable.

\$ Includes amount of ₹ 1189.78 crore (CPLY ₹ 492.10 crore) on account of Gas supplies.

#### Trade Payables ageing Schedule as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	8.36	-	-	-	8.36
(ii) Others	1377.03	36.73	20.06	2.84	1436.66
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	0.64	0.64
<b>Total</b>	<b>1385.39</b>	<b>36.73</b>	<b>20.06</b>	<b>3.48</b>	<b>1445.66</b>

#### Trade Payables ageing Schedule as on 31.03.2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	1.85	-	-	-	1.85
(ii) Others	688.88	28.39	7.90	2.48	727.65
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	0.67	0.67
<b>Total</b>	<b>690.73</b>	<b>28.39</b>	<b>7.90</b>	<b>3.15</b>	<b>730.17</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 32 Other Financial Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Creditors for Capital Works	62.81	117.44
Security Deposits	260.29	242.90
Liability for employee benefits / remuneration	34.84	44.26
Unclaimed dividend	0.21	0.21
Unspent amount of CSR yet to be transferred to specified fund account	0.04	1.61
Others\$	662.33	257.29
<b>Total</b>	<b>1020.52</b>	<b>663.71</b>

\$ Includes amount of ₹ 1.32 crore (CPLY ₹1.45 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: 33 Provisions

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for employee benefits*^	227.20	258.46
Provision for Impairment in NFL PF Trust Investment (refer note 52.1.7)	12.16	-
<b>Total</b>	<b>239.36</b>	<b>258.46</b>
<b>*Item wise breakup of provisions for employee benefits:</b>		
Gratuity	190.64	224.98
Earned Leave	15.15	13.53
Half Pay Leave	17.31	16.47
Post Retirement Settlement Benefits	0.23	0.22
Long Service Award	0.20	0.20
Social Security Benefits	1.34	0.78
Employees' Family Economic Rehabilitation Scheme	2.33	2.28
<b>Total</b>	<b>227.20</b>	<b>258.46</b>

^ Long term Provision for Employee Benefits of ₹205.68 crore is disclosed in Note 25.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 34 Deferred Government Grant

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Deferred Government Grant</b>		
AFCP#	194.16	203.83
Others	0.71	0.42
<b>Total</b>	<b>194.87</b>	<b>204.25</b>

# 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 08.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 08.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 08.02.2010 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'.

Non Current Deferred Government Grant is disclosed in Note No. 26.

### Note: 35 Current Tax Liabilities (Net)

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Provision for Corporate Tax</b>		
Provision for tax	-	53.14
Advance Tax / TDS	-	(18.16)
<b>Total</b>	<b>-</b>	<b>34.98</b>

### Note: 36 Other Current Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Advances from Customers	66.70	34.20
Statutory Dues	50.17	32.16
Provision for Statutory Dues	57.41	59.71
<b>Total</b>	<b>174.28</b>	<b>126.07</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 37 Revenue from operations

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>A) Sale of Goods</b>		
Finished goods	2432.83	2362.69
Traded goods	2456.31	2312.76
<b>(a)</b>	<b>4889.14</b>	<b>4675.45</b>
<b>Subsidy from Government of India:</b>		
Finished goods (Urea)	8764.85	5795.02
<b>Traded Goods</b>		
DAP (Di Ammonium Phosphate)	1229.16	596.86
Compost	2.30	3.26
Muriate of Potash	40.34	75.71
NPK	254.21	50.91
APS (Ammonium Phosphate Sulphate)	113.89	117.78
IMP UREA - Govt A/c	171.55	162.07
NPK 10:26:26	138.52	38.91
<b>Total subsidy<sup>§</sup></b>	<b>10714.82</b>	<b>6840.52</b>
<b>Revenue from operations (gross) (a)+(b)</b>	<b>15603.96</b>	<b>11515.97</b>
\$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year	55.06	5.83

Pending sale of Urea and P&K fertilizer totalling 5.24 lakh MT through POS device to beneficiaries as on 31.03.2022, subsidy of ₹ 1064.65 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS device has been recognized in the current period (CPLY quantities 10.80 lakh MT and subsidy ₹1276.70 crore).

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>B) Sale of Services</b>		
i) Training & Recruitment for other organisation	0.07	0.04
ii) Services to Other Organisations	18.89	-
<b>(B)</b>	<b>18.96</b>	<b>0.04</b>

# Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	Year Ended 31st March 2022		Year Ended 31st March 2021	
<b>C) Other Operating Revenue</b>				
i) Amortisation of Deferred Govt Grant*				
AFCP	198.10		190.43	
Others	0.43	198.53	3.69	194.12
ii) Return on own funds (AFCP)#		-		167.55
iii) Forfeiture of Security Deposits etc		0.24		0.10
iv) Liquidated Damages recovered from Contractor / Supplier		7.07		8.75
v) Recovery of Dispatch Money		7.49		1.86
vi) Sale of Scrap		7.13		2.76
vii) Hire Charges of Equipment		0.15		0.07
viii) Recoveries on delayed payment on credit sales		10.62		14.44
ix) Insurance Claims		2.94		-
	( C )	<b>234.17</b>		<b>389.65</b>
<b>Total Revenue from Operations</b>	<b>(A+B+C)</b>	<b>15857.09</b>		<b>11905.66</b>

\*Deferred Govt Grant of ₹ 198.53 crore (CPLY ₹ 194.12 crore) recognised on a systematic basis over the useful life of the AFCP and Other Assets. The corresponding depreciation is appearing in Note No. 46.

# Includes 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 08.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 08.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 08.02.2010 for Nangal Unit which 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'.

Department of Fertilizers vide its notification dated 14.08.2020 have conveyed the decision of government to conclude reimbursement of conversion cost of the plant from FO/LSHS to natural gas by making a one time payment of ₹ 167.55 crore to NFL Nangal, Bathinda & Panipat Units for the said conversion. Accordingly one time payment of ₹ 167.55 crore representing return on own funds for FY 2012-13 to 2017-18 has been recognised in the financial year 2020-21.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 38 Other Income

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>A) Interest Income on Financial Assets measured at amortised cost</b>		
i) Term Deposits	1.45	2.08
ii) Loan to employees	0.25	0.29
iii) Unwinding of Interest accrued on Deposits	1.76	5.48
iv) Others	1.23	1.26
<b>(A)</b>	<b>4.69</b>	<b>9.11</b>
<b>B) Non Operating Income</b>		
i) Profit on Sale of Assets	2.08	1.15
ii) Rent	21.24	17.77
iii) Others	6.32	5.31
<b>(B)</b>	<b>29.64</b>	<b>24.23</b>
<b>(A+B)</b>	<b>34.33</b>	<b>33.34</b>

### Note: 39 Cost of material consumed

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Raw Material (A)</b>		
Inventory at the beginning of the year	1.42	0.47
Purchases	5969.79	3471.92
	<b>5971.21</b>	<b>3472.39</b>
Less: Inventory at the end of the year	(5.76)	(1.42)
Cost of raw material consumed	<b>5965.45</b>	<b>3470.97</b>
<b>Packing material (B)</b>	200.90	178.40
<b>Stores and spares ( C)</b>	53.08	48.80
<b>Loose Tools ( D)</b>	0.01	0.02
<b>Cost of material consumed (A+B+C+D)</b>	<b>6219.44</b>	<b>3698.19</b>
<b>Itemwise break up of raw material consumed</b>		
Natural Gas	5926.31	3457.60
Others	39.14	13.37
<b>Total</b>	<b>5965.45</b>	<b>3470.97</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 40 Purchase of Stock- in- Trade

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Traded goods purchased</b>		
<b>Imported</b>		
Di Ammonium Phosphate (DAP)	3256.36	1067.00
Ammonium Phosphate Sulphate (APS)	182.69	274.05
Muriate of Potash (MOP)	(2.75)*	191.81
NPK (12:32:16)	512.66	62.12
NPK (10:26:26)	246.12	69.63
<b>Indigenous</b>		
Imported Urea - Govt A/c	362.76	371.21
Agro Chemicals	22.72	15.53
Seeds	58.76	42.95
Compost	9.71	7.42
SSP Powder	9.62	9.33
SSP Plain	5.90	5.10
Water Soluble Fertilizer	10.38	2.40
Ammonia	95.38	-
RFCL Urea	195.24	0.15
POTASH from MOLASSES	0.19	-
FACT AMFOS (CD)	58.84	-
Bentonite Sulphur	1.72	-
<b>Total</b>	<b>5026.30</b>	<b>2118.70</b>

\* Negative due to Price Adjustment.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 41 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Opening inventories</b>		
Work in Progress	16.43	25.31
Finished goods	97.98	461.35
Traded goods	110.33	498.69
<b>(A)</b>	<b>224.74</b>	<b>985.35</b>
<b>Closing inventories</b>		
Work in Progress	34.82	16.43
Finished goods	336.54	97.98
Traded goods	1650.96	110.33
Less : Misappropriation of Stock (refer note no. 57)	(3.84)	-
Others	26.52	-
<b>(B)</b>	<b>2045.00</b>	<b>224.74</b>
<b>Net (Increase)/decrease in inventories</b>	<b>(1820.26)</b>	<b>760.61</b>
<b>(A-B)</b>		

### Note: 42 Employee benefits expense

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Salaries, Wages and Bonus	511.75	503.79
Contribution to Provident and Other Funds	51.94	51.00
Gratuity Expenses	23.55	23.10
Welfare expenses#	61.66	48.44
<b>Total</b>	<b>648.90</b>	<b>626.33</b>

# Includes payment of ₹3.17 crore (CPLY ₹3.10 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme and also includes provision of ₹12.16 crores for Impairment in PF Trust Investment (refer note 52.1.7)

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 43 Power and fuel

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Purchased power	99.00	134.69
Coal	394.26	626.25
Natural gas	3526.55	1770.24
Cess on Electricity	20.46	18.47
<b>Total</b>	<b>4040.27</b>	<b>2549.65</b>

### Note: 44 Repair and Maintenance

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Plant and machinery	79.58	64.11
Buildings	6.58	7.68
Others	9.77	8.43
<b>Total</b>	<b>95.93</b>	<b>80.22</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 45 Finance Costs

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Interest :</b>		
Cash credit	4.00	11.28
Commercial Papers	38.32	210.68
Short term loans	47.23	37.15
Rupee Term Loan	34.11	10.39
Unwinding of Interest accrued on Deposits	1.96	12.55
Others	6.39	6.50
<b>Other Borrowing Cost</b>	0.95	2.68
<b>Total</b>	<b>132.96</b>	<b>291.23</b>

### Note: 46 Depreciation and Amortization Expense

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Depreciation / Amortization on tangible assets*	330.91	309.03
Depreciation on Investment Property	0.07	0.07
Depreciation on Right to Use Asset	2.17	1.99
Amortization of intangible assets	1.40	1.18
<b>Total</b>	<b>334.55</b>	<b>312.27</b>

\*Depreciation includes ₹ 198.53 crore (CPLY ₹ 194.12 crore) towards Assets of AFCP / PoS Devices / Others purchased from Govt Grant / retailer margin and equivalent amount is appearing as Govt Grant Income in Note 37.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 47 Other Expenses

₹ in Crore

Particulars	Year Ended 31st March 2022		Year Ended 31st March 2021	
Rent		0.53		0.56
Rent for Godown		8.13		11.46
Rates and Taxes		7.56		3.00
Insurance		34.85		26.08
<b>Auditors' remuneration:</b>				
Audit Fee	0.30		0.28	
Tax Audit Fee	0.08		0.08	
Certification and Other Fee	0.30		0.29	
Out of pocket expenses	0.09	0.77	0.08	0.73
Cost Audit Fee		0.03		0.03
Security Expenses		65.38		61.02
Printing and Stationery		0.94		0.94
Advertisement, Publicity and Sales Promotion		3.26		2.44
Directors' Fees		0.10		0.07
Telephone and Postage		2.32		1.83
Travelling		3.31		1.78
Water Charges		28.56		24.30
<b>Provision for:</b>				
Doubtful Advances & Debts	3.84		4.11	
Un-utilised GST Input Credit	(2.81)		6.52	
Others	0.12	1.15	0.10	10.73
<b>Write Off:</b>				
Stores and Spares	4.18		3.93	
Fixed Assets	0.12		0.13	
Others	0.47	4.77	0.03	4.09
Legal Expenses		0.31		0.61
Bank Charges		4.20		3.11
Demurrage and Wharfage		1.69		1.04
Exchange rate variation (net)		8.72		19.03
CSR Expenditure (refer note 58)		3.45		13.04
Miscellaneous expenses		42.64		34.80
<b>Total</b>		<b>222.67</b>		<b>220.69</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 48 Income Tax Expense

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Current Tax</b>		
Current Tax on Profits for the year	14.51	53.15
Adjustments for Current Tax of prior periods	(0.07)	(0.11)
<b>Total Current tax expense (A)</b>	<b>14.44</b>	<b>53.04</b>
<b>Deferred Tax</b>		
Decrease / (increase) in deferred tax assets	2.67	44.75
(Decrease) / increase in deferred tax liabilities	20.15	(3.66)
<b>Total Deferred Tax Expense / (Benefits) (B)</b>	<b>22.82</b>	<b>41.09</b>
<b>(A+B)</b>	<b>37.26</b>	<b>94.13</b>
Income Tax Relating to Other Comprehensive Income	(0.64)	(0.30)
<b>Income Tax Expense</b>	<b>36.62</b>	<b>93.83</b>

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Reconciliation of the tax expense and the accounting profit multiplied by tax rate</b>		
<b>Profit before tax</b>	<b>144.82</b>	<b>343.46</b>
Tax at the enacted rate of 25.168%	36.45	86.44
<b>Add :</b>		
<b>Tax effect of amount not deductible (taxable) while calculating taxable income</b>		
Add :CSR Expense	0.87	3.28
Add : Interest on Income Tax	0.23	0.58
Add: Payment To Special Welfare Fund Not Allowable	0.01	0.01
Others	(0.94)	3.52
<b>Total Income Tax Expense</b>	<b>36.62</b>	<b>93.83</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 49 Earning per share

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Profit/(Loss) after Tax (₹ in Crore)	108.20	249.63
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	2.21	5.09

The Company has not issued any security which will have the effect of diluting earnings on equity.

### Note 50 : Contingent liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Claims against the Company not acknowledged as debts</b>		
<b>a. Pending Appellate/Judicial decisions:</b>		
Income tax	34.94	33.08
Excise, Customs, GST and Service Tax	13.73	13.47
Sales Tax and Value Added Tax	6.93	7.70
Land compensation/ development claims	1.25	1.19
Arbitration and civil cases	62.80	60.85
<b>b. Other claims</b>	1.58	1.88
<b>c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable</b>	-	-
<b>Total</b>	<b>121.23</b>	<b>118.17</b>

In Contingent Liability cases, interest on Statutory demands is recognised on receipt of demand notice.

### Note 51: Capital and other commitments

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:</b>		
(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	213.79	150.49
(ii) Unutilized amount of Letter of Credit	625.56	248.18

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### 52.1 Ind AS-19: Employee Benefits

#### 52.1.1 General description of defined benefit schemes:

<b>Gratuity</b>	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.
<b>Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}</b>	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.
<b>Long Service Award (LSA)</b>	Payable to employees on completion of specified years of service.
<b>Post Retirement Settlement Benefits (PRSB)</b>	Post Retirement Settlement Benefits (PRSB) for settlement at home town for employees and dependents
<b>Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:</b>	
<b>Social Security Benefits (SSB)</b>	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).
<b>Employees' Family Economic Rehabilitation Scheme (EFERS)</b>	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

#### 52.1.2 Provident Fund:

The Provident Fund contributions are made to a Trust. 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 ₹ 36.46 crore (CPLY ₹ 35.70 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, 2022.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### 52.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ in Crore

Particulars	Gratuity		EL		HPL		PRSB		LSA		PF	
	21-22	20-21	21-22	20-21	21-22	20-21	21-22	20-21	21-22	20-21	21-22	20-21

#### (i) Reconciliation of present value of defined benefit obligations and plan assets:

1. Present value of projected benefit obligations at beginning of the year	308.59	314.96	101.78	102.63	114.34	111.95	1.80	1.77	0.94	0.50	1278.69	1187.19
2. Acquisition adjustment	-	0.21	-	-	-	-	-	-	-	-	-	-
3. Service Cost	8.15	9.27	6.21	9.51	4.51	4.84	0.07	0.07	0.05	0.05	36.46	35.70
4. Past Service Cost	-	-	-	-	-	-	-	-	-	0.45	-	-
5. Interest Cost	20.61	21.36	6.80	6.96	7.64	7.59	0.12	0.12	0.06	0.04	101.39	100.59
6. Actuarial (Gains) / Losses	(2.69)	0.03	31.28	20.36	(4.12)	(2.28)	(0.04)	0.02	(0.02)	0.03	1.43	(0.13)
7. Benefits Paid	(38.53)	(37.24)	(35.04)	(37.68)	(10.13)	(7.76)	(0.20)	(0.18)	(0.18)	(0.13)	(178.63)	(121.35)
8. Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	78.70	75.77
9. Transfer in	-	-	-	-	-	-	-	-	-	-	1.39	0.92
10. Present value of projected benefit obligations at close of the year [1 to 9]	296.13	308.59	111.03	101.78	112.24	114.34	1.75	1.80	0.85	0.94	1319.43	1278.69
11. Fair Value of Plan assets at close of the year	(105.49)	(83.61)	-	-	-	-	-	-	-	-	1323.20	1289.10
12. Net Liability recognized in Balance Sheet at close of the year [10-11]	190.64	224.98	111.03	101.78	112.24	114.34	1.75	1.80	0.85	0.94	-	-

#### (ii) Reconciliation of fair value of assets and obligations [Refer Foot Note a below]:

1. Fair value of plan assets at beginning of the year	83.61	110.88	-	-	-	-	-	-	-	-	1289.10	1221.00
Opening Adjustment as per balance sheet	-	-	-	-	-	-	-	-	-	-	-	-
2. Acquisition adjustment	-	0.21	-	-	-	-	-	-	-	-	80.09	76.69
3. Expected Return on plan assets	5.58	7.52	-	-	-	-	-	-	-	-	101.39	100.59
4. Actual Company's contribution	55.02	-	-	-	-	-	-	-	-	-	36.46	35.70
5. Actuarial Gains/(Losses)	(0.20)	1.23	-	-	-	-	-	-	-	-	(5.21)	(23.53)
6. Benefits Payments	(38.52)	(36.23)	-	-	-	-	-	-	-	-	(178.63)	(121.35)
7. Past service Cost	-	-	-	-	-	-	-	-	-	-	-	-
8. Fair value of plan assets at close of the year (1 to 7)	105.49	83.61	-	-	-	-	-	-	-	-	1323.20	1289.10
9. Present value of defined benefit obligation	296.13	308.59	-	-	-	-	-	-	-	-	1319.43	1278.69
10. Net liability recognized in the Balance Sheet at close of the year [9-8]	190.64	224.98	-	-	-	-	-	-	-	-	-	-

#### (iii) Expenses recognized in the Statement of Profit & Loss:

1. Service Cost	8.15	9.27	6.21	9.51	4.51	4.84	0.07	0.07	0.05	0.05	36.46	35.70
2. Past Service Cost	-	-	-	-	-	-	-	-	-	0.45	-	-
3. Interest Cost	20.61	21.36	6.80	6.96	7.64	7.59	0.12	0.12	0.06	0.04	101.39	100.59
4. Actuarial (Gains) / Losses	(2.49)	(1.20)	31.28	20.36	(4.12)	(2.28)	(0.04)	0.02	(0.02)	0.03	1.43	(0.13)
5. Expected return on Plan Assets	(5.58)	(7.52)	-	-	-	-	-	-	-	-	(101.39)	(100.59)
6. Total charged to P&L Account	20.69	21.91	44.29	36.83	8.03	10.15	0.15	0.21	0.09	0.57	-	-

**(iv) Actuarial assumptions:**

Particulars	As at 31st March 2022	As at 31st March 2021
1. Method used	Projected Unit credit	Projected Unit credit
2. Discount Rate (per annum)	7.00%	6.68%
3. Mortality Rate	Indian assured lives mortality (2012-14) modified ultimate	Indian assured lives mortality (2012-14) modified ultimate
4. Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Executives 3%/2%/1%, depending upon age	Executives and Non Executives 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):**

Particulars	As at 31st March 2022	As at 31st March 2021
1. Discount Rate (per annum)	7.00%	6.68%
2. Interest Rate Guarantee	8.10%	8.50%

**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	7.33	(6.96)
2.	Earned Leave	3.68	(3.43)
3.	Half Pay Leave	2.83	(2.69)

**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	(2.62)	2.46
2.	Earned Leave	(3.48)	3.70
3.	Half Pay Leave	(2.73)	2.85

**Foot Note:**

- a 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 ₹ 190.64 crore (CPLY ₹224.98 crore) is unfunded as on 31st March, 2022. Other defined benefit obligations are unfunded.

**52.1.4 Other Employee Benefit Schemes:**

Provision of ₹0.27 crore (CPLY ₹1.20 crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits Scheme has been charged on the basis of actuarial valuation and credited to the Statement of Profit and Loss account. A net liability of ₹ 16.36 crore (CPLY ₹16.09 crore) has been recognized in the Balance Sheet as at 31st March 2022 on account of these schemes.

**52.1.5 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.

**52.1.6 The major categories of plans assets are as follows:**

Particulars	31st March 2022				31st March 2021			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Equity instruments	23.36	-	23.36	1.81	11.96	-	11.96	0.94
Debt instruments	1256.02	-	1256.02	97.50	1249.61	-	1249.61	98.65
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	8.86	8.86	0.69	-	5.15	5.15	0.41
<b>Total</b>	<b>1279.38</b>	<b>8.86</b>	<b>1288.24</b>	<b>100.00</b>	<b>1261.57</b>	<b>5.15</b>	<b>1266.72</b>	<b>100.00</b>

₹ in Crore

**52.1.7** The Employee benefit of Provident Fund is administered through a separate NFL Employees Provident Fund Trust. Out of the investment made by PF trust in the past, one issuer of security has defaulted in payments. The value of Investment is ₹ 15.20 crore. Considering the Employers obligation to make good the loss in value of investment under Provident Fund Regulations, pending assessment of actual loss the Company has provided for 80% of value of investment amounting to ₹ 12.16 crore in the current year and charged to Statement of Profit & Loss.

**Note 53 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

- Own Fertilizers ( Urea, Bio Fertilizers and Bentonite Fertilizers)
- Fertilizers Trading (Indigenous and Imported)
- 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).

**53.1.1 Geographical Segment:**

The operations of the company are conducted within India and there is no separate reportable geographical segment.

### 53.1.2 The disclosure of segment-wise information is as below:

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b><u>Segment Revenue</u></b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	10826.87	8275.96
Fertilizer Trading	4216.76	3276.33
Other Products & Services	917.11	389.35
Less : Eliminations	103.65	35.98
<b>Total Segment Revenue</b>	<b>15857.09</b>	<b>11905.66</b>
<b><u>Segment Results</u></b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	(277.74)	289.71
Fertilizer Trading	368.75	285.02
Other Products & Services	254.36	113.77
<b>Total Segment Results</b>	<b>345.37</b>	<b>688.50</b>
Finance expenses	132.96	291.23
Unallocable Expenses (Net of unallocable income)	67.59	53.81
<b>Profit / (Loss) Before exceptional item &amp; tax</b>	<b>144.82</b>	<b>343.46</b>
Exceptional Item	-	-
<b>Profit / (Loss) Before Tax</b>	<b>144.82</b>	<b>343.46</b>
Provision for Tax	36.62	93.83
<b>Profit After Tax</b>	<b>108.20</b>	<b>249.63</b>
Other comprehensive income (net of taxes)	1.90	0.87
<b>Total Comprehensive Income</b>	<b>110.10</b>	<b>250.50</b>
<b><u>Segment Assets</u></b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	7610.46	5971.17
Fertilizer Trading	1973.67	785.13
Other Products & Services	127.73	122.12
Unallocable	1016.20	1565.02
<b>Segment Assets</b>	<b>10728.06</b>	<b>8443.44</b>
<b><u>Segment Liabilities</u></b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4392.79	3869.39
Fertilizer Trading	610.74	212.82
Other Products & Services	65.01	52.13
Unallocable	3377.98	2137.66
<b>Segment Liabilities</b>	<b>8446.52</b>	<b>6272.00</b>
<b><u>Capital Expenditure</u></b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	965.09	201.52
Fertilizer Trading	-	-
Other Products & Services	0.37	0.74
Unallocable	1.09	1.33
<b>Capital Expenditure</b>	<b>966.55</b>	<b>203.59</b>
<b><u>Depreciation and Amortisation expenses</u></b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	324.56	300.53
Fertilizer Trading	-	-
Other Products & Services	7.60	8.56
Unallocable	2.40	3.18
<b>Depreciation and Amortisation expenses</b>	<b>334.56</b>	<b>312.27</b>
<b><u>Non-cash expenses other than Depreciation and Amortisation</u></b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4.93	6.04
Fertilizer Trading	9.70	27.81
Other Products & Services	-	-
Unallocable	-	0.01
<b>Non-cash expenses other than Depreciation and Amortisation</b>	<b>14.63</b>	<b>33.86</b>

# Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

## Note 54 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 Nirlep Singh Rai  
Chairman & Managing Director w.e.f. 06.09.2021  
and additional charge of Director (Technical)
- (ii) Shri V. N. Datt,  
Chairman & Managing Director (Additional  
Charge upto 05.09.2021) and Director (Marketing)  
upto 02.12.2021.
- (iii) Shri Y. P. Bhola  
Director (Finance) upto 31.12.2021
- (iv) Shri Ashok Jha  
Company Secretary

### C.) Key management personnel compensation

₹ in Crores

	31st March 2022	31st March 2021
Short-term employee benefits	1.57	2.04
Post-employment benefits	-	-
Other Long-term employee benefits	0.61	0.45
Termination benefits	-	-
Share based payment	-	-
<b>Total Compensation</b>	<b>2.18</b>	<b>2.49</b>

### D.) Transactions with Related parties:

- (i) During the year, there were transactions of ₹ 407.53 crore (CPLY ₹147.17 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹ 43.83 crore (CPLY ₹106.10 crore) and others ₹ 363.70 crore (CPLY ₹41.07 crore). The amount recoverable from Ramagundam Fertilizers & Chemicals Limited as on 31.03.2022 is ₹ 47.83 crore (CPLY ₹ 6.44 crore) and amount payable to Ramagundam Fertilizers & Chemicals Limited as on 31.03.2022 is ₹ 50.21 crore (CPLY ₹ 0.16 crore)
- (ii) Remuneration to Key Management Personnel at (C) above is ₹ 2.18 crore (CPLY ₹ 2.49 crore). In addition to the above, they are eligible for non monetary perquisites as per Government of India guidelines.

## Note 55 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 56

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.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note 57

Misappropriation of stock of fertilizers by a Stockist under Godown Agreement with the company has been reported in FY 2021-22 and police complaint in the matter has been filed. The matter is under investigation. Further, cost of stock amounting to ₹ 3.84 Crores has been debited to stockist. Due to uncertainty of recovery, provision for doubtful recoverable has been created in the Books of Accounts.

### Note 58

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 Crores

Particulars	Current period	Previous period
A. Balance of CSR Fund carried forward from earlier year	-	9.64
B. Amount required to be spent during the year (As per Companies Act)	3.45	3.40
C. Total (A+B)	3.45	13.04
D. CSR cash expenses during the year	2.16	6.05
E. Provision made for CSR ongoing projects expenses for the amount to be deposited in separate Bank Account.	1.25	5.38
F. Provision made for unspent CSR expenditure (Other than Ongoing projects).	0.04	1.61
G. Closing Balance of CSR Fund (C-D-E-F)	-	-

Break-up of the CSR expenses including provision of Rs. 1.25 crore under major heads is as under:

₹ in Crores

Particulars	Amount
1. Health and Sanitation	3.13
2. Education & Skill Development	0.28
3. Promoting gender, empowering women, setting up homes	-
4. Environmental & Sustainability	-
5. Measure for the benefit of Armed Force	-
6. Training to Promote Rural Sports, paralympic sports	-
7. Rural Development projects	-
<b>Total</b>	<b>3.41</b>

₹ 1.25 crore towards unspent amount of "Ongoing Project" has been transferred to a separate Bank Account as per the provisions of Section 135 (6) of the Companies Act, 2013.

Further, ₹ 0.04 crores towards unspent amount of "Other than Ongoing Project" shall be transferred to a fund specified in Schedule VII within a period of six months from the expiry of the financial year as per provisions of Section 135 (5) of the Companies Act, 2013.

### Note: 59 Remittance in foreign currencies for dividends

The Company has not paid any Dividend during Financial Year 2021-22.

# Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

## Note : 60 Fair Value Measurement

### Financial instruments by category

₹ in Crore

Particulars	March 31, 2022			March 31, 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial Assets</b>						
Investment	-	-	491.48	-	-	447.65
Loan	-	-	7.31	-	-	8.44
Other Financial Assets	-	-	129.98	-	-	66.87
Trade Receivables	-	-	2799.92	-	-	2634.09
Cash and Cash Equivalents	-	-	25.82	-	-	39.33
Other Bank Balances	-	-	2.99	-	-	2.89
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>3457.50</b>	<b>-</b>	<b>-</b>	<b>3199.27</b>
<b>Financial Liabilities</b>						
<b>Borrowings</b>						
Term Loan	-	-	629.73	-	-	648.01
Borrowings	-	-	2539.83	-	-	1239.51
Lease Liabilities	-	-	2.74	-	-	4.21
Other Financial Liabilities	-	-	778.42	-	-	436.93
Security Deposits	-	-	265.58	-	-	249.42
Trade Payables	-	-	1445.66	-	-	730.17
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>5661.96</b>	<b>-</b>	<b>-</b>	<b>3308.25</b>

### (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 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
<b>Financial Investments at FVTPL:</b>					
Investment in NFL Employees'					
Consumer co-operative stores		-	-	-	-
<b>Financial Investments at FVOCI:</b>					
		-	-	-	-
<b>Total Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>					
		-	-	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
<b>Financial Investments at FVTPL:</b>					
Investment in NFL Employees'					
Consumer co-operative stores		-	-	-	-
Financial Investments at FVOCI:		-	-	-	-
<b>Total Financial Assets</b>		-	-	-	-
<b>Financial Liabilities</b>		-	-	-	-
<b>Total Financial Liabilities</b>		-	-	-	-

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

₹ in Crores

At 31st March 2022	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Investment		-	-	491.48	491.48
Loans		-	-	7.31	7.31
Other Financial Assets		-	-	129.98	129.98
Trade Receivables		-	-	2799.92	2799.92
Cash and Cash Equivalents		-	-	25.82	25.82
Other Bank Balances		-	-	2.99	2.99
<b>Total Financial Assets</b>		-	-	<b>3457.50</b>	<b>3457.50</b>
<b>Financial Liabilities</b>					
<b>Borrowings</b>					
Term Loan		-	-	629.73	629.73
Borrowings		-	-	2539.83	2539.83
Lease Liability		-	-	2.74	2.74
Other Financial Liabilities		-	-	778.42	778.42
Security Deposits		-	-	265.58	265.58
Trade Payables		-	-	1445.66	1445.66
<b>Total Financial Liabilities</b>		-	-	<b>5661.96</b>	<b>5661.96</b>

At 31st March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Investment		-	-	447.65	447.65
Loan		-	-	8.44	8.44
Other Financial Assets		-	-	66.87	66.87
Trade Receivables		-	-	2634.09	2634.09
Cash & Cash Equivalents		-	-	39.33	39.33
Other Bank Balances		-	-	2.89	2.89
<b>Total Financial Assets</b>		-	-	<b>3199.27</b>	<b>3199.27</b>

	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>					
<b>Borrowings</b>					
Term Loan		-	-	648.01	648.01
Borrowings		-	-	1239.51	1239.51
Lease Liability		-	-	4.21	4.21
Other Financial Liabilities		-	-	436.93	436.93
Security Deposits		-	-	249.42	249.42
Trade Payables		-	-	730.17	730.17
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>3308.25</b>	<b>3308.25</b>

**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, 2022	N.A.	-
As at 31st March, 2021	N.A.	-

## (iv) Fair value of financial assets and liabilities measured at amortised cost

₹ in Crore

Particulars	March 31, 2022		March 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Investment	491.48	491.48	447.65	447.65
Loan	7.31	7.31	8.44	8.44
Other Financial Assets	129.98	129.98	66.87	66.87
Trade Receivables	2799.92	2799.92	2634.09	2634.09
Cash & Cash Equivalents	25.82	25.82	39.33	39.33
Other Bank Balances	2.99	2.99	2.89	2.89
<b>Total Financial Assets</b>	<b>3457.50</b>	<b>3457.50</b>	<b>3199.27</b>	<b>3199.27</b>
<b>Financial Liabilities</b>				
<b>Borrowings</b>				
Term Loan	629.73	629.73	648.01	648.01
Borrowings	2539.83	2539.83	1239.51	1239.51
Lease Liability	2.74	2.74	4.21	4.21
Other Financial Liabilities	778.42	778.42	436.93	436.93
Security Deposits	265.58	265.58	249.42	249.42
Trade Payables	1445.66	1445.66	730.17	730.17
<b>Total Financial Liabilities</b>	<b>5661.96</b>	<b>5661.96</b>	<b>3308.25</b>	<b>3308.25</b>

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 2021-22 is 7.00% (CPLY 7.75%). 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 Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 61 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 Forex Risk Management Committee (FRMC) / central treasury department and marketing department under Co's policies approved by the Board of Directors. FRMC/Treasury identifies, evaluates and hedges financial risks. The Board provides policy 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 ₹ 2821.62 crore and ₹2647.07 crore as of March 31, 2022 and March 31, 2021, 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, establishing 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	31.03.2022 ₹ in crore	% of Total Debtors	31.03.2021 ₹ in crore	% of Total Debtors
Govt of India (Subsidy)	2634.08	93.35	2162.69	81.70
Institutional Dealers	87.52	3.10	168.04	6.35
Private Dealers	100.02	3.54	316.34	11.95
<b>Total Trade Receivables</b>	<b>2821.62</b>	<b>100.00</b>	<b>2647.07</b>	<b>100.00</b>
	<b>31.03.2022</b>	<b>% of Debtors to Total Sales</b>	<b>31.03.2021</b>	<b>% of Debtors to Total Sales</b>
<b>Total Sales</b>	<b>15603.96</b>	<b>18.08</b>	<b>11515.97</b>	<b>22.99</b>

Note - The Total Subsidy Receivable is ₹ 2634.08 crore (CPLY ₹ 2162.69 crore).

**(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 given 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

Particulars	31 March, 2022	31 March, 2021
<b>Floating rate</b>		
Expiring within one year (Bank Overdraft/CC Limit and other facilities)	4,564.57	7,187.41

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.

**(C) Market Risk – Foreign Exchange**

The Position of Hedged Foreign Currency exposures are as under:-

₹ in Crore

Particulars	Hedged Exposures	Cross Currency	As on 31.03.2022	As on 31.03.2021
Foreign Currency exchange contracts	Trade Exposure for import of fertilizers	-	593.41	123.24
	Foreign Currency Term Loan (ECB)	-	-	-

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:-

₹ in Crore

Particulars	As on 31.03.2022	As on 31.03.2021
Foreign Currency Term Loan (ECB)	-	*
Trade Exposure for import of fertilizers	-	69.76

\*ECB Loan repaid in September 2020.

# Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

## Note : 62 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 Government 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 Crore

Particulars	31 March, 2022	31 March, 2021
Debt	629.73	648.01
Total equity	2281.54	2171.44
<b>Debt to equity ratio (in times)</b>	<b>0.28</b>	<b>0.30</b>

### (b) Dividends

₹ in Crore

Particulars	31 March, 2022	31 March, 2021
<b>Equity shares</b>		
Interim dividend for the year ended 31 March 2022 (31 March 2021 - Nil)	-	-
Final dividend for the year ended 31 March 2021 (31 March 2020 - Nil)	-	-

## Note : 63 COVID - 19 Impact Analysis:

During the year ended 31st March 2022, the Company's production, dispatches, sales and market collections largely remained unaffected. The Company has been able to operate all its five plants at normal levels.

Delay in execution of Energy Saving Schemes due to stoppage of project activities at site because of delay in the visit of foreign experts for commissioning of these projects due to travel restrictions arising from COVID-19. However, Energy Saving Schemes have been completed during current financial year at all units.

As per current assessment, no significant impact on carrying amount of inventories, Property Plant & Equipment, intangible assets, trade receivables, investment and other financial assets is expected and Company continues to monitor the change in future economic conditions. The Management does not perceive any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However, the actual impact of COVID-19 on the Company's financial statements may differ from the current assessment.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 64 Additional Regulatory Information

Sr.	Particulars	Numerator	Denominator	₹ in crore		% variance	Reasons for variance	
				2021-22	2020-21			
1 Current Ratio								
1.a		Current Assets	Current Liabilities	5778.42	3428.34		Variance < 25%	
1.b		Less: Assets held for Disposals		(17.72)	(1.98)			
1.c		Current Assets		5760.70	3426.36			
1.d				5616.52	3260.49			
1.e				(194.87)	(204.25)			
1.f				Current Liabilities	5421.65			3056.24
Current ratio (1.c/1.f)				1.06	1.12	-5.22%		
2. Debt-Equity Ratio								
2.a		Long Term Borrowings	Equity Share Capital	629.73	648.01		Debt Equity ratio has increased mainly due to increase in short term borrowings during current year to finance increased Current Assets.	
2.b		Add: Short Term borrowings		2539.83	1239.51			
2.c		Total Debt		3169.56	1887.52			
2.d				490.58	490.58			
2.e				1790.96	1680.86			
2.f				Equity (Shareholders Funds)	2281.54			2171.44
Debt-Equity Ratio (2.c/2.f)				1.39	0.87	59.82%		
3. Debt service coverage ratio								
3.a		Profit After Tax	Actual Interest (paid basis)	108.20	249.63		Debt Service Coverage Ratio has improved mainly due to decrease in Interest expense and principal repayments which was partially offset by decrease in earnings available for Debt-service.	
3.b		Add : Depreciation and amortisation		334.55	312.27			
3.c		Add: Finance cost		132.96	291.23			
3.d		Add: Loss on Sale of Assets		-	-			
3.e		Earnings Available for Debt-Service		575.71	853.13			
3.f				132.88	277.56			
3.g				104.40	170.36			
3.g				Total Debt service	237.28			447.92
Debt service coverage ratio (3.d/3.g)				2.43	1.90	27.39%		
4. Return on Equity (ROE)								
4.a		Profit After Taxes	Average Shareholder's Equity	108.20	249.63		Return On Equity has decreased mainly due to decrease in Profit after tax. Profit for the current year are lower mainly due to lower production, tightening of energy norms.	
4.b				Average Shareholder's Equity	2171.44			1920.94
4.c				Opening Shareholder's Equity	2281.54			2171.44
4.d				Closing Shareholder's Equity	2226.49			2046.19
4.d				Average Shareholder's Equity	2226.49			2046.19
Return on Equity (ROE) (4.a/4.d)				4.86%	12.20%	-60.17%		
5. Inventory Turnover Ratio								
5.a	Sales		Opening Inventory of Finished Goods	15603.96	11515.97		Inventory Turnover Ratio has decreased mainly due to higher inventory of traded goods as on 31.03.2022.	
5.b				97.98	461.35			
5.c				Opening Inventory of Traded goods	110.32			498.69
5.d				Total Opening Inventory	208.30			960.04
5.e				Closing Inventory of Finished Goods	336.54			97.98
5.f				Closing Inventory of Traded goods	1647.12			110.32
5.g				Total closing Inventory	1983.66			208.30
5.h				Average Inventory {(5.d+5.g)/2}	1095.98			584.17
Inventory Turnover Ratio (5.a/5.h)				14.24	19.71			-27.78%

Sr.	Particulars	Numerator	Denominator	₹ in crore		% variance	Reasons for variance
				2021-22	2020-21		
6.	Trade Receivables Turnover Ratio						
6.a		Sales	Opening Trade Receivables	15603.96	11515.97		Trade Receivables Turnover Ratio has increased due to lower average trade receivables and increase in sale value.
6.b			Closing Trade Receivables	2634.09	7735.33		
6.c			Average Trade Receivables	2799.92	2634.09		
6.d				2717.01	5184.71		
	Trade Receivables Turnover Ratio (6.a/6.d)			5.74	2.22	158.56%	
7.	Trade Payables Turnover Ratio						
7.a		Total Purchases	Opening Trade Payables	16280.73	8889.84		Trade Payables Turnover Ratio has increased due to increase in value of purchases.
7.b			Closing Trade Payables	730.17	896.66		
7.c			Average Trade Payables	1445.66	730.17		
7.d				1087.92	813.42		
	Trade Payables Turnover Ratio (7.a/7.d)			14.97	10.93	36.93%	
8.	Net Capital Turnover Ratio						
8.a		Sales	Current Assets (as per 1.c)	15603.96	11515.97		Net Capital Turnover Ratio has increased due to higher sale value.
8.b			Current Liabilities (as per 1.f)	5760.70	3426.36		
8.c			Working Capital	5421.65	3056.24		
8.d				339.05	370.12		
	Net Capital Turnover Ratio (8.a/8.d)			46.02	31.11	47.92%	
9.	Net Profit Ratio						
9.a	Profit After Tax (as per 4.a)			108.20	249.63		Net Profit Ratio of current year are lower mainly due to lower production and sale of urea, tightening of energy norms.
9.b	Sales			15603.96	11515.97		
	Net profit ratio (9.a/9.b)			0.69%	2.17%	-68.01%	
10	Return on Capital Employed						
10.a		Profit Before Tax (as per 3.a ) Add : Finance cost (as per 3.c) Earnings before interest and tax	Net Worth (as per 2.g)	144.82	343.46		Return on capital employed is lower due to lower profit during current year as explained above.
10.b			Add: Total Debt (as per 2.d)	132.96	291.23		
10.c			Capital Employed	277.78	634.69		
10.d				2281.54	2171.44		
10.e				3169.56	1887.52		
10.f				36.28	13.46		
10g				5487.38	4072.42		
	Return on Capital Employed (10.c/10.g)			5.06%	15.59%	-67.52%	
11.	Return on Investment Not Applicable : NFL has not invested in any Listed Investment						

## Note : 65 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

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
ED (F&A) / CFO

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN No.08725698

As per our report of even date attached

**For Arun K. Agarwal & Associates**  
Chartered Accountants  
Firm Regd. No. 003917N

(Lokesh Garg)  
Partner  
Membership No. 413012

**For Mehra Goel & Co.**  
Chartered Accountants  
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)  
Partner  
Membership No.087716

Place: Noida  
Date: 24.05.2022

## Auditor's Report

**MEHRA GOEL & COMPANY**  
**CHARTERED ACCOUNTANTS**  
505, Chiranjiv Tower 43,  
Nehru Place, New Delhi-110019

**ARUN K. AGARWAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
105, FF, South Ex. Plaza-1, 389, Masjid Moth,  
South Extn. Part-II, New Delhi-110049

### INDEPENDENT AUDITOR'S REPORT

**To the Members of  
National Fertilizers Limited**

#### **Report on the Audit of the Consolidated Financial Statements**

##### **Opinion**

We have audited the accompanying consolidated financial statements of National Fertilizers Limited (herein after referred to as "the Company") and its jointly controlled entities, which comprise the consolidated Balance Sheet as at 31 March 2022, 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 notes to the financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the jointly controlled entities, the aforesaid consolidated 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 ("IND AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its jointly controlled entities as at 31 March 2022, its consolidated loss (including other comprehensive loss), consolidated changes in equity and consolidated cash flows for the year ended on that date.

##### **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. 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 Company and its jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

##### **Emphasis of Matter**

We draw attention to Note No. 57 of accompanying consolidated financial statements regarding misappropriation of stock of fertilizers fraudulently by a stockist under Godown Agreement with the company during the year. Cost of stock amounting to ₹ 3.84 crores has been accounted for in the Statement of Profit & Loss through reduction of inventories.

Our opinion is not qualified in respect of this matter.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the jointly controlled

entities, 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:

S. No.	Key Audit Matter	Response to Key Audit Matter
1.	<p><b>Revenue recognition</b></p> <p>Recognition of subsidy is made on the basis of in principle recognition/approval/ settlement of claims from Fertilizer Industry Coordination Committee (FICC), Department of Fertilizers (DoF), Government of India (GOI) while finalizing the financial statements. Also the FICC 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.</p> <p>Since there is a time lag between actual expenditure incurred and notification of concession rates for the year, Management exercises significant judgment in arriving at the income entitled on account of same for the year.</p> <p>Therefore, there is a risk of revenue being misstated on account of estimation of concession/ Import Parity Price (IPP) rates yet to be notified.</p> <p>Regarding process of Collection, utilization and retention of Retailer Margin.</p>	<p><b>Principal Audit Procedures</b></p> <p>The following principal audit procedures have been performed by us in relation to revenue recognition:</p> <p>a) We have reviewed the Company's Accounting policies for Revenue Recognition (Refer Note No. 1 of the consolidated financial Statements), relevant Notification and Circulars issued by DoF, Government of India.</p> <p>b) We have carried out substantive procedures on sample basis for evaluation of operating effectiveness of key controls over subsidy and each income stream, basis of management estimation and their corresponding disclosure.</p> <p>c) We have reviewed directions of FICC various notifications issued from time to time and management assessment in relation to retailer margin.</p>
2.	<p><b>Estimation of Provision &amp; Contingent Liabilities</b></p> <p>The Company has its operations in various States within India, exposing it to a variety of different Central and State laws. Litigations and claims may arise from direct and indirect tax proceedings. Resolution of litigations and claims proceedings may span over multiple years beyond 31 March 2022.</p> <p>The determination of a provision or contingent liability requires significant judgement by the Company because of the inherent complexity in estimating future liabilities.</p> <p>The Company has reported Contingent liabilities amounting to ₹ 121.23 Crores in Note 50 to consolidated financial statement.</p> <p>The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims over time as new facts emerge as each legal case</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit process involved understanding of identification process relating to litigations, claims and contingent liabilities.</p> <p>We have evaluated the design and testing the operating effectiveness of controls in respect of process.</p> <p>We have evaluated management's assessment of the likely outcome and potential exposures arising from significant contingencies subject to ongoing court cases and arbitration proceedings and considered the requirements for any provision as per the best estimate of the possible expenditure.</p> <p>In respect of significant claims, we checked the amount of claim, nature of issues involved, management submissions and corroborated the same with external evidence, where available.</p>

	<p>progresses and positions taken by the Company. There is an inherent complexity in estimation of magnitude of potential exposures. Significant judgment is required to estimate the likelihood amount of cash outflows, timing based on interpretations of the legal aspects, opinions, demand notices, relevant judgements etc.</p>	
3.	<p><b>Trade receivables</b></p> <p>Trade Receivables appearing in financial statement consists of receivables from sale of products as well as receivable from Government of India in the form of subsidy. Trade Receivables as at 31 March 2022 amounting to ₹ 2799.92 crores includes subsidy receivable of ₹ 2634.08 crores.</p> <p>Refer Note 13 to the Consolidated Financial Statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>a) In respect of Subsidy recoverable from Government of India, as no confirmation of balance is on record, we have relied on the management's assertion on the recoverability.</p> <p>As subsidy receivable is outstanding from Department of Fertilizer, Government of India (i.e. Sovereign Authority) and is backed by the approved claims generated from MFMS (Mobile Fertilizer Management System), amount outstanding as at balance sheet date has been considered as recoverable (net of provisions).</p> <p>b) In respect of receivables other than Subsidy receivables, management have sent request for confirmation from the parties. The response to the request was checked together, subsequent realisation check was also performed and long outstanding balances have been reviewed.</p>
4.	<p><b>Property, Plant and Equipment</b></p> <p>Management judgment is applied for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/ amortization rates. These include the decision to capitalize or expense costs; the annual asset life review; the timelines of the capitalization of assets and the measurement and recognition criteria for assets retired from active use. Please refer accounting policy no 1.2.10.</p>	<p><b>Principal Audit Procedures</b></p> <p>a) Testing of controls in place over the fixed assets cycle,</p> <p>b) Evaluation of appropriateness of capitalization process performed tests to verify the capitalized costs,</p> <p>c) Assessment of the timelines of the capitalization of the assets and assessed the derecognition criteria for assets retired from active use.</p> <p>The useful life of assets has been assessed by the management. In performing these procedures, we reviewed the judgments made by management for the following:</p> <p>a) Identification of the nature of underlying costs capitalized,</p>

		<ul style="list-style-type: none"> <li>b) Determination of realizable value of the assets retired from active use,</li> <li>c) Appropriateness of asset lives applied in the calculation of depreciation/ amortization,</li> <li>d) Useful lives of assets prescribed in Schedule II of the Companies Act, 2013.</li> </ul>
5.	<p><b>Capital Work in Progress</b></p> <p>The Company has undertaken major capitalisation on energy reduction projects at Nangal, Bhatinda and Panipat plant.</p> <p>Management assessment includes the decision to capitalize or expense costs, review of Performance Guarantee Run Test, Preliminary Acceptance Certificate (PAC), the timelines of the capitalization of CWIP. Please refer accounting policy no 1.2.13.</p> <p>The company has opening balance of capital work in progress amounting to ₹ 840.21 crores. During the year, the Company has made a gross addition of ₹ 214.80 crores in CWIP including expenditure during construction phase of ₹ 25.50 crores. Total CWIP as on 31 March 2022 amounts ₹ 112.15 crores.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>a) Our audit process includes 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.</li> <li>b) We understood and evaluated the design and tested operating effectiveness of management's internal financial control in relation to approval of expenditure and capitalization of appropriate costs. We were able to place reliance on these controls for the purpose of our audit.</li> <li>c) In respect of internal costs allocated to the plant, test checked the identification and allocation of costs directly attributable to the construction of plant.</li> </ul>
6.	<p><b>Impact of Covid-19:</b></p> <p>It is the responsibility of the management to make appropriate adjustments to the financial statements and ensure necessary disclosures specifically the impact on business due to Covid-19, subsequent risks and uncertainties, and conditions that may impact future operating results, cash flows and financial position of the company. We are informed by the management that considering the present scale of operations, seasonal product, demand in the ensuing future, the management does not perceive any risk in ensuing operations, liquidity and capital resources. We find sufficient and appropriate evidences of such management perception on record. It is also concluded by the management that no material adjustments are required in the financial statements of current financial year.</p> <p>Refer Note 63 of Consolidated Financial Statements</p>	<p><b>Principal Audit Procedures</b></p> <p>The audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>a) Obtaining a detailed understanding of future business climate and demand potential.</li> <li>b) Subsequent performance upto the date of signing the report.</li> <li>c) Minutes of the Audit Committee/ Board and discussions with the appropriate Management personnel.</li> <li>d) Possible outcomes and the reasonableness of the estimates.</li> </ul>

#### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The company's Management and Board of Directors is responsible for the preparation of other information. The other information comprises the Management Discussion and Analysis, Director's Report including annexures to Director's Report, Business Responsibility Report, Corporate Governance, Performance at a Glance and Chairman's Statement included in the annual report of the company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of audit, or otherwise appears to be materially misstated. On reading the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

### **Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements 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 and its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the IND AS prescribed under Section 133 of the Act read with relevant rules issued thereunder. Further the respective Board of Directors of the company and its jointly controlled entities are responsible for 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective board of directors of the company and its jointly controlled entities are responsible for assessing the 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 respective Board of Directors of the company and its jointly controlled entities are also responsible for overseeing the financial reporting process of the company and its jointly controlled entities.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 and Board of Directors.
- Conclude on the appropriateness of the Management 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 ability of the Company and its jointly controlled entities 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 Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the Company and its jointly controlled entities, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 consolidated 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

1. The consolidated financial statements include the company's share of total comprehensive loss of ₹ 203.21 crore for the year ended 31 March 2022, in respect of two jointly controlled entities i.e. Ramagundam Fertilizers & Chemicals Limited and Urvarak Videsh Limited, whose financial statements have not been audited by us. These financial statements 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, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

2. The following matter is given by another firm of Chartered Accountants vide their audit report dated 27 April 2022 on the financial statements of Urvarak Videsh Limited ("UVL"), a jointly controlled entity of the Company which is reproduced by us as under:

UVL has not been carrying out any business/trading activity and has been declared as Dormant Company on 04-Nov-2015 by Registrar of Companies, Delhi. To this extent, the going concern basis of the UVL is affected.

Our opinion is not modified in respect of above matters.

## 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.
  - (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 and report of other auditors;
  - (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 books of account;
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the IND AS specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) As per notification number G.S.R. 463(E) dated 5 June 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company;
  - (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 A**”;
  - (g) As per notification number G.S.R. 463 (E) dated 5 June 2015 issued by Ministry of Corporate Affairs, section 197 of the Act regarding remuneration to director is not applicable to the Company, since it is a Government Company; and
  - (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 consolidated financial statements – Refer Note 50 to the consolidated 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.
    - iv. (a) The respective Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall,
      - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”)
      - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (b) The respective management has represented, that, to the best of it’s knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.

- v. No dividend has been declared or paid during the year by the company.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its jointly controlled entities included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report as under:

Qualification or adverse remarks by the respective auditors in the CARO reports of the companies included in the consolidated financial statements are:

Name of the entity	CIN	Nature of Relationship	Clause number of the CARO report which is qualified or is adverse	Remarks
Ramagundam Fertilizers and Chemicals Limited	U24100DL2015PLC276753	Joint Venture	(ii)(b)	Reporting of higher amount of Debtors and Inventory in Quarterly statements filed with banks for Qtr. ended March 2022.
			(xvii)	Cash losses in current financial year and immediately preceding financial year

**For MEHRA GOEL & COMPANY**  
**Chartered Accountants**  
**Firm's Registration No.: 000517N**

**(Devinder Kumar Aggarwal)**  
**Partner**  
**Membership number: 087716**  
**UDIN No. : 22087716AJMOBS5842**

Place: Noida  
Date: 24-05-2022

**For ARUN K. AGARWAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**  
**Partner**  
**Membership number: 413012**  
**UDIN No. : 22413012AJMKCZ1942**

## **ANNEXURE "A"**

**The Annexure referred to in Independent Auditor's Report to the members of the Company on the consolidated financial statement for the year ended 31 March 2022.**

### **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") and its jointly controlled entities as of 31 March 2022 in conjunction with our audit of the consolidated 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 entities are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') 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 the Company's business, including adherence to the 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 consolidated 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 in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Company and its jointly controlled entities, as aforesaid.

#### **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 and its jointly controlled entities 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 31 March 2022, based on the internal control over financial reporting criteria established by the Company and its jointly controlled entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### 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 entities, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

Our opinion is not modified in respect of this matter.

**For MEHRA GOEL & COMPANY**  
Chartered Accountants  
Firm's Registration No.: 000517N

(Devinder Kumar Aggarwal)  
Partner  
Membership number: 087716  
UDIN No. : 22087716AJMOBS5842

**For ARUN K. AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 003917N

(Lokesh Garg)  
Partner  
Membership number: 413012  
UDIN No. : 22413012AJMKCZ1942

Place: Noida  
Date: 24-05-2022

# Consolidated Balance Sheet as at 31st March 2022

₹ in Crore

Particulars	Note No.	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>I. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
a) Property, Plant and Equipment	2	4223.99	3608.72
b) Right-of-Use Assets	3	2.48	3.93
c) Investment Property	4	1.04	1.11
d) Capital Work in Progress	5	112.15	840.21
e) Other Intangible Assets	6	2.03	1.31
f) Intangible assets under development	7	26.34	22.22
g) Investments	8	257.02	416.40
h) <b>Financial Assets</b>			
i) Loans	9	4.66	5.59
ii) Other Financial Assets	10	34.48	33.53
i) Other Non-Current Assets	11	50.99	50.83
		<b>4715.18</b>	<b>4983.85</b>
<b>(2) CURRENT ASSETS</b>			
a) Inventories	12	2255.29	438.03
b) <b>Financial Assets</b>			
i) Trade Receivables	13	2799.92	2634.09
ii) Cash and Cash Equivalents	14	25.82	39.33
iii) Other Bank Balances	15	2.99	2.89
iv) Loans	16	2.65	2.85
v) Other Financial Assets	17	95.50	33.34
c) Current Tax Assets (Net)	18	4.28	-
d) Other Current Assets	19	591.97	277.81
		<b>5778.42</b>	<b>3428.34</b>
		<b>10493.60</b>	<b>8412.19</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	20	490.58	490.58
(b) Other Equity	21	1556.50	1649.61
		<b>2047.08</b>	<b>2140.19</b>
<b>LIABILITIES</b>			
<b>(1) NON-CURRENT LIABILITIES</b>			
a) <b>Financial Liabilities</b>			
i) Borrowings	22	629.73	648.01
ii) Lease Liabilities	23	0.74	0.87
iii) Other Financial Liabilities	24	23.48	22.64
b) Provisions	25	205.68	201.47
c) Deferred Government Grant	26	1926.94	2116.74
d) Deferred Tax Liabilities (Net)	27	36.28	13.46
e) Other Non-Current Liabilities	28	7.15	8.32
		<b>2830.00</b>	<b>3011.51</b>
<b>(2) CURRENT LIABILITIES</b>			
a) <b>Financial Liabilities</b>			
i) Borrowings	29	2539.83	1239.51
ii) Lease Liabilities	30	2.00	3.34
iii) Trade Payables	31		
- Micro and Small Enterprises		8.36	1.85
- Other than Micro and Small Enterprises		1437.30	728.32
iv) Other Financial Liabilities	32	1020.52	663.71
b) Provisions	33	239.36	258.46
c) Deferred Government Grant	34	194.87	204.25
d) Current Tax Liabilities (Net)	35	-	34.98
e) Other Current Liabilities	36	174.28	126.07
		<b>5616.52</b>	<b>3260.49</b>
		<b>10493.60</b>	<b>8412.19</b>

Significant accounting policies

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
ED (F&A) / CFO

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN No.08725698

As per our report of even date attached  
For Arun K. Agarwal & Associates  
Chartered Accountants  
Firm Regd. No. 003917N

(Lokesh Garg)  
Partner  
Membership No. 413012

Place: Noida  
Date: 24.05.2022

For Mehra Goel & Co.  
Chartered Accountants  
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)  
Partner  
Membership No.087716

## Consolidated Statement of Profit and Loss for the year ended 31st March 2022

₹ in Crore

Particulars	Note No.	Year Ended 31 <sup>st</sup> March 2022	Year Ended 31 <sup>st</sup> March 2021
<b>Revenue</b>			
Revenue from Operations	37	15857.09	11905.66
Other Income	38	34.33	33.34
<b>Total Income (I)</b>		<b>15891.42</b>	<b>11939.00</b>
<b>Expenses</b>			
Cost of Materials Consumed	39	6219.44	3698.19
Purchase of Stock- in- Trade	40	5026.30	2118.70
Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in- Trade	41	(1820.26)	760.61
Employee Benefits Expense	42	648.90	626.33
Power and Fuel	43	4040.27	2549.65
Freight and Handling		845.84	937.65
Repair and Maintenance	44	95.93	80.22
Finance Cost	45	132.96	291.23
Depreciation and Amortization Expense	46	334.55	312.27
Other Expenses	47	222.67	220.69
<b>Total Expenses (II)</b>		<b>15746.60</b>	<b>11595.54</b>
<b>Profit before share of profit / (loss) of joint venture as per equity method, exceptional item and tax (III) = (I) - (II)</b>		<b>144.82</b>	<b>343.46</b>
<b>Share of Profit / (loss) of Joint Venture as per Equity Method (IV)</b>		<b>(203.21)</b>	<b>(12.55)</b>
<b>Profit / (Loss) before exceptional item and tax (V) = (III) + (IV)</b>		<b>(58.39)</b>	<b>330.91</b>
<b>Exceptional Item (VI)</b>		<b>-</b>	<b>-</b>
<b>Profit/(Loss) before Tax (VII)=(V)-(VI)</b>		<b>(58.39)</b>	<b>330.91</b>
<b>Tax expenses:</b>	48		
Current tax		13.87	52.85
Deferred tax		22.82	41.09
Short / (Excess) tax for earlier years		(0.07)	(0.11)
<b>Total Tax Expense (VIII)</b>		<b>36.62</b>	<b>93.83</b>
<b>Profit/(Loss) for the year (IX)=(VII)-(VIII)</b>		<b>(95.01)</b>	<b>237.08</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to Profit & Loss			
Remeasurement of Defined Employee Benefit obligations		2.54	1.17
Income Tax relating to above items		(0.64)	(0.30)
<b>Other Comprehensive Income (net of tax) (X)</b>		<b>1.90</b>	<b>0.87</b>
<b>Total Comprehensive Income (XI) = (IX) + (X)</b>		<b>(93.11)</b>	<b>237.95</b>
<b>Earnings per share</b>	49		
Basic earnings per share of ₹ 10 each		<b>(1.94)</b>	<b>4.83</b>
Diluted earnings per share of ₹ 10 each		<b>(1.94)</b>	<b>4.83</b>
Significant accounting policies	1		

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
ED (F&A) / CFO

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN No.08725698

As per our report of even date attached  
**For Arun K. Agarwal & Associates**  
Chartered Accountants  
Firm Regd. No. 003917N

**For Mehra Goel & Co.**  
Chartered Accountants  
Firm Regd. No. 000517N

(Lokesh Garg)  
Partner  
Membership No. 413012

(Devinder Kumar Aggarwal)  
Partner  
Membership No.087716

Place: Noida  
Date: 24.05.2022

## Consolidated Statement of Cash Flows for the year ended 31st March 2022

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March 2022	Year Ended 31 <sup>st</sup> March 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) Before Tax	(58.39)	330.91
Adjustments For :		
Depreciation / Amortization	334.55	312.27
Finance Charges	132.96	291.23
Amortisation of Deferred Govt Grant	(198.53)	(194.12)
Interest Income	(4.69)	(9.11)
Profit on Sale of Fixed Assets	(2.08)	(1.15)
Exchange Rate Variation (Net)	8.72	19.03
Provision for Doubtful Debts/ Advances	3.84	4.11
Provision for Obsolete/Surplus Stores	0.12	0.10
Provision for GST	(2.81)	6.52
Stores and Spares write offs	4.18	3.93
Assets Written off	0.12	0.13
Other Write off	0.47	0.03
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>218.46</b>	<b>763.88</b>
Adjustments For :		
Trade and Other Receivables	(526.38)	5481.71
Inventories	(1822.03)	834.39
Trade Payables, Provisions & Others Liabilities	1154.40	(40.67)
Direct Taxes paid	(53.60)	(18.06)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>"A"</b> <b>(1029.15)</b>	<b>7021.25</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for purchase of PPE (including CWIP)	(297.23)	(418.70)
Investment in Joint Ventures	159.38	(93.54)
Proceeds from disposal of PPE	4.46	4.88
Interest Received	4.09	10.68
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>"B"</b> <b>(129.30)</b>	<b>(496.68)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans	1300.32	(6198.66)
Long Term Loan	(18.28)	(16.43)
Interest Paid	(134.91)	(287.77)
Payment of Lease Liabilities	(2.19)	(1.91)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>"C"</b> <b>1144.94</b>	<b>(6504.77)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b> <b>(13.51)</b>	<b>19.80</b>
Cash And Cash Equivalents (Closing Balance)	25.82	39.33
Cash And Cash Equivalents (Opening Balance)	39.33	19.53
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13.51)</b>	<b>19.80</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
<b>Components of Cash and Cash Equivalents (Note - 14)</b>		
<b>Balances with banks</b>		
Current accounts	6.24	28.71
Remittances in transit	19.56	10.60
Cash on hand	0.02	0.02
<b>Total</b>	<b>25.82</b>	<b>39.33</b>

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

As per our report of even date attached  
**For Arun K. Agarwal & Associates**  
Chartered Accountants  
Firm Regd. No. 003917N

(Lokesh Garg)  
Partner  
Membership No. 413012

Place: Noida  
Date: 24.05.2022

(Hira Nand)  
ED (F&A) / CFO

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN No.08725698

**For Mehra Goel & Co.**  
Chartered Accountants  
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)  
Partner  
Membership No.087716

## Consolidated Statement of Changes in Equity for the year ended 31st March 2022

### A. Equity Share Capital

₹ in Crore

Particulars	Notes	Amount
As at 1st April 2020	20	490.58
Changes in Equity Share Capital due to prior period errors		-
Restated balance at the beginning of the previous reporting period		-
Change in Equity Share Capital during the year		-
<b>As at 31st March 2021</b>		<b>490.58</b>
As at 1st April 2021	20	490.58
Changes in Equity Share Capital due to prior period errors		-
Restated balance at the beginning of the current reporting period		-
Change in Equity Share Capital during the year		-
<b>As at 31st March 2022</b>		<b>490.58</b>

### B. Other Equity

₹ in Crore

Particulars	Reserve & Surplus			Total
	Capital Reserve	General Reserve	Retained Earning	
Opening balance as at 1st April 2020	2.51	332.89	1076.26	1411.66
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-	-
Profit for the year	-	-	237.08	237.08
Comprehensive income for the year	-	-	0.87	0.87
<b>Total Comprehensive Income for the year</b>	-	-	<b>237.95</b>	<b>237.95</b>
Dividend Paid	-	-	-	-
Transfer to/(from) retained earnings	-	-	-	-
<b>Closing balance as at 31st March 2021</b>	<b>2.51</b>	<b>332.89</b>	<b>1314.21</b>	<b>1649.61</b>
Opening balance as at 1st April 2021	2.51	332.89	1314.21	1649.61
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-
Profit for the year	-	-	(95.01)	(95.01)
Comprehensive income for the year	-	-	1.90	1.90
Adjustment of Bearer Plants (refer note 21)	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	-	<b>(93.11)</b>	<b>(93.11)</b>
Dividend Paid	-	-	-	-
Transfer to/(from) retained earnings	-	-	-	-
<b>Closing Balance as at 31st March 2022</b>	<b>2.51</b>	<b>332.89</b>	<b>1221.10</b>	<b>1556.50</b>

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
ED (F&A) / CFO

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN No.08725698

As per our report of even date attached  
**For Arun K. Agarwal & Associates**  
Chartered Accountants  
Firm Regd. No. 003917N

**For Mehra Goel & Co.**  
Chartered Accountants  
Firm Regd. No. 000517N

(Lokesh Garg)  
Partner  
Membership No. 413012

(Devinder Kumar Aggarwal)  
Partner  
Membership No.087716

Place: Noida  
Date: 24.05.2022

## Notes to the Consolidated Financial Statement 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 31st March 2022.

- 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 24.05.2022.

#### 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)	
		31 March 2022	31 March 2021
Urvarak Videsh Limited	India	33.33%	33.33%
Ramagundam Fertilizers & Chemicals Limited	India	26.76%	26.70%

### 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 53 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.

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, compressor, 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 asset acquired out of Govt Grant / retailer margin, Capital Spares and 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 Investment Property

Investment Properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss.

**1.2.12 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.

**1.2.13 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.

**1.2.14 Leases****Till 31st March 2019:**

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.

**With effective from 1st April 2019:**

"Effective April 1st, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Accordingly, comparative information as at and for the year ended March 31, 2019 has not been restated. The impact of adoption of the standard on financial statements of the Company has been disclosed in the notes to accounts.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

**The Company as a lessee:**

The Company's lease asset classes primarily consist of leases for land, vehicle and office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and estimated restoration costs of the underlying asset where applicable. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate of the company. Lease liabilities are remeasured to reflect any re-assessment, lease modification, or revised in-substance fixed lease payments, with a corresponding adjustment to the related right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Lease liabilities and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of - use assets arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The company did not need to make any adjustment to the accounting for assets held as lessor as a result of adopting the new leasing standard.

#### 1.2.15 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.

#### 1.2.16 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.

### 1.2.17 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.

### 1.2.18 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.

### 1.2.19 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.

### 1.2.20 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 60 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.

### **1.2.21 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.

#### **1.2.22 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.

#### **1.2.23 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.

#### **1.2.24 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.

#### **1.2.25 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.

### **1.2.26 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.

### **1.2.27 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.

### **1.2.28 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.

### **1.2.29 Prepaid Expenditure**

Prepaid expenditure upto Rupee one lakh in each case not being considered material is included under the expenditure of the current year.

### **1.2.30 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.

### 1.2.31 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 Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 2 Property, Plant and Equipment

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2021	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2022	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2021	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2022	As at 31st March 2022	As at 31st March 2021
LAND										
- Freehold	12.19	-	-	12.19	-	-	-	-	12.19	12.19
- Leasehold	6.35	-	-	6.35	0.60	0.10	-	0.70	5.65	5.75
BUILDINGS										
- on Freehold Land	130.70	20.46	-	151.16	31.69	5.35	-	37.04	114.12	99.01
- on Leasehold Land	35.15	0.15	-	35.30	18.66	0.94	(0.20)	19.80	15.50	16.49
Leasehold Buildings	0.28	-	-	0.28	0.28	-	-	0.28	-	-
Plant and Machinery	5076.61	932.36	24.33	5984.64	1637.73	314.33	6.42	1,945.64	4039.00	3438.88
Furniture and Fixtures	4.00	0.16	0.04	4.12	2.05	0.32	-	2.37	1.75	1.95
Vehicles	8.17	0.89	-	9.06	2.37	0.86	-	3.23	5.83	5.80
Office Equipments	7.18	1.21	0.19	8.20	3.97	1.15	0.15	4.97	3.23	3.21
OTHERS										
Electrical Installations	21.65	1.41	-	23.06	15.34	1.85	-	17.19	5.87	6.31
Railway Sidings	1.95	1.00	-	2.95	1.03	0.10	-	1.13	1.82	0.92
EDP Equipments	49.86	3.28	0.56	52.58	43.63	2.68	0.47	45.84	6.74	6.23
Other Equipments	30.98	3.49	0.07	34.40	19.00	3.22	0.11	22.11	12.29	11.98
Bearer Plants	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	5385.07	964.41	25.19	6324.29	1776.35	330.90	6.95	2100.30	4223.99	3608.72
As at 31st March, 2021	5185.01	203.51	3.45	5385.07	1467.64	309.03	0.32	1776.35	3608.72	

#### Footnote:

- Out of total land of 2541.82 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 entire land including 325.70 acres vests with the Company in the records, the physical possession of 325.70 acres of land is not with the Company. Further, there is a litigation in respect of land measuring 1.7 acres approx. before Punjab & Haryana High Court, Chandigarh. The Regular Second Appeal (RSA) preferred by appellant is pending wherein Hon'ble High Court has ordered status-quo in the matter.
- 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 ₹ 3890.68 crore (CPLY ₹ 3909.25 crore) represented by capital grant as disclosed in Note: 26 & 34 relating to Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹ 2115.66 crore (CPLY ₹ 2315.45 crore) as on 31.03.2022.
- 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 ₹ Nil crore (CPLY gain of ₹ 1.75 crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2022. The unamortized amount of exchange difference as on 31.03.2022 is ₹ 59.81 crore (CPLY ₹ 63.51 crore).
- Based on expert opinion of ICAI, existing fruit bearing trees (1404 No) at Nangal Unit, have been capitalised during the financial year 2021-2022. In terms of accounting policy, the cost of each tree being less than ₹ 5000/-, 100% depreciation has been provided and residual value of ₹ 1/- per tree has been retained. The Gross Carrying Amount and the Net Carrying Amount is ₹ 1404/-.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

e. Title deeds of following Immoveable Properties are not held in the name of the Company:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property Plant & Equipment	Leasehold Land-Vijaipur	*	Govt of Madhya Pradesh	No	12.07.1984	Lease Deed is under execution.
Property Plant & Equipment	Free Hold Land - Bathinda	₹ 0.15 crore	Govt of Punjab	No	11.02.1988 10.03.1988 20.01.1988 21.01.1988 23.05.1984	Out of 685.301 Acres of land, 14.261 Acres of land for construction of Fertilizers Minor was acquired at the cost of NFL but there is no provision in the Government rules to transfer the ownership of Government Property.
Property Plant & Equipment	Free hold land at Alwar	**	Urban Improvement Trust, Alwar	No	05.04.1986	The land has not yet been registered in the name of NFL due to on going litigation between Urban Improvement Trust, Alwar and the concerned farmer.

\* The deemed cost of Leasehold Land at Vijaipur Unit as on 01.04.2015 (Transition to Ind AS) was Nil.

\*\* The value of Land at Alwar is ₹ 1, hence figure not given.

### Note: 3 Right-of-Use Assets

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2021	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2022	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2021	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2022	As at 31st March 2022	As at 31st March 2021
Vehicles	7.49	0.72	0.07	8.14	3.56	2.17	0.07	5.66	2.48	3.93
As at 31st March, 2022	7.49	0.72	0.07	8.14	3.56	2.17	0.07	5.66	2.48	3.93
As at 31st March, 2021	6.25	1.30	0.06	7.49	1.63	1.99	0.06	3.56	3.93	

### Amount recognised in Statement of Profit and Loss Account

₹ in Crore

Particulars	FY 2021-22	FY 2020-21
Depreciation charged for the Right of Use Asset	2.17	1.99
Interest Expense	0.32	0.39
The Total Cash Outflow for leases for the year ended March 31, 2022 was ₹ 2.55 crore (CPLY ₹ 2.30 crore)		

The following is the movement in lease liabilities during the year ended March 31, 2022:

₹ in Crore

Particulars	FY 2021-22	FY 2020-21
Opening Balance	4.21	4.82
Additions during the period	0.72	1.30
Finance Cost accrued during the period	0.32	0.39
Less : Payment of Lease Liabilities	2.51	2.30
<b>Closing Balance</b>	<b>2.74</b>	<b>4.21</b>
Lease Liabilities - Current (Note No. - 30)	2.00	3.34
Lease Liabilities - Non Current (Note No. - 23)	0.74	0.87

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 4 Investment Property

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2021	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2022	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2021	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2022	As at 31st March 2022	As at 31st March 2021
BUILDINGS										
Scope Building - New Delhi	1.18	-	-	1.18	0.22	0.04	-	0.26	0.92	0.96
Paryavas Bhawan - Bhopal	0.30	-	-	0.30	0.20	0.03	-	0.23	0.07	0.10
Bajaj Bhawan - Mumbai	0.05	-	-	0.05	-	-	-	-	0.05	0.05
As at 31 <sup>st</sup> March, 2022	1.53	-	-	1.53	0.42	0.07	-	0.49	1.04	1.11
As at 31 <sup>st</sup> March, 2021	1.53	-	-	1.53	0.35	0.07	-	0.42	1.11	

- (i) Title/Lease Deed for Building at Scope Complex, New Delhi is pending for execution.  
 ii) The above assets have been determined as Investment Properties with effect from 01.04.2019.

#### iii) Information regarding income and expenditure of Investment Property

₹ in Crore

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Rental Income derived from investment properties.</b>	<b>13.35</b>	<b>12.41</b>
Less : Direct operating expenses (including repairs and maintenance) generating rental income	0.33	0.30
Less : Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.01	0.01
<b>Profit arising from investment properties before depreciation and indirect expense</b>	<b>13.01</b>	<b>12.10</b>
Less: Depreciation	0.07	0.07
<b>Profit arising from investment properties before indirect expense</b>	<b>12.94</b>	<b>12.03</b>

#### (iv) Title deeds of following Investment Property is not held in the name of the Company.

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Investment Property	3190.46 Sq Mtrs in Core - III, SCOPE Complex, Lodhi Road, New Delhi	1.18	SCOPE	No	19.10.1979	The company is a deemed owner of the property.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 5 Capital Work in Progress

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Building	14.47	12.31
Plant and Machinery	23.80	664.57
Capital Stores	73.88	65.29
Expenditure During Construction Period	-	98.04
	<b>112.15</b>	<b>840.21</b>
<b>Details of Expenditure During Construction Period</b>		
<b>Opening Balance</b>	<b>98.04</b>	<b>48.18</b>
<b>Add: Expenditure during the year:</b>		
Employees' Remuneration & Benefits	0.88	0.98
Power & fuel	2.54	0.70
Project Management fee	0.12	0.50
Other Expenses	1.13	3.82
Finance cost	14.98	45.21
Trial Run Expense	5.85	7.28
<b>Total</b>	<b>25.50</b>	<b>58.49</b>
<b>Total Expenditure</b>	<b>123.54</b>	<b>106.67</b>
<b>Less: Transfer to Property, Plant &amp; Equipment</b>	<b>123.54</b>	<b>8.63</b>
<b>Closing Balance</b>	<b>-</b>	<b>98.04</b>

#### a) CWIP aging schedule as at 31.03.2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	72.97	6.41	32.69	0.08	112.15
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>72.97</b>	<b>6.41</b>	<b>32.69</b>	<b>0.08</b>	<b>112.15</b>

#### b) The following is the list of project under capital-work-in progress as on 31.03.2022, whose completion is overdue or has exceeded its cost compared to its original plan:

CWIP	Name of Scheme	Total Budgeted Cost	Total Actual Cost	Date of Completion as per PO / WO	Expected Date of Completion	To be completed in			
						Less than 1 year	1-2 years	2-3 years	More than 3 years

Nil

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 6 Other Intangible Assets

₹ in Crore

Description	Gross Block				Amortization				Net Block	
	Gross Carrying Amount as on 1st April 2021	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2022	Accumulated Depreciation as on 1st April 2021	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2022	As at 31st March 2022	As at 31st March 2021
Computer Software	1.01	2.13	-	3.14	0.91	0.39	-	1.30	1.84	0.10
Licence and Know-how	26.18	-	-	26.18	24.97	1.02	-	25.99	0.19	1.21
<b>As at 31<sup>st</sup> March, 2022</b>	<b>27.19</b>	<b>2.13</b>	<b>-</b>	<b>29.32</b>	<b>25.88</b>	<b>1.41</b>	<b>-</b>	<b>27.29</b>	<b>2.03</b>	<b>1.31</b>
<b>As at 31<sup>st</sup> March, 2021</b>	<b>27.16</b>	<b>0.08</b>	<b>0.05</b>	<b>27.19</b>	<b>24.75</b>	<b>1.18</b>	<b>0.05</b>	<b>25.88</b>	<b>1.31</b>	

### Note: 7 Intangible assets under development

₹ in Crore

Description	Gross Block				
	Gross Carrying Amount as on 1st April 2021	Additions	Deductions/ Adjustments	Capitalisation	Gross Carrying Amount as on 31st March 2022
ERP	22.22	4.44	0.32	-	26.34
<b>As at 31st March, 2022</b>	<b>22.22</b>	<b>4.44</b>	<b>0.32</b>	<b>-</b>	<b>26.34</b>
<b>As at 31st March, 2021</b>	<b>0.48</b>	<b>21.74</b>	<b>-</b>	<b>-</b>	<b>22.22</b>

#### a) Intangible assets under development aging schedule as on 31.03.2022

Intangible assets under development	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress-ERP	4.44	21.74	0.08	0.08	26.34
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>4.44</b>	<b>21.74</b>	<b>0.08</b>	<b>0.08</b>	<b>26.34</b>

#### b) The following is the list of Intangible Assets under Development as on 31.03.2022, whose completion is overdue or has exceeded its cost compared to its original plan:

₹ in Crore

Intangible assets under development	Name of Scheme	Total Budgeted Cost	Total Actual Cost	Date of Completion as per PO / WO	Expected Date of Completion	To be completed in			
						Less than 1 year	1-2 years	2-3 years	More than 3 year
ERP	Implementation of ERP	40.00	32.68	29.07.2021	31.01.2023	6.34	-	-	-

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 8 Investments

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Investment in Equity instruments of Bodies Corporates (Unquoted) #</b>		
<b>Joint Venture Companies</b>		
1,80,002 Equity Shares (CPLY 1,80,002 Equity Shares) with face value of ₹10 each fully paid up in Urvarak Videsh Limited**	0.02	0.02
Accumulated Losses in Joint Venture	(0.01)	(0.01)
Share of Loss in Joint Venture	-	-
<b>(A)</b>	<b>0.01</b>	<b>0.01</b>
49,14,62,400 Equity Shares (CPLY 44,76,28,200 Equity Shares) with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL) <sup>§</sup>	491.46	447.63
Accumulated Losses in Joint Venture	(31.24)	(18.69)
Share of Loss in Joint Venture	(203.21)	(12.55)
<b>(B)</b>	<b>257.01</b>	<b>416.39</b>
<b>(A+B)</b>	<b>257.02</b>	<b>416.40</b>
<b>Investment in Equity Instruments of Co-operative Societies (Unquoted)*</b>		
1250 Equity Shares (CPLY 1250 Equity Shares) with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*
100 Equity Shares (CPLY 100 Equity Shares) with face value of ₹50 each fully paid up (₹5000) in NFL Employees' Consumer co-operative stores	*	*
Investment in mutual fund (₹5000)	*	*
	<b>257.02</b>	<b>416.40</b>

\*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	
		31.03.2022	31.03.2021
Urvarak Videsh Limited	India	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00

\*\*Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup on 18.07.2008 for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited was declared Dormant Company from 04.11.2015.

§ 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. RFCL has declared commercial operation on 22.03.2021. The Annual Urea capacity of plant is 12.71 Lakhs MT.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 9 Loans

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Secured, considered good</b>		
Loans to employees	4.66	5.58
<b>Unsecured, considered good</b>		
Loans to employees	-	0.01
<b>Total</b>	<b>4.66</b>	<b>5.59</b>

### Note : 10 Other Financial Assets

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Security Deposits	25.08	23.71
Fixed Deposit - Margin Money against Bank Guarantees (more than one year)	8.10	8.10
Claims recoverable	1.55	2.28
	<b>34.73</b>	<b>34.09</b>
Unsecured, considered good from above	34.48	33.53
Unsecured, considered doubtful from above	0.25	0.56
Provision for doubtful advances*	(0.25)	(0.56)
<b>Total</b>	<b>34.48</b>	<b>33.53</b>
<b>*Details of Provisions for doubtful advance</b>		
Claims recoverable	0.25	0.56
<b>Total</b>	<b>0.25</b>	<b>0.56</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note :11 Other Non-Current Assets

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Unsecured, considered good</b>		
Income Tax Assets (Net)	49.22	48.68
Recoverable Balances with customs and excise authorities	0.85	0.85
Supplier#	129.64	129.64
Others	0.93	1.31
	<b>180.64</b>	<b>180.48</b>
Unsecured, considered good from above	50.99	50.83
Unsecured, considered doubtful from above	129.65	129.65
Provision for doubtful advances^	(0.01)	(0.01)
Provision for doubtful advances appropriated from reserve^	(129.64)	(129.64)
<b>Total</b>	<b>50.99</b>	<b>50.83</b>
<b>^ Details of Provisions for doubtful advances</b>		
Suppliers	129.64	129.65
Others	0.01	-
<b>Total</b>	<b>129.65</b>	<b>129.65</b>

# 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.

### Note : 12 Inventories

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Raw materials	4.18	1.07
Add: In transit	1.58	0.36
Work in Progress	34.82	16.43
Finished goods	275.86	57.76
Add: In transit	60.68	40.22
Traded goods	1561.58	109.86
Add: In transit	85.54	0.46
Stores and spares	176.69	193.11
Add: In transit	2.87	3.40
Less: Provision for Obsolescence	1.94	1.83
Loose Tools	0.06	0.05
Packing Materials	25.17	15.12
Add: In transit	1.68	2.02
Others (Carbon Slurry)*	26.52	-
<b>Total</b>	<b>2255.29</b>	<b>438.03</b>

\*Based on expert opinion, during FY 2021-22 stock of Carbon Slurry amounting to ₹ 26.52 crore has been recognised as inventory on account of contractual agreements with third parties considering likely certainty of performance.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 13 Trade Receivables

₹ in Crore

Particulars	As at 31st March 2022		As at 31st March 2021	
<b>Trade Receivables outstanding for a period more than six months from the date they are due for payment</b>				
Subsidy (Government of India)#	25.48		46.02	
Others	12.72	38.20	14.63	60.65
<b>Trade Receivables less than six months</b>				
Subsidy (Government of India)#	2608.60		2116.67	
Others	174.82	2783.42	469.75	2586.42
Provision for doubtful receivables		(21.70)		(12.98)
<b>Total</b>		<b>2799.92</b>		<b>2634.09</b>
<b>Aggregate of trade receivables:</b>				
Unsecured, considered good (including secured debts backed by bank guarantees ₹ 16.68 crore, (CPLY ₹1.74 crore)		2799.92		2634.09
Unsecured, considered doubtful		21.70		12.98
Provision for doubtful receivables		(21.70)		(12.98)
<b>Total</b>		<b>2799.92</b>		<b>2634.09</b>

# The Total Subsidy Receivable is ₹ 2634.08 crore (CPLY ₹2162.69 crore).

Pending sale of Urea and P&K fertilizer totalling 5.24 lakh MT through POS device to beneficiaries as on 31.03.2022, subsidy of ₹ 1064.65 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS device and same has been recognized in the current period (CPLY quantities 10.80 lakh MT and subsidy ₹ 1276.70 crore).

#### Trade Receivable Ageing Schedule as on 31.03.2022

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	2773.76	0.91	1.56	0.30	23.39	2799.92
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>2773.76</b>	<b>0.91</b>	<b>1.56</b>	<b>0.30</b>	<b>23.39</b>	<b>2799.92</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Trade Receivable Ageing Schedule as on 31.03.2021

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	2585.30	4.86	18.66	23.36	1.91	2634.09
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>2585.30</b>	<b>4.86</b>	<b>18.66</b>	<b>23.36</b>	<b>1.91</b>	<b>2634.09</b>

### Note: 14 Cash and Cash Equivalents

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Balances with banks</b>		
Current accounts	6.24	28.71
Remittances in transit	19.56	10.60
<b>Cash on hand</b>	0.02	0.02
<b>Total</b>	<b>25.82</b>	<b>39.33</b>

### Note: 15 Other Bank Balances

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Fixed Deposit - Margin Money against Bank Guarantees	2.78	2.68
Unclaimed dividend account	0.21	0.21
<b>Total</b>	<b>2.99</b>	<b>2.89</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 16 Loans

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Secured, considered good</b>		
Loans to employees	0.88	1.18
<b>Unsecured, considered good</b>		
Loans to employees	1.77	1.67
<b>Total</b>	<b>2.65</b>	<b>2.85</b>

### Note : 17 Other Financial Assets

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Security Deposits	0.46	0.51
Claims recoverable	89.64	28.39
Interest Accrued but not due on Deposits	5.40	4.44
	<b>95.50</b>	<b>33.34</b>
Unsecured, considered good from above	95.50	33.34
<b>Total</b>	<b>95.50</b>	<b>33.34</b>

### Note : 18 Current Tax Assets (Net)

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Advance Tax / TDS	18.79	-
Less : Provision for Tax	(14.51)	-
<b>Total</b>	<b>4.28</b>	<b>-</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 19 Other Current Assets

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Unsecured, considered good unless otherwise stated</b>		
<b>Advances</b>		
Contractors	4.22	6.82
Suppliers *	238.78	85.10
Employees	3.21	2.32
Recoverable/Balances with customs and excise authorities	1.48	1.48
GST Input Credit	280.75	155.31
Non Current Asset Held for Sale <sup>#</sup>	17.72	1.98
Others	81.12	63.64
<b>Total</b>	<b>627.28</b>	<b>316.65</b>
Unsecured, considered good from above	591.97	277.81
Unsecured, considered doubtful from above	35.31	38.84
Provision for doubtful advances <sup>^</sup>	(35.31)	(38.84)
<b>Total</b>	<b>591.97</b>	<b>277.81</b>
<b><sup>^</sup> Details of Provisions for doubtful advances</b>		
Contractors	0.32	0.18
Suppliers	6.51	7.21
GST Input Credit	27.46	30.27
Others	1.02	1.18
<b>Total</b>	<b>35.31</b>	<b>38.84</b>

\* Includes amount recoverable on account of Gas Pool Account amounting to ₹ 193.88 crore (CPLY ₹ 56.35 crore)

### <sup>#</sup> Details of Non-Current Asset Held for Sale

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Plant & Machinery	17.72	1.98

The Company expects to dispose of items classified under "Non Current Asset Held for Sale" within one year.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 20 Equity Share Capital

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Authorized</b>	<b>1000.00</b>	<b>1000.00</b>
100,00,00,000 Equity Shares (CPLY 100,00,00,000 Equity Shares) of Rs 10 each		
<b>Issued, Subscribed and Paid -up</b>	<b>490.58</b>	<b>490.58</b>
49,05,78,400 Equity Shares (CPLY 49,05,78,400 Equity Shares) of Rs 10 each fully paid up		
<b>Total</b>	<b>490.58</b>	<b>490.58</b>

#### a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period.

Particulars	31st March 2022		31st March 2021	
	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)
Opening Balance	490578400	490.58	490578400	490.58
Increase during the year	-	-	-	-
<b>Closing Balance</b>	<b>490578400</b>	<b>490.58</b>	<b>490578400</b>	<b>490.58</b>

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 Rs. 10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends. The dividend proposed by the Board of Director is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which is approved by the Board of Directors. In the event of liquidation of the company, the holders of equity share will be entitled to receive the 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 2022		31st March 2021	
	No.	%	No.	%
<b>Equity Shares of ₹10 each fully paid</b>				
i) Government of India	36,65,29,532	74.71	36,65,29,532	74.71
ii) Life Insurance Corporation of India (LIC)	5,55,23,101	11.32	5,55,23,101	11.32

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### d. Shareholding of Promoters as under:

Equity Shares held by promoters as on 31.03.2022				% Change during the year
S.No	Promoter name	No. of Shares	%of total shares	
1	Government of India	36,65,29,532	74.71	-
	<b>Total</b>	<b>36,65,29,532</b>	<b>-</b>	<b>-</b>

Equity Shares held by promoters as on 31.03.2021				% Change during the year
S.No	Promoter name	No. of Shares	%of total shares	
1	Government of India	36,65,29,532	74.71	-
	<b>Total</b>	<b>36,65,29,532</b>	<b>-</b>	<b>-</b>

### Note : 21 Other Equity

₹ in Crore

Particulars		As at 31st March 2022	As at 31st March 2021
<b>Capital Reserve</b>			
Balance at the beginning of the year		2.51	2.51
Balance at the end of the year	<b>A</b>	<b>2.51</b>	<b>2.51</b>
<b>General Reserve</b>			
Balance at the beginning of the year		332.89	332.89
Balance at the end of the year	<b>B</b>	<b>332.89</b>	<b>332.89</b>
<b>Retained Earnings in Statement of Profit and Loss</b>			
Balance at the beginning of the year		1314.21	1076.26
Less: Dividend Paid		-	-
Less: Adjustment of Bearer Plants		*	*
		<b>1314.21</b>	<b>1076.26</b>
Profit/(Loss) for the year transferred from Statement of Profit and Loss		(95.01)	237.08
Profit/(Loss) for the year transferred from Other Comprehensive Income		1.90	0.87
<b>Balance at the end of the year</b>	<b>C</b>	<b>1221.10</b>	<b>1314.21</b>
<b>Total (A+B+C)</b>		<b>1556.50</b>	<b>1649.61</b>

\* The value of adjustment from Retained Earnings on account of Bearer Plants i.e. Fruit Bearing Trees is ₹ 42726/-, being less than ₹ 50,000/- not appearing.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 22 Borrowings

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Term Loans</b>		
Rupee Term Loan ( Secured)#	629.73	648.01
<b>Total</b>	<b>629.73</b>	<b>648.01</b>

# To meet the funding requirement of Energy Saving and other Capex Schemes, the company has entered into a Rupee Term Loan Agreement with SBI on 24.12.2018 for ₹ 1044 crore.

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.

A sum of ₹ 734.13 crore is outstanding as on 31.03.2022 out of which instalment due for payment upto 31st March 2023 amounting to ₹ 104.40 crore is disclosed on Note: 29 - Borrowings.

Repayment of sanctioned term loan would repayable in 40 quarterly instalments of ₹ 26.10 crore each started from June 2020 and ending in March 2030. The rate of interest on the term loan is 1 year SBI MCLR plus spread of 0.15%. During the year interest rate was 7.10 % p.a.

### Note : 23 Lease Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Lease Liability	0.74	0.87
<b>Total</b>	<b>0.74</b>	<b>0.87</b>

### Note : 24 Other Financial Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Security Deposits	5.29	6.52
Others#	18.19	16.12
<b>Total</b>	<b>23.48</b>	<b>22.64</b>

# Includes gross amount of ₹ 24.28 crore (CPLY ₹23.07 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.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 25 Provisions

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for employee benefits *^	205.68	201.47
<b>Total</b>	<b>205.68</b>	<b>201.47</b>
<b>* Item wise breakup of Provisions for employee benefits</b>		
Earned Leave	95.89	88.25
Half Pay Leave	94.93	97.87
Post Retirement Settlement Benefits	1.52	1.58
Long Service Award	0.64	0.74
Social Security Benefits	3.95	4.99
Employees' Family Economic Rehabilitation Scheme	8.75	8.04
<b>Total</b>	<b>205.68</b>	<b>201.47</b>

^ Short term Provision for Employee Benefits of ₹ 227.20 crore is disclosed in Note 33.

### Note: 26 Deferred Government Grant

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Opening Balance <sup>#</sup>		
Non Current	2116.74	2332.28
Current	204.25	222.99
Add: Addition/Adjustment during the year (AFCP)*	(1.71)	(40.74)
Add: Addition/Adjustment during the year (Others)	1.06	0.58
Less : Govt Grant recognised in Statement of Profit & loss Account (Note No. 37)	198.53	194.12
Less : Transferred Deferred Government Grant Current (Note 34)	194.87	204.25
<b>Total</b>	<b>1926.94</b>	<b>2116.74</b>

<sup>#</sup> Includes 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 08.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 08.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 08.02.2010 for Nangal Unit which 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'.

Department of Fertilizers vide its notification dated 14.08.2020 have conveyed the decision of government to conclude reimbursement of conversion cost of the plant from FO/LSHS to natural gas by making a one time payment of Rs. 167.55 crore to NFL Nangal, Bathinda & Panipat Units for the said conversion. Accordingly one time payment of Rs. 167.55 crore representing return on own funds for FY 2012-13 to 2017-18 has been recognised in the financial year 2020-21.

\* Represents addition / adjustment 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 Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 27 Deferred Tax Assets / Liability (net)

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Deferred Tax Liability (A)</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.	173.74	153.59
<b>(A)</b>	<b>173.74</b>	<b>153.59</b>
<b>Deferred Tax Assets (B)</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.	137.46	140.13
Losses carried forward	-	-
<b>(B)</b>	<b>137.46</b>	<b>140.13</b>
<b>Net Deferred Tax Liability (A-B)</b>	<b>36.28</b>	<b>13.46</b>

### Movement in deferred tax components

Particulars	At April 1, 2021	Charged or (credited) to profit or loss	At March 31, 2022
Expenses allowed on cash basis	140.13	2.67	137.46
Losses carried forward	-	-	-
Property, Plant & Equipment impact	(153.59)	20.15	(173.74)
<b>Total</b>	<b>(13.46)</b>	<b>22.82</b>	<b>(36.28)</b>

Tax has been computed as per section 115 BAA of the Income Tax Act, 1961.

### Note : 28 Other Non Current Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Others	7.15	8.32
<b>Total</b>	<b>7.15</b>	<b>8.32</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 29 Borrowings

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Secured</b>		
Cash credit from banks*	10.23	0.02
Working Capital Demand Loan*	1200.13	1108.00
<b>Unsecured</b>		
Commercial Paper	-	-
Short Term loans from Banks	1225.07	27.09
<b>Current maturities of long term borrowings</b>		
Rupee Term Loan\$	104.40	104.40
<b>Total</b>	<b>2539.83</b>	<b>1239.51</b>

\*Cash credit / Working Capital Demand Loan from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation on the whole of the current assets of the borrower namely, Stocks of Raw Materials, Stocks in Process, Semi Finished and Finished Goods, Stores and Spares not relating to Plant & Machinery (Consumable Stores and Spares), Bills receivables and book debts and all other moveables, both present and future of the company.

\$ Details in respect of Interest and terms of repayment of Rupee Term Loan are disclosed in Note : 22

### Note : 30 Lease Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Lease Liability	2.00	3.34
<b>Total</b>	<b>2.00</b>	<b>3.34</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 31 Trade Payables

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Micro and Small Enterprises*	8.36	1.85
Other than Micro and Small Enterprises\$	1437.30	728.32
<b>Total</b>	<b>1445.66</b>	<b>730.17</b>

\*Interest amount due to MSMED parties during the year is not due/accrued/paid or payable.

\$ Includes amount of ₹ 1189.78 crore (CPLY ₹ 492.10 crore) on account of Gas supplies.

#### Trade Payables ageing Schedule as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	8.36	-	-	-	8.36
(ii) Others	1377.03	36.73	20.06	2.84	1436.66
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	0.64	0.64
<b>Total</b>	<b>1385.39</b>	<b>36.73</b>	<b>20.06</b>	<b>3.48</b>	<b>1445.66</b>

#### Trade Payables ageing Schedule as on 31.03.2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	1.85	-	-	-	1.85
(ii) Others	688.88	28.39	7.90	2.48	727.65
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	0.67	0.67
<b>Total</b>	<b>690.73</b>	<b>28.39</b>	<b>7.90</b>	<b>3.15</b>	<b>730.17</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 32 Other Financial Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Creditors for Capital Works	62.81	117.44
Security Deposits	260.29	242.90
Liability for employee benefits / remuneration	34.84	44.26
Unclaimed dividend	0.21	0.21
Unspent amount of CSR yet to be transferred to specified fund account	0.04	1.61
Others <sup>\$</sup>	662.33	257.29
<b>Total</b>	<b>1020.52</b>	<b>663.71</b>

\$ Includes amount of ₹ 1.32 crore (CPLY ₹1.45 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: 33 Provisions

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for employee benefits* <sup>^</sup>	227.20	258.46
Provision for Impairment in NFL PF Trust Investment (refer note 52.1.7)	12.16	-
<b>Total</b>	<b>239.36</b>	<b>258.46</b>
<b>*Item wise breakup of provisions for employee benefits:</b>		
Gratuity	190.64	224.98
Earned Leave	15.15	13.53
Half Pay Leave	17.31	16.47
Post Retirement Settlement Benefits	0.23	0.22
Long Service Award	0.20	0.20
Social Security Benefits	1.34	0.78
Employees' Family Economic Rehabilitation Scheme	2.33	2.28
<b>Total</b>	<b>227.20</b>	<b>258.46</b>

<sup>^</sup> Long term Provision for Employee Benefits of ₹205.68 crore is disclosed in Note 25.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 34 Deferred Government Grant

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Deferred Government Grant</b>		
AFCP#	194.16	203.83
Others	0.71	0.42
<b>Total</b>	<b>194.87</b>	<b>204.25</b>

# 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 08.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 08.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 08.02.2010 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'.

Non Current Deferred Government Grant is disclosed in Note No. 26.

### Note: 35 Current Tax Liabilities (Net)

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Provision for Corporate Tax</b>		
Provision for tax	-	53.14
Advance Tax / TDS	-	(18.16)
<b>Total</b>	<b>-</b>	<b>34.98</b>

### Note: 36 Other Current Liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
Advances from Customers	66.70	34.20
Statutory Dues	50.17	32.16
Provision for Statutory Dues	57.41	59.71
<b>Total</b>	<b>174.28</b>	<b>126.07</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 37 Revenue from operations

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>A) Sale of Goods</b>		
Finished goods	2432.83	2362.69
Traded goods	2456.31	2312.76
<b>(a)</b>	<b>4889.14</b>	<b>4675.45</b>
<b>Subsidy from Government of India:</b>		
Finished goods (Urea)	8764.85	5795.02
<b>Traded Goods</b>		
DAP (Di Ammonium Phosphate)	1229.16	596.86
Compost	2.30	3.26
Muriate of Potash	40.34	75.71
NPK	254.21	50.91
APS (Ammonium Phosphate Sulphate)	113.89	117.78
IMP UREA - Govt A/c	171.55	162.07
NPK 10:26:26	138.52	38.91
<b>Total subsidy\$</b>	<b>(b) 10714.82</b>	<b>6840.52</b>
<b>Revenue from operations (gross) (a)+(b)</b>	<b>(A) 15603.96</b>	<b>11515.97</b>
\$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year	55.06	5.83

Pending sale of Urea and P&K fertilizer totalling 5.24 lakh MT through POS device to beneficiaries as on 31.03.2022, subsidy of ₹ 1064.65 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS device has been recognized in the current period (CPLY quantities 10.80 lakh MT and subsidy ₹1276.70 crore).

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>B) Sale of Services</b>		
i) Training & Recruitment for other organisation	0.07	0.04
ii) Services to Other Organisations	18.89	-
<b>(B)</b>	<b>18.96</b>	<b>0.04</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### C) Other Operating Revenue

₹ in Crore

Particulars	Year Ended 31st March 2022		Year Ended 31st March 2021	
i) Amortisation of Deferred Govt Grant*				
AFCP	198.10		190.43	
Others	0.43	198.53	3.69	194.12
ii) Return on own funds (AFCP)#		-		167.55
iii) Forfeiture of Security Deposits etc		0.24		0.10
iv) Liquidated Damages recovered from Contractor / Supplier		7.07		8.75
v) Recovery of Dispatch Money		7.49		1.86
vi) Sale of Scrap		7.13		2.76
vii) Hire Charges of Equipment		0.15		0.07
viii) Recoveries on delayed payment on credit sales		10.62		14.44
ix) Insurance Claims		2.94		-
	(C)	<u>234.17</u>		<u>389.65</u>
<b>Total Revenue from Operations (A+B+C)</b>		<u><b>15857.09</b></u>		<u><b>11905.66</b></u>

\*Deferred Govt Grant of ₹ 198.53 crore (CPLY ₹ 194.12 crore) recognised on a systematic basis over the useful life of the AFCP and Other Assets. The corresponding depreciation is appearing in Note No. 46.

# Includes 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 08.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 08.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 08.02.2010 for Nangal Unit which 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'.

Department of Fertilizers vide its notification dated 14.08.2020 have conveyed the decision of government to conclude reimbursement of conversion cost of the plant from FO/LSHS to natural gas by making a one time payment of ₹ 167.55 crore to NFL Nangal, Bathinda & Panipat Units for the said conversion. Accordingly one time payment of ₹ 167.55 crore representing return on own funds for FY 2012-13 to 2017-18 has been recognised in the financial year 2020-21.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 38 Other Income

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>A) Interest Income on Financial Assets measured at amortised cost</b>		
i) Term Deposits	1.45	2.08
ii) Loan to employees	0.25	0.29
iii) Unwinding of Interest accrued on Deposits	1.76	5.48
iv) Others	1.23	1.26
<b>(A)</b>	<b>4.69</b>	<b>9.11</b>
<b>B) Non Operating Income</b>		
i) Profit on Sale of Assets	2.08	1.15
ii) Rent	21.24	17.77
iii) Others	6.32	5.31
<b>(B)</b>	<b>29.64</b>	<b>24.23</b>
<b>(A+B)</b>	<b>34.33</b>	<b>33.34</b>

### Note: 39 Cost of material consumed

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Raw Material (A)</b>		
Inventory at the beginning of the year	1.42	0.47
Purchases	5969.79	3471.92
	<b>5971.21</b>	<b>3472.39</b>
Less: Inventory at the end of the year	(5.76)	(1.42)
Cost of raw material consumed	<b>5965.45</b>	<b>3470.97</b>
<b>Packing material (B)</b>	200.90	178.40
<b>Stores and spares ( C)</b>	53.08	48.80
<b>Loose Tools ( D)</b>	0.01	0.02
<b>Cost of material consumed (A+B+C+D)</b>	<b>6219.44</b>	<b>3698.19</b>
<b>Itemwise break up of raw material consumed</b>		
Natural Gas	5926.31	3457.60
Others	39.14	13.37
<b>Total</b>	<b>5965.45</b>	<b>3470.97</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 40 Purchase of Stock- in- Trade

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Traded goods purchased</b>		
<b>Imported</b>		
Di Ammonium Phosphate (DAP)	3256.36	1067.00
Ammonium Phosphate Sulphate (APS)	182.69	274.05
Muriate of Potash (MOP)	(2.75)*	191.81
NPK (12:32:16)	512.66	62.12
NPK (10:26:26)	246.12	69.63
<b>Indigenous</b>		
Imported Urea - Govt A/c	362.76	371.21
Agro Chemicals	22.72	15.53
Seeds	58.76	42.95
Compost	9.71	7.42
SSP Powder	9.62	9.33
SSP Plain	5.90	5.10
Water Soluble Fertilizer	10.38	2.40
Ammonia	95.38	-
RFCL Urea	195.24	0.15
POTASH from MOLASSES	0.19	-
FACT AMFOS (CD)	58.84	-
Bentonite Sulphur	1.72	-
<b>Total</b>	<b>5026.30</b>	<b>2118.70</b>

\* Negative due to Price Adjustment.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 41 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Opening inventories</b>		
Work in Progress	16.43	25.31
Finished goods	97.98	461.35
Traded goods	110.33	498.69
<b>(A)</b>	<b>224.74</b>	<b>985.35</b>
<b>Closing inventories</b>		
Work in Progress	34.82	16.43
Finished goods	336.54	97.98
Traded goods	1650.96	110.33
Less : Misappropriation of Stock (refer note no. 57)	(3.84)	-
Others	26.52	
<b>(B)</b>	<b>2045.00</b>	<b>224.74</b>
<b>Net (Increase)/decrease in inventories (A+B)</b>	<b>(1820.26)</b>	<b>760.61</b>

### Note: 42 Employee benefits expense

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Salaries, Wages and Bonus	511.75	503.79
Contribution to Provident and Other Funds	51.94	51.00
Gratuity Expenses	23.55	23.10
Welfare expenses#	61.66	48.44
<b>Total</b>	<b>648.90</b>	<b>626.33</b>

# Includes payment of ₹ 3.17 crore (CPLY ₹ 3.10 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme and also includes provision of ₹ 12.16 crores for Impairment in PF Trust Investment (refer note 52.1.7).

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 43 Power and fuel

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Purchased power	99.00	134.69
Coal	394.26	626.25
Natural gas	3526.55	1770.24
Cess on Electricity	20.46	18.47
<b>Total</b>	<b>4040.27</b>	<b>2549.65</b>

### Note: 44 Repair and Maintenance

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Plant and machinery	79.58	64.11
Buildings	6.58	7.68
Others	9.77	8.43
<b>Total</b>	<b>95.93</b>	<b>80.22</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 45 Finance Costs

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Interest :</b>		
Cash credit	4.00	11.28
Commercial Papers	38.32	210.68
Short term loans	47.23	37.15
Rupee Term Loan	34.11	10.39
Unwinding of Interest accrued on Deposits	1.96	12.55
Others	6.39	6.50
<b>Other Borrowing Cost</b>	0.95	2.68
<b>Total</b>	<b>132.96</b>	<b>291.23</b>

### Note: 46 Depreciation and Amortization Expense

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Depreciation / Amortization on tangible assets*	330.91	309.03
Depreciation on Investment Property	0.07	0.07
Depreciation on Right to Use Asset	2.17	1.99
Amortization of intangible assets	1.40	1.18
<b>Total</b>	<b>334.55</b>	<b>312.27</b>

\*Depreciation includes ₹ 198.53 crore (CPLY ₹ 194.12 crore) towards Assets of AFCP / PoS Devices / Others purchased from Govt Grant / retailer margin and equivalent amount is appearing as Govt Grant Income in Note 37.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 47 Other Expenses

₹ in Crore

Particulars	Year Ended 31st March 2022		Year Ended 31st March 2021	
Rent		0.53		0.56
Rent for Godown		8.13		11.46
Rates and Taxes		7.56		3.00
Insurance		34.85		26.08
<b>Auditors' remuneration:</b>				
Audit Fee	0.30		0.28	
Tax Audit Fee	0.08		0.08	
Certification and Other Fee	0.30		0.29	
Out of pocket expenses	0.09	0.77	0.08	0.73
Cost Audit Fee		0.03		0.03
Security Expenses		65.38		61.02
Printing and Stationery		0.94		0.94
Advertisement, Publicity and Sales Promotion		3.26		2.44
Directors' Fees		0.10		0.07
Telephone and Postage		2.32		1.83
Travelling		3.31		1.78
Water Charges		28.56		24.30
<b>Provision for:</b>				
Doubtful Advances & Debts	3.84		4.11	
Un-utilised GST Input Credit	(2.81)		6.52	
Others	0.12	1.15	0.10	10.73
<b>Write Off:</b>				
Stores and Spares	4.18		3.93	
Fixed Assets	0.12		0.13	
Others	0.47	4.77	0.03	4.09
Legal Expenses		0.31		0.61
Bank Charges		4.20		3.11
Demurrage and Wharfage		1.69		1.04
Exchange rate variation (net)		8.72		19.03
CSR Expenditure (refer note 58)		3.45		13.04
Miscellaneous expenses		42.64		34.80
<b>Total</b>		<b>222.67</b>		<b>220.69</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 48 Income Tax Expense

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Current Tax</b>		
Current Tax on Profits for the year	14.51	53.15
Adjustments for Current Tax of prior periods	(0.07)	(0.11)
<b>Total Current tax expense (A)</b>	<b>14.44</b>	<b>53.04</b>
<b>Deferred Tax</b>		
Decrease / (increase) in deferred tax assets	2.67	44.75
(Decrease) / increase in deferred tax liabilities	20.15	(3.66)
<b>Total Deferred Tax Expense / (benefits) (B)</b>	<b>22.82</b>	<b>41.09</b>
<b>(A+B)</b>	<b>37.26</b>	<b>94.13</b>
Income Tax Relating to Other Comprehensive Income	(0.64)	(0.30)
<b>Income Tax Expense</b>	<b>36.62</b>	<b>93.83</b>

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Reconciliation of the tax expense and the accounting profit multiplied by tax rate</b>		
<b>Profit before tax</b>	<b>144.82</b>	<b>343.46</b>
Tax at the enacted rate of 25.168%	36.45	86.44
<b>Add :</b>		
<b>Tax effect of amount not deductible (taxable) while calculating taxable income</b>		
Add : CSR Expense	0.87	3.28
Add : Interest on Income Tax	0.23	0.58
Add: Payment To Special Welfare Fund Not Allowable	0.01	0.01
Others	(0.94)	3.52
<b>Total Income Tax Expense</b>	<b>36.62</b>	<b>93.83</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note: 49 Earning per share

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Profit/(Loss) after Tax (₹ in Crore)	(95.01)	237.08
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	(1.94)	4.83

The Company has not issued any security which will have the effect of diluting earnings on equity.

### Note 50 : Contingent liabilities

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Claims against the Company not acknowledged as debts</b>		
<b>a. Pending Appellate/Judicial decisions:</b>		
Income tax	34.94	33.08
Excise, Customs, GST and Service Tax	13.73	13.47
Sales Tax & Value Added Tax	6.93	7.70
Land compensation/development claims	1.25	1.19
Arbitration and civil cases	62.80	60.85
<b>b. Other claims</b>	1.58	1.88
<b>c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable</b>	-	-
<b>Total</b>	<b>121.23</b>	<b>118.17</b>

In Contingent Liability cases, interest on Statutory demands is recognised on receipt of demand notice.

### Note 51: Capital and other commitments

₹ in Crore

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:</b>		
(I) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	213.79	150.49
(ii) Unutilized amount of Letter of Credit	625.56	248.18

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### 52.1 Ind AS-19: Employee Benefits

#### 52.1.1 General description of defined benefit schemes:

<b>Gratuity</b>	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.
<b>Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}</b>	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.
<b>Long Service Award (LSA)</b>	Payable to employees on completion of specified years of service.
<b>Post Retirement Settlement Benefits (PRSB)</b>	Post Retirement Settlement Benefits (PRSB) for settlement at home town for employees and dependents
<b>Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:</b>	
<b>Social Security Benefits (SSB)</b>	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).
<b>Employees' Family Economic Rehabilitation Scheme (EFERS)</b>	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

#### 52.1.2 Provident Fund:

The Provident Fund contributions are made to a Trust. 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 ₹ 36.46 crore (CPLY ₹ 35.70 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, 2022.

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 31<sup>st</sup> March 2022

### 52.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ in Crore

Particulars	Gratuity		EL		HPL		PRSB		LSA		PF	
	21-22	20-21	21-22	20-21	21-22	20-21	21-22	20-21	21-22	20-21	21-22	20-21

#### (i) Reconciliation of present value of defined benefit obligations and plan assets:

1. Present value of projected benefit obligations at beginning of the year	308.59	314.96	101.78	102.63	114.34	111.95	1.80	1.77	0.94	0.50	1278.69	1187.19
2. Acquisition adjustment	-	0.21	-	-	-	-	-	-	-	-	-	-
3. Service Cost	8.15	9.27	6.21	9.51	4.51	4.84	0.07	0.07	0.05	0.05	36.46	35.70
4. Past Service Cost	-	-	-	-	-	-	-	-	-	0.45	-	-
5. Interest Cost	20.61	21.36	6.80	6.96	7.64	7.59	0.12	0.12	0.06	0.04	101.39	100.59
6. Actuarial (Gains) / Losses	(2.69)	0.03	31.28	20.36	(4.12)	(2.28)	(0.04)	0.02	(0.02)	0.03	1.43	(0.13)
7. Benefits Paid	(38.53)	(37.24)	(35.04)	(37.68)	(10.13)	(7.76)	(0.20)	(0.18)	(0.18)	(0.13)	(178.63)	(121.35)
8. Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	78.70	75.77
9. Transfer in	-	-	-	-	-	-	-	-	-	-	1.39	0.92
10. Present value of projected benefit obligations at close of the year [1 to 9]	296.13	308.59	111.03	101.78	112.24	114.34	1.75	1.80	0.85	0.94	1319.43	1278.69
11. Fair Value of Plan assets at close of the year	(105.49)	(83.61)	-	-	-	-	-	-	-	-	1323.20	1289.10
12. Net Liability recognized in Balance Sheet at close of the year [10-11]	190.64	224.98	111.03	101.78	112.24	114.34	1.75	1.80	0.85	0.94	-	-

#### (ii) Reconciliation of fair value of assets and obligations [Refer Foot Note a below]:

1. Fair value of plan assets at beginning of the year	83.61	110.88	-	-	-	-	-	-	-	-	1289.10	1221.00
Opening Adjustment as per balance sheet	-	-	-	-	-	-	-	-	-	-	-	-
2. Acquisition adjustment	-	0.21	-	-	-	-	-	-	-	-	80.09	76.69
3. Expected Return on plan assets	5.58	7.52	-	-	-	-	-	-	-	-	101.39	100.59
4. Actual Company's contribution	55.02	-	-	-	-	-	-	-	-	-	36.46	35.70
5. Actuarial Gains/(Losses)	(0.20)	1.23	-	-	-	-	-	-	-	-	(5.21)	(23.53)
6. Benefits Payments	(38.52)	(36.23)	-	-	-	-	-	-	-	-	(178.63)	(121.35)
7. Past service Cost	-	-	-	-	-	-	-	-	-	-	-	-
8. Fair value of plan assets at close of the year (1 to 7)	105.49	83.61	-	-	-	-	-	-	-	-	1323.20	1289.10
9. Present value of defined benefit obligation	296.13	308.59	-	-	-	-	-	-	-	-	1319.43	1278.69
10. Net liability recognized in the Balance Sheet at close of the year [9-8]	190.64	224.98	-	-	-	-	-	-	-	-	-	-

#### (iii) Expenses recognized in the Statement of Profit & Loss:

1. Service Cost	8.15	9.27	6.21	9.51	4.51	4.84	0.07	0.07	0.05	0.05	36.46	35.70
2. Past Service Cost	-	-	-	-	-	-	-	-	-	0.45	-	-
3. Interest Cost	20.61	21.36	6.80	6.96	7.64	7.59	0.12	0.12	0.06	0.04	101.39	100.59
4. Actuarial (Gains) / Losses	(2.49)	(1.20)	31.28	20.36	(4.12)	(2.28)	(0.04)	0.02	(0.02)	0.03	1.43	(0.13)
5. Expected return on Plan Assets	(5.58)	(7.52)	-	-	-	-	-	-	-	-	(101.39)	(100.59)
6. Total charged to P&L Account	20.69	21.91	44.29	36.83	8.03	10.15	0.15	0.21	0.09	0.57	-	-

**(iv) Actuarial assumptions:**

Particulars	As at 31st March 2022	As at 31st March 2021
1. Method used	Projected Unit credit	Projected Unit credit
2. Discount Rate (per annum)	7.00%	6.68%
3. Mortality Rate	Indian assured lives mortality (2012-14) modified ultimate	Indian assured lives mortality (2012-14) modified ultimate
4. Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Executives 3%/2%/1%, depending upon age	Executives and Non Executives 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):**

Particulars	As at 31st March 2022	As at 31st March 2021
1. Discount Rate (per annum)	7.00%	6.68%
2. Interest Rate Guarantee	8.10%	8.50%

**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	7.33	(6.96)
2.	Earned Leave	3.68	(3.43)
3.	Half Pay Leave	2.83	(2.69)

**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	(2.62)	2.46
2.	Earned Leave	(3.48)	3.70
3.	Half Pay Leave	(2.73)	2.85

**Foot Note:**

- a 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 ₹ 190.64 crore (CPLY ₹ 224.98 crore) is unfunded as on 31st March, 2022. Other defined benefit obligations are unfunded.

**52.1.4 Other Employee Benefit Schemes:**

Provision of ₹0.27 crore (CPLY ₹1.20 crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits Scheme has been charged on the basis of actuarial valuation and credited to the Statement of Profit and Loss account. A net liability of ₹ 16.36 crore (CPLY ₹ 16.09 crore) has been recognized in the Balance Sheet as at 31st March 2022 on account of these schemes.

**52.1.5 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.

**52.1.6 The major categories of plans assets are as follows:**

₹ in Crore

Particulars	31st March 2022				31st March 2021			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Equity instruments	23.36	-	23.36	1.81	11.96	-	11.96	0.94
Debt instruments	1256.02	-	1256.02	97.50	1249.61	-	1249.61	98.65
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	8.86	8.86	0.69	-	5.15	5.15	0.41
<b>Total</b>	<b>1279.38</b>	<b>8.86</b>	<b>1288.24</b>	<b>100.00</b>	<b>1261.57</b>	<b>5.15</b>	<b>1266.72</b>	<b>100.00</b>

**52.1.7** The Employee benefit of Provident Fund is administered through a separate NFL Employees Provident Fund Trust. Out of the investment made by PF trust in the past, one issuer of security has defaulted in payments. The value of Investment is ₹ 15.20 crore. Considering the Employers obligation to make good the loss in value of investment under Provident Fund Regulations, pending assessment of actual loss the Company has provided for 80% of value of investment amounting to ₹ 12.16 crore in the current year and charged to Statement of Profit & Loss.

**Note 53 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

- Own Fertilizers ( Urea, Bio Fertilizers and Bentonite Fertilizers)
- Fertilizers Trading (Indigenous and Imported)
- 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).

**53.1.1 Geographical Segment:**

The operations of the company are conducted within India and there is no separate reportable geographical segment.

### 53.1.2 The disclosure of segment-wise information is as below:

₹ in Crore

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Segment Revenue</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	10826.87	8275.96
Fertilizer Trading	4216.76	3276.33
Other Products & Services	917.11	389.35
Less : Eliminations	103.65	35.98
<b>Total Segment Revenue</b>	<b>15857.09</b>	<b>11905.66</b>
<b>Segment Results</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	(277.74)	289.71
Fertilizer Trading	368.75	285.02
Other Products & Services	254.36	113.77
<b>Total Segment Results</b>	<b>345.37</b>	<b>688.50</b>
Finance expenses	132.96	291.23
Unallocable Expenses (Net of unallocable income)	270.80	66.36
<b>Profit / (Loss) Before exceptional item &amp; tax</b>	<b>(58.39)</b>	<b>330.91</b>
Exceptional Item*	-	-
<b>Profit / (Loss) Before Tax</b>	<b>(58.39)</b>	<b>330.91</b>
Provision for Tax	36.62	93.83
<b>Profit After Tax</b>	<b>(95.01)</b>	<b>237.08</b>
Other comprehensive income (net of taxes)	1.90	0.87
<b>Total Comprehensive Income</b>	<b>(93.11)</b>	<b>237.95</b>
<b>Segment Assets</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	7610.46	5971.17
Fertilizer Trading	1973.67	785.13
Other Products & Services	127.73	122.12
Unallocable	781.74	1533.77
<b>Segment Assets</b>	<b>10493.60</b>	<b>8412.19</b>
<b>Segment Liabilities</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4392.79	3869.39
Fertilizer Trading	610.74	212.82
Other Products & Services	65.01	52.13
Unallocable	3377.98	2137.66
<b>Segment Liabilities</b>	<b>8446.52</b>	<b>6272.00</b>
<b>Capital Expenditure</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	965.09	201.52
Fertilizer Trading	-	-
Other Products & Services	0.37	0.74
Unallocable	1.09	1.33
<b>Capital Expenditure</b>	<b>966.55</b>	<b>203.59</b>
<b>Depreciation and Amortisation expenses</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	324.56	300.53
Fertilizer Trading	-	-
Other Products & Services	7.60	8.56
Unallocable	2.40	3.18
<b>Depreciation and Amortisation expenses</b>	<b>334.56</b>	<b>312.27</b>
<b>Non-cash expenses other than Depreciation and Amortisation</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4.93	6.04
Fertilizer Trading	9.70	27.81
Other Products & Services	-	-
Unallocable	-	0.01
<b>Non-cash expenses other than Depreciation and Amortisation</b>	<b>14.63</b>	<b>33.86</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note 54 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 Nirlep Singh Rai  
Chairman & Managing Director w.e.f. 06.09.2021  
and additional charge of Director (Technical)
- (ii) Shri V. N. Datt,  
Chairman & Managing Director (Additional  
Charge upto 05.09.2021) and Director (Marketing)  
upto 02.12.2021.
- (iii) Shri Y. P. Bhola  
Director (Finance) upto 31.12.2021
- (iv) Shri Ashok Jha  
Company Secretary

#### C.) Key management personnel compensation

₹ in Crores

	31st March 2022	31st March 2021
Short-term employee benefits	1.57	2.04
Post-employment benefits	-	-
Other Long-term employee benefits	0.61	0.45
Termination benefits	-	-
Share based payment	-	-
<b>Total Compensation</b>	<b>2.18</b>	<b>2.49</b>

#### D Transactions with Related parties:

- (i) During the year, there were transactions of ₹ 407.53 crore (CPLY ₹147.17 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹ 43.83 crore (CPLY ₹106.10 crore) and others ₹363.70 crore (CPLY ₹41.07 crore). The amount recoverable from Ramagundam Fertilizers & Chemicals Limited as on 31.03.2022 is ₹47.83 crore (CPLY ₹6.44 crore) and amount payable to Ramagundam Fertilizers & Chemicals Limited as on 31.03.2022 is ₹50.21 crore (CPLY ₹0.16 crore)
- (ii) Remuneration to Key Management Personnel at (C) above is ₹2.18 crore (CPLY ₹2.49 crore). In addition to the above, they are eligible for non monetary perquisites as per Government of India guidelines.

### Note 55 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 56

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.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note 57

Misappropriation of stock of fertilizers by a Stockist under Godown Agreement with the company has been reported in FY 2021-22 and police complaint in the matter has been filed. The matter is under investigation. Further, cost of stock amounting to ₹ 3.84 Crores has been debited to stockist. Due to uncertainty of recovery, provision for doubtful recoverable has been created in the Books of Accounts.

### Note 58

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 Crores

Particulars	Current period	Previous period
A. Balance of CSR Fund carried forward from earlier year	-	9.64
B. Amount required to be spent during the year (As per Companies Act)	3.45	3.40
C. Total (A+B)	3.45	13.04
D. CSR cash expenses during the year	2.16	6.05
E. Provision made for CSR ongoing projects expenses for the amount to be deposited in separate Bank Account.	1.25	5.38
F. Provision made for unspent CSR expenditure (Other than Ongoing projects).	0.04	1.61
G. Closing Balance of CSR Fund (C-D-E-F)	-	-

Break-up of the CSR expenses including provision of Rs. 1.25 crore under major heads is as under:

₹ in Crores

Particulars	Amount
1. Health and Sanitation	3.13
2. Education & Skill Development	0.28
3. Promoting gender, empowering women, setting up homes	-
4. Environmental & Sustainability	-
5. Measure for the benefit of Armed Force	-
6. Training to Promote Rural Sports, paralympic sports	-
7. Rural Development projects	-
<b>Total</b>	<b>3.41</b>

₹ 1.25 crore towards unspent amount of "Ongoing Project" has been transferred to a separate Bank Account as per the provisions of Section 135 (6) of the Companies Act, 2013.

Further, ₹ 0.04 crores towards unspent amount of "Other than Ongoing Project" shall be transferred to a fund specified in Schedule VII within a period of six months from the expiry of the financial year as per provisions of Section 135(5) of the Companies Act, 2013.

### Note: 59 Remittance in foreign currencies for dividends

The Company has not paid any Dividend during Financial Year 2021-22.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 60 Fair Value Measurement

#### Financial instruments by category

₹ in Crore

Particulars	March 31, 2022			March 31, 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial Assets</b>						
Loan	-	-	7.31	-	-	8.44
Other Financial Assets	-	-	129.98	-	-	66.87
Trade Receivables	-	-	2799.92	-	-	2634.09
Cash and Cash Equivalents	-	-	25.82	-	-	39.33
Other Bank Balances	-	-	2.99	-	-	2.89
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>2966.02</b>	<b>-</b>	<b>-</b>	<b>2751.62</b>
<b>Financial Liabilities</b>						
<b>Borrowings</b>						
Term Loan	-	-	629.73	-	-	648.01
Borrowings	-	-	2539.83	-	-	1239.51
Lease Liabilities	-	-	2.74	-	-	4.21
Other Financial Liabilities	-	-	778.42	-	-	436.93
Security Deposits	-	-	265.58	-	-	249.42
Trade Payables	-	-	1445.66	-	-	730.17
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>5661.96</b>	<b>-</b>	<b>-</b>	<b>3308.25</b>

#### (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 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
<b>Financial Investments at FVTPL:</b>					
Investment in NFL Employees'					
Consumer co-operative stores		-	-	-	-
<b>Financial Investments at FVOCI:</b>					
		-	-	-	-
<b>Total Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>					
		-	-	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
<b>Financial Investments at FVTPL:</b>					
Investment in NFL Employees'					
Consumer co-operative stores		-	-	-	-
Financial Investments at FVOCI:		-	-	-	-
<b>Total Financial Assets</b>		-	-	-	-
<b>Financial Liabilities</b>		-	-	-	-
<b>Total Financial Liabilities</b>		-	-	-	-

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31st March 2022	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Loans		-	-	7.31	7.31
Other Financial Assets		-	-	129.98	129.98
Trade Receivables		-	-	2799.92	2799.92
Cash and Cash Equivalents		-	-	25.82	25.82
Other Bank Balances		-	-	2.99	2.99
<b>Total Financial Assets</b>		-	-	<b>2966.02</b>	<b>2966.02</b>

#### Financial Liabilities

Borrowings					
Term Loan		-	-	629.73	629.73
Borrowings		-	-	2539.83	2539.83
Lease Liability		-	-	2.74	2.74
Other Financial Liabilities		-	-	778.42	778.42
Security Deposits		-	-	265.58	265.58
Trade Payables		-	-	1445.66	1445.66
<b>Total Financial Liabilities</b>		-	-	<b>5661.96</b>	<b>5661.96</b>

At 31st March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Loan		-	-	8.44	8.44
Other Financial Assets		-	-	66.87	66.87
Trade Receivables		-	-	2634.09	2634.09
Cash & Cash Equivalents		-	-	39.33	39.33
Other Bank Balances		-	-	2.89	2.89
<b>Total Financial Assets</b>		-	-	<b>2751.62</b>	<b>2751.62</b>

	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>					
<b>Borrowings</b>					
Term Loan		-	-	648.01	648.01
Borrowings		-	-	1239.51	1239.51
Lease Liability		-	-	4.21	4.21
Other Financial Liabilities		-	-	436.93	436.93
Security Deposits		-	-	249.42	249.42
Trade Payables		-	-	730.17	730.17
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>3308.25</b>	<b>3308.25</b>

**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, 2022	N.A.	-
As at 31st March, 2021	N.A.	-

(iv) Fair value of financial assets and liabilities measured at amortised cost

₹ in Crore

Particulars	March 31, 2022		March 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Loan	7.31	7.31	8.44	8.44
Other Financial Assets	129.98	129.98	66.87	66.87
Trade Receivables	2799.92	2799.92	2634.09	2634.09
Cash & Cash Equivalents	25.82	25.82	39.33	39.33
Other Bank Balances	2.99	2.99	2.89	2.89
<b>Total Financial Assets</b>	<b>2966.02</b>	<b>2966.02</b>	<b>2751.62</b>	<b>2751.62</b>
<b>Financial Liabilities</b>				
<b>Borrowings</b>				
Term Loan	629.73	629.73	648.01	648.01
Borrowings	2539.83	2539.83	1239.51	1239.51
Lease Liability	2.74	2.74	4.21	4.21
Other Financial Liabilities	778.42	778.42	436.93	436.93
Security Deposits	265.58	265.58	249.42	249.42
Trade Payables	1445.66	1445.66	730.17	730.17
<b>Total Financial Liabilities</b>	<b>5661.96</b>	<b>5661.96</b>	<b>3308.25</b>	<b>3308.25</b>

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 2021-22 is 7.00% (CPLY 7.75%). 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 31<sup>st</sup> March 2022

### Note : 61 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 Forex Risk Management Committee (FRMC) / central treasury department and marketing department under Co's policies approved by the Board of Directors. FRMC/Treasury identifies, evaluates and hedges financial risks. The Board provides policy 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 ₹2821.62 crore and ₹2647.07 crore as of March 31, 2022 and March 31, 2021, 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, establishing 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	31.03.2022 ₹ in crore	% of Total Debtors	31.03.2021 ₹ in crore	% of Total Debtors
Govt of India (Subsidy)	2634.08	93.35	2162.69	81.70
Institutional Dealers	87.52	3.10	168.04	6.35
Private Dealers	100.02	3.54	316.34	11.95
<b>Total Trade Receivables</b>	<b>2821.62</b>	<b>100.00</b>	<b>2647.07</b>	<b>100.00</b>
	<b>31.03.2022</b>	<b>% of Debtors to Total Sales</b>	<b>31.03.2021</b>	<b>% of Debtors to Total Sales</b>
<b>Total Sales</b>	<b>15603.96</b>	<b>18.08</b>	<b>11515.97</b>	<b>22.99</b>

Note - The Total Subsidy Receivable is ₹ 2634.08 crore (CPLY ₹ 2162.69 crore).

**(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 given 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

Particulars	31 March, 2022	31 March, 2021
<b>Floating rate</b>		
Expiring within one year (Bank Overdraft/CC Limit and other facilities)	4,564.57	7,187.41

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.

**(C) Market Risk – Foreign Exchange**

The Position of Hedged Foreign Currency exposures are as under:-

₹ in Crore

Particulars	Hedged Exposures	Cross Currency	As on 31.03.2022	As on 31.03.2021
Foreign Currency exchange contracts	Trade Exposure for import of fertilizers	-	593.41	123.24
	Foreign Currency Term Loan (ECB)	-	-	-

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:-

₹ in Crore

Particulars	As on 31.03.2022	As on 31.03.2021
Foreign Currency Term Loan (ECB)	-	*
Trade Exposure for import of fertilizers	-	69.76

\*ECB Loan repaid in September 2020.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 62 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 Government 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 Crore

Particulars	31 March, 2022	31 March, 2021
Debt	629.73	648.01
Total equity	2281.54	2171.44
<b>Debt to equity ratio (in times)</b>	<b>0.28</b>	<b>0.30</b>

#### (b) Dividends

₹ in Crore

Particulars	31 March, 2022	31 March, 2021
<b>Equity shares</b>		
Interim dividend for the year ended 31 March 2022 (31 March 2021 - Nil)	-	-
Final dividend for the year ended 31 March 2021 (31 March 2020 - Nil)	-	-

### Note : 63 COVID - 19 Impact Analysis:

During the year ended 31st March 2022, the Company's production, dispatches, sales and market collections largely remained unaffected. The Company has been able to operate all its five plants at normal levels.

Delay in execution of Energy Saving Schemes due to stoppage of project activities at site because of delay in the visit of foreign experts for commissioning of these projects due to travel restrictions arising from COVID-19. However, Energy Saving Schemes have been completed during current financial year at all units.

As per current assessment, no significant impact on carrying amount of inventories, Property Plant & Equipment, intangible assets, trade receivables, investment and other financial assets is expected and Company continues to monitor the change in future economic conditions. The Management does not perceive any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However, the actual impact of COVID-19 on the Company's financial statements may differ from the current assessment.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

### Note : 64 Additional Regulatory Information

Sr.	Particulars	Numerator	Denominator	₹ in crore		% variance	Reasons for variance
				2021-22	2020-21		
1	Current Ratio						
1.a		Current Assets		5778.42	3428.34		Variance < 25%
1.b		Less: Assets held for Disposals		(17.72)	(1.98)		
1.c		Current Assets		5760.70	3426.36		
1.d			Current Liabilities	5616.52	3260.49		
1.e			Less: Deferred Government Grant	(194.87)	(204.25)		
1.f			Current Liabilities	5421.65	3056.24		
	Current ratio (1.c/1.f)			1.06	1.12	-5.22%	
2.	Debt-Equity Ratio						
2.a		Long Term Borrowings		629.73	648.01		Debt Equity ratio has increased mainly due to increase in short term borrowings during current year to finance increased Current Assets.
2.b		Add: Short Term borrowings		2539.83	1239.51		
2.c		Total Debt		3169.56	1887.52		
2.d			Equity Share Capital	490.58	490.58		
2.e			Add : Other equity	1556.50	1649.61		
2.f			Equity (Shareholders Funds)	2047.08	2140.19		
	Debt-Equity Ratio (2.c/2.f)			1.55	0.88	75.56%	
3.	Debt service coverage ratio						
3.a		Profit After Tax		(95.01)	237.08		Debt Service Coverage Ratio has improved mainly due to decrease in Interest expense and principal repayments which was partially offset by decrease in earnings available for Debt-service.
3.b		Add : Depreciation and amortisation		334.55	312.27		
3.c		Add: Finance cost		132.96	291.23		
3.d		Add: Loss on Sale of Assets		-	-		
3.e		Earnings Available for Debt-Service		372.50	840.58		
3.f			Actual Interest (paid basis)	132.88	277.56		
3.g			Add: Principal Repayments	104.40	170.36		
			Total Debt service	237.28	447.92		
	Debt service coverage ratio (3.d/3.g)			1.57	1.88	-16.35%	
4.	Return on Equity (ROE)						
4.a		Profit After Taxes		(95.01)	237.08		Return On Equity has decreased mainly due to decrease in Profit after tax. Profit for the current year are lower mainly due to lower production, tightening of energy norms.
4.b			Average Shareholder's Equity				
4.c			Opening Shareholder's Equity	2140.19	1902.24		
4.d			Closing Shareholder's Equity	2047.08	2140.19		
			Average Shareholder's Equity	2093.64	2021.22		
	Return on Equity (ROE) (4.a/4.d)			-4.54%	11.73%	-138.69%	
5.	Inventory Turnover Ratio						
5.a	Sales			15603.96	11515.97		Inventory Turnover Ratio has decreased mainly due to higher inventory of traded goods as on 31.03.2022.
5.b			Opening Inventory of Finished Goods	97.98	461.35		
5.c			Opening Inventory of Traded goods	110.32	498.69		
5.d			Total Opening Inventory	208.30	960.04		
5.e			Closing Inventory of Finished Goods	336.54	97.98		
5.f			Closing Inventory of Traded goods	1647.12	110.32		
5.g			Total closing Inventory	1983.66	208.30		
5.h			Average Inventory {(5.d+5.g)/2}	1095.98	584.17		
		Inventory Turnover Ratio (5.a/5.h)			14.24		

Sr.	Particulars	Numerator	Denominator	₹ in crore		% variance	Reasons for variance
				2021-22	2020-21		
6.	Trade Receivables Turnover Ratio						
6.a		Sales	Opening Trade Receivables	15603.96	11515.97		Trade Receivables Turnover Ratio has increased due to lower average trade receivables and increase in sale value.
6.b				2634.09	7735.33		
6.c				2799.92	2634.09		
6.d				2717.01	5184.71		
Trade Receivables Turnover Ratio (6.a/6.d)				5.74	2.22	158.56%	
7.	Trade Payables Turnover Ratio						
7.a		Total Purchases	Opening Trade Payables	16280.73	8889.84		Trade Payables Turnover Ratio has increased due to increase in value of purchases.
7.b				730.17	896.66		
7.c				1445.66	730.17		
7.d				1087.92	813.42		
Trade Payables Turnover Ratio (7.a/7.d)				14.97	10.93	36.93%	
8.	Net Capital Turnover Ratio						
8.a		Sales	Current Assets (as per 1.c)	15603.96	11515.97		Net Capital Turnover Ratio has increased due to higher sale value.
8.b				5760.70	3426.36		
8.c				5421.65	3056.24		
8.d				339.05	370.12		
Net Capital Turnover Ratio (8.a/8.d)				46.02	31.11	47.92%	
9.	Net Profit Ratio						
9.a	Profit After Tax (as per 4.a)			(95.01)	237.08		Net Profit Ratio of current year are lower mainly due to lower production and sale of urea, tightening of energy norms.
9.b	Sales			15603.96	11515.97		
Net profit ratio (9.a/9.b)				-0.61%	2.06%	-129.58%	
10	Return on Capital Employed						
10.a		Profit Before Tax (as per 3.a )	Net Worth (as per 2.g)	(58.39)	330.91		Return on capital employed is lower due to lower profit during current year as explained above.
10.b				Add : Finance cost (as per 3.c)	132.96		
10.c		Earnings before interest and tax		74.57	622.14		
10.d				2047.08	2140.19		
10.e		Add: Total Debt (as per 2.d)		3169.56	1887.52		
10.f		Add: Deferred Tax Liability		36.28	13.46		
10.g		Capital Employed		5252.92	4041.17		
Return on Capital Employed (10.c/10.g)				1.42%	15.40%	-90.78%	
11.	Return on Investment			Not Applicable : NFL has not invested in any Listed Investment			

## Note : 65 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

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
ED (F&A) / CFO

(Nirlep Singh Rai)  
Chairman & Managing Director  
DIN No.08725698

As per our report of even date attached

**For Arun K. Agarwal & Associates**  
Chartered Accountants  
Firm Regd. No. 003917N

(Lokesh Garg)  
Partner  
Membership No. 413012

**For Mehra Goel & Co.**  
Chartered Accountants  
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)  
Partner  
Membership No.087716

Place: Noida  
Date: 24.05.2022

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2022

The preparation of financial statements of **National Fertilizers Limited** for the year ended 31 March 2022 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) 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 24<sup>th</sup> May 2022.

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 2022 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.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

### A. Comments on Profitability

#### Statement of Profit and Loss

#### Revenue

#### Revenue from Operations (Note 37) - Rs.15603.96 crore

(i) The above includes Rs.2.74 crore being the supplementary insurance claim filed with surveyor for loss due to fire incident in Vijaipur plant of the Company. The surveyor had assessed the loss to the tune of Rs. 4.43 crore only based on original documents submitted by the Company. There was no confirmation of acceptance by the surveyor regarding supplementary claim of Rs. 2.74 crore as on 31 March 2022 as well as before approval of the financial statements for the year ended 31 March 2022 by the Board of Directors of the Company. Considering uncertainty involved in the acceptance of supplementary claim, the same should not have been recognized as other operating revenue.

This has resulted in overstatement of 'Other Financial Assets-Claims Recoverable' and 'Revenue from Operations' by Rs.2.74 crore with consequent overstatement of 'Profit for the year' by the same amount.

(ii) The above does not include an amount of Rs. 1.15 crore towards price subsidy in respect of Vijaipur plant-I (Rs. 0.60 crore) and plant-II (Rs. 0.55 crore) due to non-consideration of revised water charges effective from November 2021. The average water charges for claiming price subsidy was considered at Rs. 5.50 per cubic meter instead of revised average rate of Rs. 6.66 per cubic meter.

This has resulted in understatement of 'Revenue from Operations' and 'Trade Receivables' by Rs.1.15 crore with consequent understatement of 'Profit for the year' by the same amount.

**For and on the behalf of the  
Comptroller & Auditor General of India**

Place: New Delhi

Date: 29.08.2022

(Keerti Tewari)  
Director General of Audit  
(Agriculture, Food & Water Resources)

## MANAGEMENT REPLIES TO COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE STANDALONE FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2022

COMMENT	MANAGEMENT REPLY
<p><b>A. Comments on Profitability</b>  <b>Statement of Profit and Loss</b>  <b>Revenue</b>  <b>Revenue from Operations (Note 37)</b>  <b>- Rs.15603.96 crore</b></p> <p><i>“(i) The above includes Rs.2.74 crore being the supplementary insurance claim filed with surveyor for loss due to fire incident in Vijaipur plant of the Company. The surveyor had assessed the loss to the tune of Rs. 4.43 crore only based on original documents submitted by the Company. There was no confirmation of acceptance by the surveyor regarding supplementary claim of Rs. 2.74 crore as on 31 March 2022 as well as before approval of the financial statements for the year ended 31 March 2022 by the Board of Directors of the Company. Considering uncertainty involved in the acceptance of supplementary claim, the same should not have been recognized as other operating revenue.</i></p> <p><i>This has resulted in overstatement of 'Other Financial Assets-Claims Recoverable' and 'Revenue from Operations' by Rs.2.74 crore with consequent overstatement of 'Profit for the year' by the same amount.”</i></p>	<p><b>A. Comments on Profitability</b>  <b>Statement of Profit and Loss</b>  <b>Revenue</b>  <b>Revenue from Operations (Note 37) - Rs.15603.96 crore</b></p> <p>As per NFL significant accounting policy no. 1.2.26 for “Claims” states that “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”.</p> <p>Viajipur Unit has lodged an insurance claim on insurer for fire incident.</p> <p>As per the Accounting policy of the company, as mentioned above, NFL assessed Rs 7.17 crore as probable realization of claim and recognized in financial statements pending settlement of claim.</p> <p>While claim documents were being furnished in phased manner and claim was under process, Surveyor informed on 26.03.2022 that based on documents, claim works out to Rs. 4.43 crore (excluding Salvage value of Rs. 0.56 crore). Subsequently, further supporting documents of Rs. 5.90 crore were provided to the surveyor by NFL.</p> <p>Though, claim is yet to be finalized and in the interim surveyor had confirmed acceptance claim of Rs. 6.62 crore on 04.07.2022 when quantum of claim towards Start up expense was yet to be finalized.</p> <p>Thus, estimation of claim to Rs. 7.17 crore is not only in line with accounting policy 1.2.26 as mentioned above, but also as per accounting policy at 1.2.2 for Use of estimate of revenue, expenditure, assets and liabilities. These accounting policies are approved as transactions recognized on estimation basis crystallises in future years and not in the year of transaction itself, as envisaged by Govt. Audit.</p> <p>Therefore, insurance claim has been correctly estimated as claim recoverable and revenue from operation as on 31.03.2022.</p>

COMMENT	MANAGEMENT REPLY
<p><i>“(ii) The above does not include an amount of Rs. 1.15 crore towards price subsidy in respect of Vijaipur plant-I (Rs. 0.60 crore) and plant-II (Rs. 0.55 crore) due to non-consideration of revised water charges effective from November 2021. The average water charges for claiming price subsidy was considered at Rs. 5.50 per cubic meter instead of revised average rate of Rs. 6.66 per cubic meter.</i></p> <p><i>This has resulted in understatement of 'Revenue from Operations' and 'Trade Receivables' by Rs.1.15 crore with consequent understatement of 'Profit for the year' by the same amount.”</i></p>	<p>The Revenue from operations is being recognized in accordance with the company's significant policy no 1.2.3(b) (Revenue Recognition) which state that:</p> <p>“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”</p> <p>It is pertinent to mention here that the concession price (price subsidy) worked out for the FY 2021-22 was on estimation basis and provisional without considering escalation in water charges during the last quarter.</p> <p>The annual escalation claim has already been finalized considering the Average rate of water as <b>Rs. 6.66 per cum</b> as observed by Govt. Audit and shall be submitted to FICC for finalization of concession price. Upon finalization and notification of concession price (price subsidy) for the FY 2021-22 by FICC differential revenue, if any shall be recognized as per Accounting Policy 1.2.3(b) mentioned above.</p>

**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road, New  
Delhi-110003

**Date: 02.09.2022**

**(Atul Baburao Patil)**  
**Chairman & Managing Director**  
**DIN: 09557730**

## 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 2022

The preparation of consolidated financial statements of **National Fertilizers Limited** for the year ended 31 March 2022 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 24<sup>th</sup> May 2022.

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 2022 under section 143(6)(a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of National Fertilizers Limited, Ramagundam Fertilizers and Chemicals Limited and Urvarak Videsh Limited for the year ended on that date. 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.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

### A. Comments on Profitability

#### Statement of Profit and Loss

##### Revenue

**Revenue from Operations (Note 37): Rs.15603.96 crore**

(i) The above includes Rs.2.74 crore being the supplementary insurance claim filed with surveyor for loss due to fire incident in Vijaipur plant of the National Fertilizers Limited (NFL). The surveyor had assessed the loss to the tune of Rs.4.43 crore only based on original documents submitted by the NFL. There was no confirmation of acceptance by the surveyor regarding supplementary claim of Rs.2.74 crore as on 31 March 2022 as well as before approval of the financial statements for the year ended 31 March 2022 by the Board of Directors of the NFL. Considering uncertainty involved in the acceptance of supplementary claim, the same should not have been recognized as other operating revenue.

This has resulted in overstatement of 'Other Financial Assets-Claims Recoverable' and 'Revenue from Operations' by Rs.2.74 crore with consequent understatement of loss by the same amount.

(ii) The above does not include an amount of Rs. 1.15 crore towards price subsidy in respect of Vijaipur plant-I (Rs. 0.60 crore) and plant-II (Rs.0.55 crore) due to non-consideration of revised water charges effective from November 2021. The average water charges for claiming price subsidy was considered at Rs.5.50 per cubic meter instead of revised average rate of Rs.6.66 per cubic meter.

This has resulted in understatement of 'Revenue from Operations' and 'Trade Receivables' by Rs.1.15 crore with consequent overstatement of loss by the same amount.

**For and on the behalf of the  
Comptroller & Auditor General of India**

**Place: New Delhi**

**Date: 29.08.2022**

**(Keerti Tewari)  
Director General of Audit  
(Agriculture, Food & Water Resources)**

## MANAGEMENT REPLIES TO COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2022

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<p><b>A. Comments on Profitability</b> <b>Statement of Profit and Loss</b> <b>Revenue</b> <b>Revenue from Operations (Note 37)</b> <b>- Rs.15603.96 crore</b></p> <p><i>“(i) The above includes Rs.2.74 crore being the supplementary insurance claim filed with surveyor for loss due to fire incident in Vijaipur plant of the National Fertilizers Limited (NFL). The surveyor had assessed the loss to the tune of Rs.4.43 crore only based on original documents submitted by the NFL. There was no confirmation of acceptance by the surveyor regarding supplementary claim of Rs.2.74 crore as on 31 March 2022 as well as before approval of the financial statements for the year ended 31 March 2022 by the Board of Directors of the NFL. Considering uncertainty involved in the acceptance of supplementary claim, the same should not have been recognized as other operating revenue.</i></p> <p><i>This has resulted in overstatement of 'Other Financial Assets-Claims Recoverable' and 'Revenue from Operations' by Rs.2.74 crore with consequent understatement of loss by the same amount.”</i></p>	<p><b>A. Comments on Profitability</b> <b>Statement of Profit and Loss</b> <b>Revenue</b> <b>Revenue from Operations (Note 37) - Rs.15603.96 crore</b></p> <p>As per NFL significant accounting policy no. 1.2.27 for “Claims” states that “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”.</p> <p>Viajipur Unit has lodged an insurance claim on insurer for fire incident.</p> <p>As per the Accounting policy of the company, as mentioned above, NFL assessed Rs 7.17 crore as probable realization of claim and recognized in financial statements pending settlement of claim.</p> <p>While claim documents were being furnished in phased manner and claim was under process, Surveyor informed on 26.03.2022 that based on documents, claim works out to Rs. 4.43 crore (excluding Salvage value of Rs. 0.56 crore). Subsequently, further supporting documents of Rs. 5.90 crore were provided to the surveyor by NFL.</p> <p>Though, claim is yet to be finalized and in the interim surveyor had confirmed acceptance claim of Rs. 6.62 crore on 04.07.2022 when quantum of claim towards Start up expense was yet to be finalized.</p> <p>Thus, estimation of claim to Rs. 7.17 crore is not only in line with accounting policy 1.2.27 as mentioned above, but also as per accounting policy at 1.2.3 for Use of estimate of revenue, expenditure, assets and liabilities. These accounting policies are approved as transactions recognized on estimation basis crystalises in future years and not in the year of transaction itself, as envisaged by Govt. Audit.</p> <p>Therefore, insurance claim has been correctly estimated as claim recoverable and revenue from operation as on 31.03.2022.</p>

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**For and on behalf of the Board of Directors**

**Registered Office:**

Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road, New  
Delhi-110003

**Date: 02.09.2022**

**(Atul Baburao Patil)**  
**Chairman & Managing Director**  
**DIN: 09557730**

## NOTES

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## Meeting with Hon'ble Ministers



Shri Nirlep Singh Rai, C&MD, NFL welcoming Dr. Mansukh Mandaviya, Hon'ble Minister of Chemicals & Fertilizers and Health & Family Welfare during Chintan Shivir organized in New Delhi for all fertilizer producers and marketers of the country to discuss future path of fertilizer industry



Shri Nirlep Singh Rai, C&MD, NFL welcoming Shri Bhagwanth Khuba, Hon'ble Minister of State for Chemicals & Fertilizers and New & Renewable Energy upon his visit to Bathinda Unit.

## Plant Visits



Shri Bhagwanth Khuba, Hon'ble Minister of State for Chemicals & Fertilizers and Shri Nirlep Singh Rai, C&MD, NFL during Bathinda Plant Visit



Shri Nirlep Singh Rai, C&MD, NFL inspecting the Urea Prills on conveyer belt in the Plant



Shri Nirlep Singh Rai, C&MD, NFL inspecting the quality of seeds at Seed Processing Unit



C&MD, Directors and other Senior officers during a plant visit



C&MD and other Senior officers during visit of Vijapur plants

# Azadi Ka Amrit Mahotsav



Glimpse of Musical Skit organized at Corporate Office, Noida to celebrate Azadi Ka Amrit Mahotsav



Cyclothon organized at Vijaipur Unit



Drawing & Painting Competition on Azadi Ka Amrit Mahotsav organised by Bathinda Unit at a Government School.



Sapling Plantation undertaken at all the Units of NFL under celebrations of Azadi Ka Amrit Mahotsav



A view of Nukkad Natak organized under the celebrations of Azadi Ka Amrit Mahotsav

# Azadi Ka Amrit Mahotsav

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Azadi Ka  
Amrit Mahotsav



Cyclothon organized at Nangal Unit to celebrate Azadi Ka Amrit Mahotsav



A view of NFL Pavilion at Mega Exhibition of PSUs organized at Gandhinagar, Gujarat by DPE



Kisan Mela and Exhibition organized for farmers at R&D Centre, Nangal Unit



Skit organized by employees of Nangal Unit to celebrate Azadi Ka Amrit Mahotsav



Walkathon organized at Chandigarh on Azadi Ka Amrit Mahotsav



Marathon organized at Hyderabad on Azadi Ka Amrit Mahotsav

## CSR Activities



Shri Nirlep Singh Rai, C&MD inaugurating the Science Centre at a Govt. School in Noida under CSR



C&MD interacting with a student regarding the concept of science models on the occasion



Senior NFL Official during the distribution of Furniture, RO Cooler & Computer in a Govt. Primary School in District Rupnagar, Punjab



NFL Officials handing over an Advance Life Support (ALS) Ambulance at District Siddharthnagar, U.P. under CSR



Senior NFL Official at the Distribution Camp providing Artificial Limbs and Assistive Devices to Divyangjan in Nangal (Punjab) under "One More Life" Scheme of CSR

## In the Service of Farmers



A view of NFL Stall at a Kisan Mela in Gwalior, MP



Field Demonstration of Bio Fertilizers at a village in Talangana



Field Demonstration of City Compost at a village in Karnataka



NFL's Mobile Soil Testing Van conducting soil testing for farmers in villages of Telangana & AP



A view of Farmer Training Programme organized at Kannauj, by ZO Lucknow



Field Demonstration at a village in Andhra Pradesh

## In the Service of Farmers



A view of Dealers & Retailers training programme organized by Zonal Office Bhopal



A view of NFL Stall at a Kisan Mela in Hisar, Haryana



NFL's Mobile Soil Testing Van conducting soil testing for farmers in villages



NFL's Mobile Soil Testing Van conducting soil testing for farmers in villages



Field Demonstration of Bio Fertilizers at a village in Jodhpur, Rajasthan



Jeep Campaign organized for farmers



## Our Heart & Soul Lies in



**Kisan** is a word which evokes many emotions at NFL, the foremost being "Farmers' Friend, Nation's Pride". It is not only the name of our brand, but also refer to the community we serve. Being the backbone of the agricultural system, our farming community contributes about 18 percent of the GDP of our country.

While serving **Kisan**, we ensure that our best quality "Kisan" products reach farmers at their doorstep at the right time because a prosperous "**Kisan**" means a prosperous nation.





## **National Fertilizers Limited**

(A Government of India Undertaking)

**CIN: L74899DL1974GOI007417**

**Corporate Office:** A-11, Sector-24, Noida-201301, UP

**Regd. Office:** Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi - 110003