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

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

**Ref. No. NFL/SEC/SE/307** **Dated: 06.09.2021**

| | |
|---|---|
| **Manager, (Listing),**<br>**National Stock Exchange of India ltd.,**<br>**Registered Office (Exchange Plaza),**<br>**C-1, Block-G,**<br>**Bandra Kurla Complex,**<br>**Bandra (E), Mumbai-400051.** | **General Manager,**<br>**Department of Corporate Services,**<br>**BSE Limited,**<br>**Floor 25th , Phiroze-Jeejeebhoy Towers,**<br>**Dalal Street,Mumbai – 400001.** |
| **NSE Symbol: NFL** | **BSE Script Code: 523630** |

**Sub: 47th Annual General Meeting Notice and Annual Report for F.Y. 2020-21.**

Dear Sir,

This is in continuation to our earlier communication dated 25.08.2021 regarding holding of 47th Annual General Meeting of the Company on **Wednesday, 29th September, 2021 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 47th AGM and the Annual Report for the F.Y. 2020-21.

The Annual Report 2020-21 along with AGM Notice is also available on the website of the Company at www.nationalfertilizers.com.

This is submitted for your intimation and records.

Thanking you,

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

06/09/2021

**(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 47TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 47th Annual General Meeting of the Members of National Fertilizers Limited will be held on Wednesday, the 29th day of September, 2021 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, 2021 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 Shri Virendra Nath Datt (DIN: 07823778), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

3. To appoint a director in place of Shri Nirlep Singh Rai (DIN: 08725698), 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 2021-22 as may be deemed fit by the Board."

## SPECIAL BUSINESS

5. To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2022, 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. R. K. Patel & Co., M/s. Ravi Sahni & Co., M/s. Sanjay Gupta & Associates and M/s. K. L. Jaisingh & 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 31.03.2022 amounting to ₹1,16,000/-,

₹58,000/-, ₹58,000/-, ₹58,000/- plus GST respectively and additional fee of ₹26,000/- plus GST payable to M/s. Ravi Sahni & 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."

**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.

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

**Date:** 26.08.2021

## NOTES:

1. In view of the continuing 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 and General Circular No. 02/2021 dated January 13, 2021 (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 and circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (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"), MCA Circulars and SEBI Circulars, the 47th 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) is annexed hereto. The relevant details under Regulation 36(3) of SEBI Listing Regulations, of the persons seeking appointment/re-appointment as directors under Item no. 2 and 3 are also annexed.

3. **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.**

4. 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 24.09.2021 through an email on investor@nfl.co.in. The same will be replied by the Company suitably.

5. 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 with a copy marked to evoting@nsdl.co.in.

6. 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.

7. The Register of Members and Share Transfer Books of the Company will remain closed from 23.09.2021 to 29.09.2021 (both days inclusive) for the purpose of AGM.

8. Members holding shares in electronic form may please note that the bank account details and 9-digit MICR Code of their Bankers, as noted in the records of their depository, 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.

9. 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 RTA.

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of copy of PAN card to the Company/Depository Participant as the case may be. Members holding shares in physical form should submit their PAN details to the Company/RTA (M/s. MAS Services Limited, T-34, IInd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020, e-mail ID: info@masserv.com).

11. Members holding shares in physical form should notify change in their addresses, if any, to the Registrar & Transfer Agent specifying full address in block letters with code of their post offices. Members holding shares in electronic form

(demat), should inform the change of address, if any to their respective depository participant.

12. Members may note that Notice of 47th Annual General Meeting together with Annual Report for 2020-21 are also available on the Company's website www.nationalfertilizers.com for their download.

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

14. 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.

## 15. Unpaid/Unclaimed Dividend:

The Company has transferred the unpaid or unclaimed dividends declared up to financial year 2012-13, 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 date of previous AGMs, if any on the website of the Company (www.nationalfertilizers.com) as also on the website of the IEPF Authority and the same can be accessed through the link https://www.iepf.gov.in.

Members, who have not so far encashed or not received the dividend, are requested to contact the Registrar and Transfer Agents, 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, if any on its website at www.nationalfertilizers.com under the section "Investors Desk".

## 16. Members holding shares in physical mode:

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

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

iii) are requested to register/update their e-mail address for receiving all communications from the Company electronically. Members are requested to provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) by email to info@masserv.com with subject line e-mail registration of National Fertilizers (NFL) with folio No.

## 17. Members holding shares in electronic mode:

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

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

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

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

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

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

19. Pursuant to Section 143(5) read with Section 139(5) of the Act, the Auditors of a Government Company have been appointed / to be appointed or re-appointed / to be 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.

20. **In Compliance with MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2020-21 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 2020-21 are available on the Company's website viz. 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 and www.nseindia.com respectively. The AGM Notice is also available on the website of NSDL at www.evoting.nsdl.com.**

21. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

22. Annual listing fee for the year 2020-21 has been paid to all Stock Exchanges wherein shares of the Company are listed. Also, the Annual Custodian Fee for the year 2020-21 was paid to both Depositories i.e. Central Depository Services (India) Limited and National Securities Depository Limited.

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

24. 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 M/s MAS Services Limited. The members whose names appear in the Register of Members/List of Beneficial Owners as on 22.09.2021 i.e. the date prior to commencement of Book Closure are entitled to vote on the resolutions set forth in this Notice.

25. 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. If a member casts votes by both modes then voting done through remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

## 26. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on 26th September, 2021 at 09:00 A.M. (IST) and ends on 28th, September, 2021 at 05:00 P.M. (IST) 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. 22nd September, 2021 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 22nd September, 2021.

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. | 1. If you are already registered for **NSDL IDeAS facility,** please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the **"Beneficial Owner"** icon under "Login" which is available under **"IDeAS"** 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 **e-Voting service provider - NSDL** 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 & voting during the meeting.<br>2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS"** Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>3. 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. 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 **e-Voting service provider - NSDL** 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. |
| Individual Shareholders holding securities in demat mode with CDSL | 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 https:// web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.<br>2. After successful login of Easi/Easiest the user will be also able to see the E-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.<br>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.<br>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress. |

| | |
|---|---|
| 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 **e-Voting service provider-NSDL** 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 evoting@nsdl.co.in 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 helpdesk.evoting@cdslindia.com 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.**

1. 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.
2. 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<br>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<br>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<br>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:
   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your ' initial password'.
      (ii) If your email ID is not registered, 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:
   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address 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.**

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 117220.
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

i) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/ JPG format) of the relevant Board resolution/authorization 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 with a copy marked

to evoting@nsdl.co.in.

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

iii) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available in the download section of www.evoting.nsdl.com or call on the toll-free number : 1800 1020 990 and 1800 22 44 30 or send a request to Amit Vishal at evoting@nsdl.co.in or to our RTA at info@masserv.com.

**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 send signed request letter with Folio No., Name of shareholder, scanned copy of any one share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by e-mail to (info@masserv.com or investor@nfl.co.in) with subject line ["USER DETAIL REQUIRED OF NFL AGM 2021 FOLIO NUMBER : (mention folio number)].

2. In case shares are held in demat mode, please update your email id with your DP and provide scan copy of updated client master to info@masserv.com with subject line ["USER DETAIL REQUIRED OF NFL AGM 2021 DPID-CLID (mention dpid-clid)]. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. 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.

## 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.

27. 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 Chairman of the Company ('the Chairman') or to any other person authorized by the Chairman 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 and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE and NSE.

## General guidelines for VC/OAVM participation

i. Members may note that the 47th 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 login 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. 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 24.09.2021.

| | |
|---|---|
| Name | |
| DP ID and Client ID/folio No. | |
| Mobile No. | |
| No. of shares held on cut-off date (i.e. 22.09.2021) | |
| 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.

**(Ashok Jha)**
**Company Secretary**
**A-14100**

**Date:** 26.08.2021

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

## Item No. 5: To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2022

Pursuant to the recommendation of the Audit Committee, Board of Directors in its meeting held on 10.06.2021 have approved the appointment of Cost Auditors and fixed their remuneration to conduct Audit of Cost records of the Company for the financial year 2021-22 as per the following details:-

| Unit | Name of the Firm for Cost Audit | Fees (₹)(Exclusive of GST) |
|---|---|---|
| Vijaipur - I & II | M/s R. K. Patel & Co. | 116000/- |
| Nangal | M/s Ravi Sahni & Co. | 58000/- |
| Bathinda | M/s Sanjay Gupta & Associates | 58000/- |
| Panipat | M/s K.L. Jaisingh & Co. | 58000/- |
| Consolidation of Cost Audit reports of all Units | M/s Ravi Sahni & 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.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 2021-22.

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.5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.5 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.

**(Ashok Jha)**
**Company Secretary**
**A-14100**

**Date:** 26.08.2021

**Annexure to Notice**

# Details of the Directors Seeking Appointment/ Re-Appointment

| Name | Shri Virendra Nath Datt (DIN: 07823778) | Shri Nirlep Singh Rai (DIN: 08725698) |
|---|---|---|
| Date of Birth & Age | 20.02.1962<br>(59 Years) | 28.08.1962<br>(58 Years) |
| Date of First Appointment | 11.10.2018 | 01.04.2020 |
| Qualification | MBA from Maharishi Dayanand University | B.E. (Instrumentation & Control) from Thapar University |
| Expertise in specific functional area | Prior to NFL, Shri Virendra Nath Datt was Executive Director (Corporate Strategy, Planning & Advocacy) with GAIL (India) Limited. He was also on the board of Mahanagar Gas Ltd., Mumbai. Shri Datt has a rich marketing experience of over 33 years in the Natural Gas industry in India. He started his career with ONGC in 1985 and then moved to GAIL in 1995. Shri Datt has handled many important assignments in the Natural Gas business including import & marketing of regasified LNG in India, pooling of gas price for urea plants and numerous policy initiatives of the Government. | Prior his appointment as Director (Technical) in NFL, he was deputed as CEO at RFCL by the Company. Before that, he was heading National Fertilizers Limited, Nangal Unit as Chief General Manager. During his career spanning 34 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.<br><br>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 |
| Number of Meetings of the Board held during the year and number of Board Meetings attended | 8/8 | 8/8 |
| Relationship with any other Director, Manager and other KMP of the Company | - | - |
| Directorship held in other companies | Ramagundam Fertilizers and Chemicals Limited, The Fertilizer Association of India | Ramagundam Fertilizers and Chemicals Limited |
| Membership/Chairmanship of Committees across all Public Companies* held | **Audit Committee :**<br>National Fertilizers Limited- Member | **Audit Committee :**<br>National FertilizersLimited- Member<br>**Stakeholders Relationship Committee:**<br>National Fertilizers Limited- Member |
| No. of Shares Held | - | - |

| Name | Shri Virendra Nath Datt (DIN: 07823778) | Shri Nirlep Singh Rai (DIN: 08725698) |
|---|---|---|
| **Terms and conditions of appointment or reappointment including remuneration** | Appointment as per the order of The President of India vide DoF order no. 82/2/2016-HR-PSU dated 18.06.2019 | Appointment as per the order of The President of India vide DoF order no. 82/1/2017-HR-(PSU) dated 12.06.2020 |
| **Names of listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the director has resigned in the past three years** | - | - |

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

# 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

## E-COMMUNICATION REGISTRATION FORM

Folio No./DP ID & Client ID:_____

Name of 1st Registered Holder:_____

Name of Joint Holder(s):_____

Registered Address:_____

E-mail ID (to beregistered):_____

I/we shareholder(s) of National Fertilizers Limited agree to receive communication from the Company in electronic mode.

Please register my above e-mail in your records for sending communication through e-mail.

Signature _____

(First Holder)

Date: _____

Note: Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.

# 47TH ANNUAL REPORT 2020-2021

एन एफ एल
NFL

## नेशनल फर्टिलाइज़र्स लिमिटेड
## National Fertilizers Limited

# 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. Virendra Nath Datt**
Chairman & Managing Director and
Director (Marketing)

**Sh. Yash Paul Bhola**
Director (Finance) & CFO

**Sh. Nirlep Singh Rai**
Director (Technical)

## CORPORATE OFFICE

| | | |
|---|---|---|
| **Vigilance** | Sh. Lalit M. Pandey, IRSME | Chief Vigilance Officer |
| **Corporate Affairs** | Sh. Sohan Lal | Executive Director |
| **Human Resource** | Sh. Dinesh Sood | Executive Director |
| **Marketing & Law** | Sh. Anil Motsara | Executive Director |
| **Technical & Projects** | Sh. S. K. Shukla | Executive Director |
| **Finance & Accounts** | Sh. J. Ramesh | General Manager |
| **Marketing** | Sh. Dhir Singh | General Manager |
| **Projects** | Sh. J. Chopra | General Manager |
| **Human Resource** | Sh. B. V. Vittal | General Manager |
| **Information Technology** | Sh. H. K. Varshney | General Manager |
| **Materials** | Sh. B. Lakshmi Narayanan | General Manager |
| **Marketing** | Sh. Avijit Roy | General Manager |

## UNIT HEADS

**Sh. J. S. Singh**
Executive Director
Vijaipur Unit

**Sh. Rajan Kanwar**
GM (O&M)

**Sh. Rakesh Kumar Markan**
Chief General Manager (I/c)
Nangal Unit

**Sh. S. K. Srivastava**
CGM (O&M)

**Sh. Ratnakar Mishra**
Chief General Manager
Panipat Unit

**Sh. B.B. Grover**
GM ( O&M)

**Sh. Vijay Kant Goyal**
General Manager (I/c)
Bathinda Unit

**Sh. H. R. Gupta**
GM (O&M)

**Ashok Jha**
Company Secretary
A-14100

**Auditors**
**Arun K Agarwal & Associates**
Chartered Accountants,
New Delhi

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

**Registrar & Transfer Agents**
**MAS Services Limited**
T-34, II$^{nd}$ Floor,
Okhla Industrial Area-II
New Delhi-110020

# BOARD OF DIRECTORS

**Seated : (L-R)**

**Sh. Dharam Pal**
Additional Secretary, Department of Fertilizers

**Sh. Virendra Nath Datt**
C&MD and Director (Marketing)

**Sh. Partha Sarthi Sen Sharma**
Joint Secretary, Department of Fertilizers

**Standing : (L-R)**

**Sh. Yash Paul Bhola**
Director (Finance)

**Sh. Nirlep Singh Rai**
Director (Technical)

**Sh. Pandya Ashwinkumar Balvantray**
Non-official Independent Director

# CHAIRMAN'S MESSAGE

Virendra Nath Datt
Chairman & Managing Director

Dear Shareholders,

The CoVID-19 pandemic has caused disruptions in the world economy in many ways. The pandemic has affected production and marketing through labour and logistical constraints. As the pandemic continued its trail in second year, the year 2020-21 has been quite challenging.

Fertilizers being covered under essential commodities, this sector, to a great extent, remained immune to the CoVID-19 pandemic triggered lockdown in the country except minor disruptions in the initial period of lockdown. Moreover, timely action initiated by the Industry in collaboration with Central & State Governments and Local district authorities helped to keep all the Urea Plants in the country running along with movement of the fertilizers except minor disruptions due to shortage of labour & trucks. Fertilizer PSUs made strong contribution in making fertilizers available to farmers by keeping their manufacturing units in operation and ensuring distribution of urea and other fertilizers across the country.

I am pleased to share with you that during 2020-21, your Company has registered the Profit Before Tax (PBT) of Rs. 343.46 crore as against Loss before Tax of Rs. 252.71 crore during CPLY. PBT has increased mainly due to increase in contribution from Urea, increase in profit from traded goods, Industrial Products and Bentonite Sulphur, one time conversion cost of AFCP, decrease in finance cost & which was partially offset by reduction in energy norms.

Your Company has achieved total turnover of Rs. 11905.66 crore during 2020-21 as against Rs.13135.36 crore achieved during previous year and total income of Rs.11939.00 crore during 2020-21 as against Rs.13192.76 crore during previous year. During the year, there has been significant increase in sale of own manufactured Urea i.e. by 9.89%. The company sold 39.65 LMT of own manufactured Urea as against 36.08 LMT in previous year.

The Company has achieved the Urea Production of 37.99 LMT with an overall capacity utilization of 117.58% during 2020-21 against previous year production of 37.27 LMT achieved during 2019-20 (CPLY). The Company has also produced 14072 MT of Bentonite Sulphur (BS) during the year against CPLY of 12807 MT, achieving a growth of around 9.88%.

Your company has achieved ever best sale of fertilizers to the tune of 59.37 LMT comprising of 39.65 LMT of own Urea, 10.45 LMT of imported Urea and 9.27 LMT of non-Urea Fertilizers against CPLY of 57.03 LMT that comprised of 36.08 LMT of own Urea, 11.85 LMT of imported Urea and 9.10 LMT of non-Urea Fertilizers thus exhibiting higher sale by 4.10% as compared to previous year.

As a result, this was a hat-trick year when your Company's sale of fertilizers was more than sale of all the other fertilizer PSUs put together during the year. Your company is constantly working towards changing the business strategy to diversify its product range. Consequently, the composition of gross sale of the Company has undergone visible change. The contribution of other than own manufactured Urea business to the top line of the company increased to around 34% during the year as compared to 33% achieved last year. Against the Urea (main product)

contribution of 94.49% in the overall revenue of the Company during 2015-16, own Urea contribution now stands at 66.04% while contribution of other than own manufactured Urea business has increased to 33.96% during 2020-21.

Your Company has achieved the ever-best production & sale of certified seeds to the tune of 1.86 Lakh Quintals during the year under its flagship Seeds Multiplication Program which started in 2015. The Company has already commissioned the seeds processing plant at Bathinda and Panipat during February and August, 2020 respectively while at Indore, the work of setting up of Seed Processing Plant is underway. The total seeds processing capacity of the Company after commissioning of all the 3 plants would be 1.20 Lakh quintals per annum.

The sale of Bio Fertilizers, Bentonite Sulphur & City Compost during the year was 528 MT, 20028 MT & 21767 MT respectively. Your company has also sold 27717 MT SSP during the year.

Your Company is also endevouring to expand domestic trading of Agro Products. During the year, the Company has registered total revenue of Rs. 90.98 crore towards trading of various agro products such as seeds, pesticides & compost against Rs. 66.00 crore in the previous year.

Compared to last year, 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, etc. to the tune of Rs. 243.33 crore during 2020-21 against Rs. 170.45 crore in previous year.

As you know, your Company had maintained the momentum of the operations during the lockdown triggered by CoVID-19 in close liaison with various government agencies. All the Plants of the Company worked continuously by maintaining the CoVID protocol and thus achieved overall capacity utilization of 117.58% during 2020-21.

As you know, to achieve Target Energy Norms under NUP-2015 NFL is installing GTG-HRSG project at Bathinda, Panipat and Nangal Unit at a total cost of Rs 675 crore. Also, various energy saving schemes are being implemented at Vijaipur complex at a cost of Rs. 235 crores.

The GTG-HRSG project at Bathinda and Nangal has started its commercial operation. However owing to increase in CoVID-19 cases since Mar, 21, commissioning of GTG-HRSG project at Panipat unit has been delayed and is expected to be completed by Oct.' 2021 subject to mobilization of foreign experts at Panipat by end of August'21. Similarly part of the schemes for energy reduction has been implemented in Oct., 20 in Vijaipur-I whereas rest of schemes are expected to be completed by Dec.'21.

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

To meet the funding requirement for energy saving and capex schemes, your Company has entered into a Rupee Term Loan Agreement with SBI on 24.12.2018 for Rs. 1044 crore. Long term net borrowings as on 31.03.2021 were Rs. 752.41crore outstanding against Rupee Term Loan. Short term borrowings of the Company as at 31.03.2021 stood at Rs. 1135.11 crore, including cash credit utilization, short term loans and working capital demand loan, etc. as compared to Rs. 7333.77 crore as at 31.03.2020. The short term borrowings have decreased by Rs. 6198.66 crore as on 31.03.2021 as compared to last year mainly due to release of pending subsidy during the year.

It is a matter of relief that Government of India had recently approved the policy for providing increased fixed cost of Rs. 350 per tonne of Urea and special compensation of Rs.150 per tonne of Urea as vintage allowance to more than 30 years old gas based plants. However the issue of minimum fixed cost which was retrospectively withdrawn in March 2020 continues to be an area of concern for Vijaipur-I Unit of the Company as it affects its viability.

There was no disinvestment of Government of India Shareholding during the Financial Year 2020-21. However, Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India had intimated regarding issue of RFP for engagement of 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.

Recently, your company signed Memorandum of Understanding (MoU) with Indian Farmers Fertiliser Cooperative Limited (IFFCO) for 'transfer of technology' of a revolutionary and game changer fertiliser Nano Urea Liquid on 27th July, 2021. Under the agreement, IFFCO will transfer the technology of Liquid Nano Urea to NFL. It is envisaged that in the near future, NFL will establish Nano Urea production plant to increase the supply of Nano Urea to farmers of the country. As envisioned, Nano

Urea will result in reduction in transportation cost and better production, which will increase the income of the farmers.

Your Company is consistently working on upliftment of farming community through various programmes. During the year, numerous 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 had been laid out at farmers' fields to demonstrate benefits of use of Bio-fertilizers, City Compost and Bentonite Sulphur, 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 23000 soil samples were collected analyzed for macro and micro nutrients and recommendations were given to the farmers. To strengthen the soil testing and farm advisory services, 05 new Mobile soil testing Labs have been launched by NFL.

Your Company is constantly working towards inclusive growth in society through CSR. Through its CSR programmes, Company is supporting sectors like health, education, skill development, environment and empowerment of underprivileged sections of the society. One of the major CSR projects of FY 2020-21 that the company undertook was for Training of Apprentices at a budget of Rs. 152.78 Lakh over and above the minimum mandate of 2.5% of total manpower. The project was envisaged to help youth in various placement linked skill training and capacity building through practical industrial experience.

In addition, as per the need of the hour, Company supported Government's efforts to control the CoVID-19 pandemic. Under this initiative, the company provided Cold Chain Equipments for storage of vaccine in Chandigarh to support the Government's CoVID-19 vaccination programme. Company is also installing Oxygen Plants in some Government Hospitals in many districts. Ensuring adequate oxygen supply is the most critical need of the hour in the country.

The Company undertook many CSR projects in the health sector. To strengthen the medical infrastructure, the company provided Advance Life Support Ambulances in Government hospitals in district Basti and district Sultanpur in Uttar Pradesh. These Ambulances will provide service to critical patients and to those who require care. Also, the company provided Medical equipment in the District Hospital, Basti (U.P.).

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.

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 we continue our eventful journey, I express my gratitude for your continued support and faith in our endeavours. I also take this opportunity to thank and appreciate my colleagues on the Board of Directors for their valuable contribution 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.

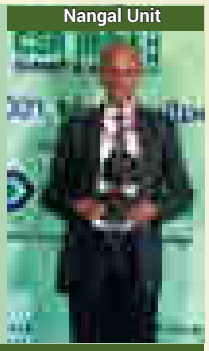
With best regards,
Yours sincerely,

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

# AWARDS & ACHIEVEMENTS

Vijaipur Unit

Nangal Unit



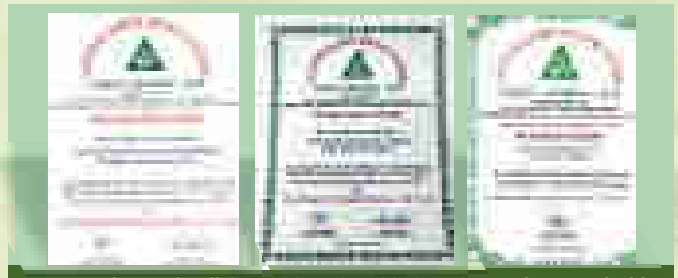
Vijaipur Unit won First Prize for outstanding Achievements and Nangal Unit received award for appreciative efforts in Environment Protection at 20th Annual Greentech Environment Award 2020

Bathinda Unit received Winner Award for outstanding achievement in Safety Excellence

Nangal Unit received Runner-up Award for outstanding achievement in Safety Patron

Nangal Unit won Gold Award in Fertilizer Sector for the outstanding achievement in "Eco-Innovation" Category

Vijaipur Unit won Platinum Award in Golden Bird Excellance Award, 2020 for Excellence in Environment Protection



NFL, Panipat Unit, Vijaipur Unit and Bathinda Unit were honoured with Prashansa Patra by National Safety Council of India (NSCI) for Safety

Nangal Unit received 'Golden Peacock Eco-Innovation Award 2020' for Reduction in NOx emission from Nitric Acid Plant

# Performance at a Glance

## Financial Highlights

| Particulars | As per IND AS | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020-2021 | 2019-2020 | 2018-2019 | 2017-2018 | 2016-2017 | 2015-2016 | 2014-2015 | 2013-2014 | 2012-2013 | 2011-2012 |
| 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 | 34.92 | 32.31 |
| Production (Urea) (Lakh MT) | 37.99 | 37.27 | 38.59 | 38.10 | 38.10 | 37.99 | 36.39 | 36.36 | 32.11 | 34.01 |
| Capacity Utilisation (Urea) (%) of RAC | 117.6 | 115.4 | 119.4 | 117.9 | 117.9 | 117.6 | 112.6 | 112.5 | 99.4 | 105.3 |
| Sales (Urea) (Lakh MT) | 39.65 | 36.08 | 38.98 | 39.16 | 37.58 | 36.41 | 36.79 | 36.87 | 31.62 | 33.89 |
| Bentonite Sulphur (MT) | 20028 | 7974 | 6746 | 254 | - | - | - | - | - | - |
| Bio- Fertilizers (MT) | 528 | 713 | 632 | 496 | 545 | 530 | - | - | - | - |
| **Sales (Traded Goods)** | | | | | | | | | | |
| Di - Ammonium Phosphate (MT) | 509347 | 685037 | 503858 | 327753 | 213871 | 50747 | - | - | - | - |
| Bentonite Sulphur (MT) | - | - | - | 63 | 3356 | 1481 | 866 | 1931 | 381 | 436 |
| Zinc Sulphate (MT) | - | - | - | - | - | - | - | 249 | - | - |
| Compost (MT) | 21767 | 25016 | 21315 | 11695 | 2660 | - | - | - | 9594 | 1144 |
| Muriate of Potash (MOP) (MT) | 104162 | 74069 | - | 27463 | - | - | - | - | - | - |
| Ammonium Phosphate Sulphate (APS) (MT) | 146985 | 38698 | 25802 | 26435 | - | - | - | - | - | - |
| Urea (Imported) (MT) | 1045361 | 1184952 | 370447 | - | - | - | - | - | - | - |
| NPK 12:32:16 (MT) | 54089 | 50153 | 68380 | - | - | - | - | - | - | - |
| NPK 10:26:26 (MT) | 41966 | 18735 | - | - | - | - | - | - | - | - |
| Water Soluable (NPK 19:19:19) (MT) | 538 | 237 | - | - | - | - | - | - | - | - |
| Calcium Nitrate 100 % Water Soluble Fertilizer | - | 216 | - | - | - | - | - | - | - | - |
| Urea (RFCL) ( MT) | 220 | - | - | - | - | - | - | - | - | - |
| SSP Plain Powder (MT) | 27717 | 9767 | - | - | - | - | - | - | - | - |
| Agro Chemicals (KG/Ltrs) | 559569 | 288214 | 640533 | 369533 | 25350 | - | - | - | - | - |
| Seeds (Quintal) | 185550 | 138009 | 70786 | 53290 | 43754 | 60912 | 44062 | 76706 | 112493 | 109837 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales - **Finished Goods (including Urea, IP & Bio Fertilizers) (a)** | 2362 | 2106 | 2238 | 2271 | 2218 | 2129 | 2044 | 1936 | 1670 | 1919 |
| Sales - **Traded Goods (b)** | 2313 | 2565 | 1680 | 723 | 467 | 235 | 15 | 33 | 30 | 23 |
| Subsidy ( c) | 6841 | 8111 | 8296 | 5934 | 4958 | 5430 | 6461 | 6048 | 5020 | 5363 |
| **TURNOVER (Net) (incl. Subsidy) (d=a+b+c)** | **11516** | **12782** | **12214** | **8928** | **7643** | **7794** | **8520** | **8017** | **6720** | **7305** |
| Other Operating Service / Revenue | 390 | 353 | 215 | 26 | - | - | - | - | - | - |
| **Revenue from operations (e)** | **11906** | **13135** | **12429** | **8954** | **7643** | **7794** | **8520** | **8017** | **6720** | **7305** |
| **Other Income (f)** | **33** | **57** | **52** | **62** | **45** | **47** | **37** | **38** | **37** | **37** |
| **Total Expenses (g)** | **10992** | **12276** | **11416** | **8418** | **7088** | **7237** | **8138** | **7883** | **6740** | **7000** |
| Earnings before depreciation, interest and tax (EBIDTA) (h=e+f-g) | 947 | 916 | 1065 | 598 | 600 | 604 | 419 | 172 | 17 | 342 |
| Interest and Finance Charges (i) | 291 | 406 | 317 | 190 | 190 | 228 | 301 | 204 | 130 | 67 |
| Depreciation (j) | 312 | 374 | 285 | 73 | 85 | 87 | 73 | 129 | 118 | 91 |
| Exceptional Items (k) | - | 389 | - | - | - | - | - | - | - | - |
| Profit/(Loss) before Tax (l=h-i-j-k) | **344** | **-253** | **463** | **335** | **325** | **289** | **45** | **-161** | **-231** | **184** |
| Tax Expenses (m) | 94 | -82 | 165 | 122 | 117 | 90 | 19 | -71 | -60 | 57 |
| Profit/(Loss) after Tax (n=l-m) | 250 | -171 | 298 | 213 | 208 | 199 | 26 | -90 | -171 | 127 |
| Other Comprehensive Income (o) | **1** | **(25)** | **(2)** | **(2)** | **(1)** | **(7)** | **-** | **-** | **-** | **-** |
| Total Comprehensive Income (Net of tax) (n+o) | **251** | **-196** | **296** | **211** | **207** | **192** | **-** | **-** | **-** | **-** |
| Gross Block | **5220** | **5220** | **5545** | **7667** | **7376** | **7287** | **7227** | **7182** | **5717** | **2958** |
| Net Fixed Assets | 3615 | 3726 | 3993 | 4080 | 4059 | 4259 | 4487 | 4682 | 3501 | 550 |
| Current Assets, Loans and Advances | 3504 | 9816 | 9493 | 5246 | 5779 | 6810 | 7241 | 6743 | 4285 | 3206 |
| Current Liabilities and Provisions | 3056 | 9282 | 8349 | 4265 | 4355 | 5323 | 5888 | 6041 | 1430 | 1600 |
| Working Capital | 448 | 534 | 1144 | 981 | 1424 | 1487 | 1353 | 702 | 2855 | 1606 |
| Long Term Borrowings | 752 | 769 | 341 | 171 | 981 | 1828 | 2643 | 3518 | 3912 | 1601 |
| Short Term Borrowings | 1135 | 7334 | 6122 | 2890 | 3154 | 4296 | 5002 | 4040 | 1703 | 1384 |
| Net Worth (Paid up Capital*+ Reserve & Surplus) | 2171 | 1921 | 2219 | 1987 | 1827 | 1691 | 1509 | 1494 | 1584 | 1754 |
| Capital Employed | 1625 | 1662 | 2151 | 1872 | 1872 | 2616 | 3424 | 4039 | 4923 | 4123 |

## Key Indicators

| Particulars | As per IND AS | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020-2021 | 2019-2020 | 2018-2019 | 2017-2018 | 2016-2017 | 2015-2016 | 2014-2015 | 2013-2014 | 2012-2013 | 2011-2012 |
| EBITDA/ Turnover (%) | 8.22 | 7.17 | 8.72 | 6.70 | 7.85 | 7.75 | 4.91 | 2.15 | 0.25 | 4.68 |
| Receivable (in days) | 81 | 215 | 210 | 160 | 204 | 225 | 215 | 211 | 171 | 121 |
| Inventory (in days) - Finished Goods | 6 | 27 | 40 | 15 | 17 | 15 | 3 | 7 | 12 | 6 |
| Return (PAT) on Net Worth (%) | 11.50 | - | 13.45 | 10.71 | 11.40 | 11.77 | 1.77 | - | - | 7.24 |
| Return (PAT) on Capital Employed (%) | 15.36 | - | 13.87 | 11.38 | 7.95 | 5.81 | 0.64 | - | - | 18.10 |
| Earning per Share of ₹ 10 (₹) | 5.09 | - | 6.08 | 4.34 | 4.24 | 4.05 | 0.53 | - | - | 2.58 |
| Debt/Equity Ratio (Long Term+Short Term) | 0.87:1 | 4.22 : 1 | 2.91 : 1 | 1.54 : 1 | #2.26:1 | #3.62:1 | #5.07:1 | #5.06:1 | #3.55:1 | 1.70 : 1 |
| Current Ratio | 1.15 :1 | 1.06 :1 | 1.14 :1 | 1.26 :1 | 1.33:1 | 1.28:1 | 1.27:1 | 1.12:1 | 3.00:1 | 2.00 :1 |
| Value Added per Employee (₹ In Lakhs) | 75 | 73 | 72 | 61 | 70 | 55 | 39 | 32 | 24 | 26 |
| Dividend (₹ In Crores) | - | 46.60 | 91.24 | - | 41.70 | 59.36 | 8.34 | - | - | 38.27 |
| Dividend as % of Net Worth | - | 2.43 | 4.11 | - | 2.28 | 3.51 | 0.56 | - | - | 2.18 |
| Dividend as % of Profit after tax (PAT) | - | - | 30.57 | - | 20.11 | 30.87 | 31.78 | - | - | 30.20 |
| Profit (PAT) per employees (₹ In Lakhs) | 7.77 | - | 8.95 | 6.20 | 5.92 | 5.35 | 0.69 | (2.21) | (3.99) | 2.81 |
| Interest Coverage Ratio (No. of Times) | 3.25 | 2.26 | 3.36 | 3.15 | 3.16 | 2.65 | 1.39 | 0.84 | 0.13 | 5.10 |
| Debt Service Coverage Ratio (No. of Times) | 2.05 | 1.95 | 2.84 | 2.35 | 2.06 | 2.13 | 0.94 | 0.66 | 0.62 | 4.72 |
| Book Value per share (₹) | 44.26 | 39.16 | 45.23 | 40.51 | 37.23 | 34.46 | 30.19 | 30.45 | 32.28 | 35.76 |
| Price Earning Ratio ** | 11.06 | - | 5.81 | 12.43 | 18.08 | 6.99 | 67.97 | - | - | 30.27 |
| Employees (Nos.) at the end of Financial Year | 3213 | 3339 | 3333 | 3430 | 3517 | 3595 | 3798 | 4068 | 4291 | 4515 |

# Debt - Equity ratio includes debts borrowed by company for Feed Stock Conversion Projects (from 'LSHS/FO' to Gas) at Nangal, Bathinda and Panipat Unit which under the GoI Policy is reimbursed to the Company as Capital Subsidy.

*Paid up Capital of is ₹490.58 Crore (i.e.49,05,78,400 Equity Shares of ₹10/- each fully paid up).
** Based on prevaling 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 47th 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 2020-21 and the Auditors' Reports and Comments of Comptroller & Auditor General of India (C&AG).

During the year 2020-21, Company achieved the Profit Before Tax (PBT) of ₹ 343.46 crore as against Loss before Tax of ₹ 252.71 crore during CPLY. PBT has increased mainly due to increase in contribution from Urea, Increase in profit from traded goods, Industrial Products and Bentonite Sulphur, one time conversion cost of AFCP, decrease in finance cost which was partially offset by reduction in energy norms.

Energy consumption per MT of Urea at all Units was within average energy norms for FY 2020-21 fixed by GOI under New Urea Policy 2015 except for Vijaipur-I unit.

The energy consumption per MT of Urea at NFL plants during 2020-21 was as follows:

(Gcal/MT/Urea)

| Units | Energy Norms for 2020-21 | Actual Energy | |
|---|---|---|---|
| | | 2020-21 | 2019-20 |
| Nangal | 6.768 | 6.750 | 6.722 |
| Panipat | 7.002 | 6.877 | 6.956 |
| Bathinda | 6.941 | 6.665 | 6.864 |
| Vijaipur-I | 5.682 | 5.782 | 5.950 |
| Vijaipur-II | 5.500 | 5.482 | 5.527 |

## Financial Highlights

Your Company's key financial parameters during the year 2020-21 and important financial highlights are as under: -

(₹ in crore)

| Sr. No. | Particulars | 2020-21 | 2019-20 |
|---|---|---|---|
| 01. | Sale of Urea quantity in (LMT) | 39.65 | 36.08 |
| 02. | Sale quantity of other Fertilizers (LMT) | 19.72 | 20.95 |
| 03. | Sale of Urea | 2068.03 | 1911.85 |
| 04. | Subsidy on Urea | 5795.02 | 6898.51 |
| 05. | Total Sales of Urea (3+4) | 7863.05 | 8810.36 |
| 06. | Sale of other products including subsidy | 3652.92 | 3971.35 |
| 07. | Sales Turnover (5+6) | 11515.97 | 12781.71 |
| 08. | Sale of Services | 0.04 | 4.70 |
| 09. | Other Operating Revenue | 389.65 | 348.95 |
| 10. | Revenue from operations (7+8+9) | 11905.66 | 13135.36 |
| 11. | Other Income | 33.34 | 57.40 |
| 12. | Total Revenue (10+11) | 11939.00 | 13192.76 |
| 13. | Total Expenses | 10992.04 | 12276.71 |
| 14. | Earnings Before Interest, Depreciation and Taxes (EBIDTA)[12-13] | 946.96 | 916.05 |
| 15. | Interest | 291.23 | 405.48 |
| 16. | Depreciation | 312.27 | 374.43 |
| 17. | Profit Before Exceptional Item and Tax (14-15-16) | 343.46 | 136.14 |
| 18. | Exceptional Item | - | 388.85 |

| | | | |
|---|---|---|---|
| 19. | Profit Before Tax (PBT) (17-18) | 343.46 | (252.71) |
| 20. | Provision for tax | 93.83 | (81.70) |
| 21. | Profit After Tax (PAT) (19-20) | 249.63 | (171.01) |
| 22. | Other Comprehensive Income (Net of Tax) | 0.87 | (25.30) |
| 23. | Total Comprehensive Income (21+22) | 250.50 | (196.31) |

## RESERVES

### Capital Reserves

The balance as at 31.03.2021 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 31.03.2021 as compared to ₹ 9.64 crore on 31.03.2020.The reasons for the same are detailed in Report on CSR 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 31.03.2021 stood at ₹ 332.89 crore at same level as was on 31.03.2020.

### Surplus

The balance retained in the surplus as at 31.03.2021 is ₹ 1345.46 crore as compared to ₹ 1094.96 crore during the previous year.

### Dividend

The Board of Directors has not recommended payment of dividend for the year 2020-21 considering the 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

FY 2020-21 has witnessed the best ever achievement in overall sale of Fertilizers due to significant increase in sale of own manufactured Urea by 9.89%. Your company has achieved ever best sale of fertilizers to the tune of 59.37 LMT comprising of 39.65 LMT of own Urea, 10.45 LMT of imported Urea and 9.27 LMT of non-Urea Fertilizers against CPLY of 57.04 LMT that comprised of 36.08 LMT of own Urea, 11.85 LMT of imported Urea and 9.11 LMT of non-Urea Fertilizers thus exhibiting higher sale by 4.10% as compared to previous year. Your Company's sale of fertilizers was more than sale of all the fertilizer PSUs put together during the year. Contribution of Non-Urea business to the top line of the company increased to around 34% during the year as compared to 31% of the CPLY.

Your Company has achieved the ever-best production & sale of certified seeds to the tune of 1.86 Lakh Quintals during the year under its flagship Seeds Multiplication Program which started in 2015.The sale of Bio-Fertilizers, Bentonite Sulphur & City-Compost during the year was 528 MT, 20028 MT & 21767 MT respectively. Your company has also sold 27717 MT SSP (Powder and Plain) during the year.

To meet the new energy norms under NUP-2015 implemented w.e.f. 1st October 2020, Gas Turbine Generator (GTG) along with Heat Recovery and Steam Generation (HRSG) has been taken in line and commercial operations at Bathinda and Nangal has been started in May 2021, whereas the same at Panipat Unit is under progress which was delayed due to spread of CoVID-19.

Your company has commissioned its second Seeds Processing Unit (SPU) at Panipat during August, 2020 while work on another SPU at Indore is under way and likely to be commissioned by end of 2021. The company is also in the process of setting up a Agrochemicals plant at Bathinda.

## Material changes and commitments

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

## Details of revision of Financial Statements or Board's Report

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

## General Information

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

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

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

### b) Brief description of business segments and geographic segments;

**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 2020-21:

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/subscription of the Company's shares to be held by trustees for the benefit of employees.

### Other securities which carries right of conversion into equity shares

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

## Details of Deposits

The Company has not accepted any deposits during the year.

## Credit Rating

During FY 2020-21, 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 |
| | 2019-20 | | 2020-21 | | 2019-20 | | 2020-21 | |
| Long Term Fund Based Working Capital Facilities | | | | | | | | |
| Cash Credit | [ICRA] AA- (Stable) | 5000 | [ICRA] AA- (Stable) | 4000 | IND AA/ Negative | 6000 | IND AA-/ Stable | 6000 |
| Term Loan | [ICRA] AA- (Stable) | 1044 | [ICRA] AA- (Stable) | 1044 | - | - | - | - |
| ECB | [ICRA] AA- (Stable) | 123.75 | [ICRA] AA- (Stable) | 123.75 | IND AA/ Negative | 156 | IND AA-/ Stable | 57 |
| Short Term Fund Based Working Capital Facilities | | | | | | | | |
| Commercial Papers | [ICRA] A1+ | 7000 | [ICRA] A1+ | 4000 | [IND] A1+ | 6000 | [IND] A1+ | 7000 |
| Short Term Non Fund Based Working Capital Facilities | | | | | | | | |
| 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 the same is 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 2020-21. However, Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India had intimated regarding issue of RFP for engagement of 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 ₹ 12.47 crore and the Foreign Exchange outgo during the year in terms of actual outflow amounted to ₹ 1640.79 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 31.03.2021 were ₹ 752.41crore outstanding against Rupee Term Loan.

### Short Term Loans

Short Term borrowings of ₹ 1135.11 crore (previous year ₹ 7333.77 crore) were outstanding as on 31.03.2021.

### Debt Equity Ratio

Debt equity ratio as on 31.03.2021 has decreased to 0.87:1 as compared to 4.22:1 of previous year due to decrease in borrowings.

### Revenue

The Company has achieved Revenue from Operations of ₹ 11905.66 crore during 2020-21 as against ₹ 13135.36 crore during previous year and total income of ₹ 11939.00 crore during 2020-21 as against ₹ 13192.76 crore during previous year as detailed below:

(₹ in crore)

| Particulars | 2020-21 | 2019-20 | Change |
|---|---|---|---|
| Sale of products (including subsidy) | 11515.97 | 12781.71 | (1265.74) |
| Sale of services | 0.04 | 4.70 | (4.66) |
| Other Operating revenue | 389.65 | 348.95 | 40.70 |
| Revenue from operations | 11905.66 | 13135.36 | (1229.70) |
| Other income | 33.34 | 57.40 | (24.06) |
| Total Revenue | 11939.00 | 13192.76 | (1253.76) |

### Urea and other fertilizers

The Company has achieved the Urea Production of 37.99 LMT with an overall capacity utilization of 117.58% during 2020-21 against previous year production of 37.27 LMT achieved during 2019-20 (CPLY).

The Company has also produced 14071.90 MT of Bentonite Sulphur (BS) during the year against CPLY of 12807 MT, achieving a growth of around 9.88%.

On the sales front, the Company has achieved ever best sale of Fertilizers of 59.37 LMT that 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 (21767 MT) of Compost during 2020-21 surpassing previous best of 57.04 LMT during 2019-20 which includes sale of 36.08 LMT of own Urea, 11.85 LMT of Imported Urea, 9.11 LMT of Non-Urea Fertilizers including 0.25 LMT of Compost, thus exhibiting higher sale by 4.10% as compared to previous year.

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

(Lakh MT)

| Product | 2020-21 | 2019-20 | Change |
|---|---|---|---|
| **1. Manufactured** | | | |
| a) Urea | 39.65 | 36.08 | 3.57 |
| b) Bentonite Sulphur | 0.20 | 0.08 | 0.12 |
| c) Bio-Fertilizers | 0.005 | 0.007 | (0.002) |

| | | | |
|---|---|---|---|
| **2. Traded Goods** | | | |
| **a) Imported** | | | |
| i)DAP | 5.09 | 6.85 | (1.76) |
| ii) MOP | 1.04 | 0.74 | 0.30 |
| iii) NPK (12-32-16) | 0.54 | 0.50 | 0.04 |
| iv) NPK (10-26-26) | 0.42 | 0.19 | 0.23 |
| v) APS | 1.47 | 0.39 | 1.08 |
| vi) Calcium Nitrate 100% water soluble fertilizers | - | 0.002 | (0.002) |
| vii) NPK (19-19-19) 100% water soluble fertilizers | 0.0003 | 0.002 | (0.0017) |
| **b) Indigenous** | | | |
| i)Imported Urea (On Govt. A/c) | 10.45 | 11.85 | (1.40) |
| ii) SSP | 0.28 | 0.10 | 0.18 |
| iii) City Compost | 0.22 | 0.25 | (0.03) |
| iv) NPK (19-19-19) 100% water soluble fertilizers | 0.005 | - | 0.005 |
| v) RFCL Urea | 0.002 | - | 0.002 |
| **Total Fertilizers** | **59.37** | **57.04** | **2.33** |

## Industrial Products

The Company registered sale of Nitric Acid of 61387 MT during 2020-21 as compared to previous sale of 69436 MT during 2019-20. The Company also recorded sale of Ammonium Nitrate to the tune of 8619 MT during 2020-21 as compared to sale of 8341 MT achieved during 2019-20.

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, etc. to the tune of ₹ 243.33 crore during 2020-21 against CPLY of ₹ 170.45 crore.

## Bio-Fertilizers

The Company sold 528 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹ 1.83 crore in F.Y. 2020-21 as against 713 MT of ₹ 2.05 crore during CPLY.

## Import & sale of Fertilizers

The Company sold 8.56 LMT of imported non-Urea Fertilizers including DAP, MOP, APS, NPK etc. worth ₹ 2541.88 crore during 2020-21 against 8.67 LMT worth ₹ 2879.20 crore during 2019-20.

Apart from the above, NFL also sold 10.45 LMT of Urea imported in government account out of 9.98 LMT received & 0.52 LMT opening balance available at various ports during 2020-21.

## Domestic Trading of Agro Products

The Company has registered total revenue of ₹ 90.98 crore towards trading of various agro products such as seeds, pesticides & compost during the year against ₹ 66.00 crore during CPLY.

## Gross Sale Composition

| Item | % of total Sale Composition | | % Increase/(Decrease) |
|---|---|---|---|
| | 2020-21 | 2019-20 | |
| Urea (manufactured) | 68.28 | 68.93 | (0.94) |
| Other Fertilizers | 31.72 | 31.07 | 2.09 |

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 68.28% while contribution of non-Urea business has increased to 31.72% during 2020-21.

## 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 2020-21, 38 Dealer's/Retailer's Orientation Programmes were conducted and more than 2000 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. 32 Farmer Training programmes were organized during 2020-21 and more than 2100 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 March 2021 on the theme of "Atma Nirbhar Bharat" on the occasion of the 75$^{th}$ year of India's independence (India@75 Bharat Ka Amrit Mahotsav) in Madhya Pradesh. Six Awareness programmes were organized by NFL in Agriculture Universities/ Krishi Vigyan Kendra (KVK)/ NFL Kisan Suvidha Kendras (KSK) of Gwalior, Dewas, Sehore, Jabalpur, Ratlam and Hoshangabad districts of Madhya Pradesh with the objective to promote balanced and sustainable use of fertilizers, soil analysis, mythology of application of different fertilizer, new technologies etc. More than 320 farmers got benefitted through 6 such programmes.

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 150 farmers got benefitted through 4 programmes during the year 2020-21.

During the year 2020-21, total 233 demonstrations had been laid out at farmers' fields to demonstrate benefits of use of Bio-fertilizers, City Compost and Bentonite Sulphur, 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 23000 soil samples were collected analyzed for macro and micro nutrients and recommendations were given to the farmers.

To strengthen the soil testing and farm advisory services, 05 new Mobile soil testing Labs for the states of UP(1), MP(Bhopal 1 & Vijaipur 1 with AAS), Haryana (1) and Telangana (1) have been launched by NFL.

During the year 2020-21, your Company continued its endeavour to render soil testing services at all the farmers' doorstep by organizing soil testing campaigns. During these campaigns, services of our Mobile Soil Testing Vans and laboratory staff were suitably utilized for collecting soil samples by demonstrating the correct method of sampling to the farmers and by offering on the spot soil analysis and advisory on the basis of soil test results. Other than this, 23 Jeep campaigns were organized in the States of Punjab, Haryana, Rajasthan, HP, J&K, UP, Bihar & Jharkhand. Farmers were educated on balance fertilizer use and new products launched by the Company and to share its benefits to farmers. More than 4,000 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 2020-21, your Company participated in 27 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 35000 persons in related fields.

As per guidelines of Department of Fertilizers (DoF) and with the objective to provide all the agricultural inputs and services to the farmers under one roof along with soil testing and advisory services, 100 Kisan Suvidha Kendras (KSKs) were opened by your Company all across its marketing territory. During the year 2020-21, 55 farmers training programmes were organized in

these KSKs and more than 3500 farmers got benefitted. More than 64000 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** forms part of this Report.

## Business Responsibility Report

As required under Regulation 34 of SEBI (LODR) Regulations, 2015, the Business Responsibility Report of the Company for the financial year ended 31.03.2021 is appended as **Annexure -2** forms part of this Report. Business Responsibility Policy is available on the website of the Company at www.nationalfertilizers.com.

## Stakeholders' relationship

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

## Customers' relationship

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

## Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance being the fountain head of value creation for all stake holders 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 Certificate on Corporate Governance and explanations of the Management to Secretarial Auditors' observations during the year 2020-21is appended as **Annexure-4** forms part of this Report.

## Visits of Parliamentary Committees during 2020-21

The following Parliamentary Committee interacted with the Company during the year 2020-21:

1. Committee on Public Undertakings (COPU)–selected NFL for comprehensive examination during the year 2020-21.
2. Standing Committee on Chemicals & Fertilizers for Examination of Demands of Grants for the year 2021-22 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 31st March 2020 with a penalty of 2% & 5% for financial years 2018-19 and 2019-20 respectively. Subsequently it was further extended till 30th 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 will be 6.5 Gcal/MT of Urea till 31.03.2025 whereas for Vijaipur-I, it will be 5.5 Gcal/MT of Urea.

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

The above projects are at various stages of execution and were expected to be completed by March, 20/June, 20. However due to spread of pandemic and other unavoidable reasons, completion of these projects has been adversely affected.

The GTG-HRSG project at Bathinda and Nangal has started its commercial operation in the month of May, 21. However owing to increase in CoVID-19 cases since Mar, 21, commissioning of GTG-HRSG project at Panipat unit has been delayed and is expected to completed by Oct, 2021.

Similarly major part of the scheme for energy reduction has been implemented in Sept, 20 in Vijaipur-I whereas rest of schemes are expected to be completed by 2021-22.

NFL has been requesting DoF that target energy norms for Nangal, Bathinda and Panipat plants may be reviewed and reworked so that the Company is able 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. In case NFL's request is not agreed by DOF, the profitability of company may be adversely affected.

## 2.0 Plastic Waste Management Rules 2016

The Ministry of Environment Forests and Climate Change (MoEF & CC), Government of India, vide Gazette Notification dated 18th 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 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). However, these rules are yet to be notified by GOI. NFL has engaged a consultant to complete these statutory obligations similar to other fertilizer companies.

NFL applied for registration as Brand Owner with CPCB, as required under the new rules in the month of February, 2021. However, application form has been returned by CPCB stating that the form should be in line with newly issued Standard Operating Procedure (SOP) which has been issued in the month of March 2021. The SOP mainly provides guideline for filing the application form i.e. Form-1 as brand owner with CPCB. In latest SOP, CPCB additionally sought the quantity of plastic waste introduced by brand owner in various states/UT.

Accordingly NFL resubmitted its form in the month of May, 2021. The same has been returned with instructions to fill the same through online portal.

## The Right to Information

In consonance with the spirit of Right to Information Act, the Company has created necessary mechanism as required under the Act. The Public Information Officers and Appellate Authorities are effectively responding to the requests and appeals of the applicants. The names of all PIOs/ Appellate Authorities/ Transparency Officer are displayed on the Company's website. During the year, 447 RTI applications were received and were dealt with as per provisions under Right to Information Act, 2005.

## Vigil Mechanism

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

## Whistle Blower Policy

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

## Integrity Pact

With the commitment to maintain the highest standard of transparency and governance, your Company has entered into an integrity Pact with Transparency International and has also appointed Independent External Monitors (IEMs), as approved by CVC. Structured Meetings are 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 Participative Vigilance, Workshops / Training Programs were conducted during the year in all Offices & Production units. These training programmes focussed on various issues related to manuals and procedures. In Compliance with guidelines of CVC and DoF, two day online training programmes on Preventive Vigilance were conducted for in service officials of NFL and also for the new appointees.

A Workshop on "Preventive Vigilance for Senior Management" was also organized through Video Conferencing by CVO in the month of March, 2021.

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 was 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 Week in Units, Zonal offices and Corporate Office were the other 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 2018-19. The performance of the company under MoU for 2019-20 is also under evaluation by DPE. Further Company submitted self-evaluation after approval from Board to DPE through DoF on 06.07.2021.

## Awards & Accolades received during 2020-21

- Safety Award 2019 was received by NFL Panipat Unit from National Safety Council of India.
- Safety Award 2019 was received by NFL Bathinda Unit in the month of October, 2020 from National Safety Council of India.

- Vijaipur Unit gets "Prashansa Patra" from National Safety Council of India for its systems & Procedures and Good Performance in Occupational Health and Safety (OHS)
- Swachhata Award was received by NFL CO, Noida from Department of Fertilizers for its Innovative and Effective activities during Swachhata Pakhwada, 2020.
- NFL, Nangal Unit received Golden Peacock Eco-Innovation Award for the year 2020 for reduction in $NO_x$ emission from Nitric Acid Plant.
- NFL, Nangal Unit received "20th Annual Greentech Environment Award 2020" and has been awarded for the outstanding achievement in "Environment Protection" Category.
- NFL, Nangal Unit received "Winner of Gold Award in Fertilizer Sector for the outstanding achievement" in "Eco-Innovation" Category.
- NFL, Vijaipur Unit received "20th Annual Greentech Environment Award 2020" in the month of November 2020.

## Initiatives under Corporate Social Responsibility

Company is constantly working towards inclusive growth in society through CSR. The company allocated a CSR budget of ₹ 340.00 Lakh for the FY 2020-21 and incurred an expenditure of ₹ 606.25 Lakh during the year. This included expenditure on schemes approved in previous years but carried forward in the year 2020-21.

Through its CSR programmes, Company is supporting sectors like health, education, skill development, environment and empowerment of underprivileged sections of the society. One of the major CSR projects of FY 2020-21 that the company undertook was for Training of Apprentices at a budget of ₹ 152.78 Lakh i.e. allocation of ₹ 38.20 Lakh to each Unit for Training of Apprentices over and above the minimum mandate of 2.5% of total manpower. The project was envisaged to help youth in various placement linked skill training and capacity building through practical industrial experience.

In addition, as per the need of the hour, Company supported Government's efforts to control the CoVID-19 pandemic. Under this initiative, the company provided Cold Chain Equipments for storage of vaccine in Chandigarh to support the Government's CoVID-19 vaccination programme.

During the year, the Company undertook many CSR projects in the health sector. To strengthen the medical infrastructure, the company provided Advance Life Support Ambulances in Government hospitals in District Basti and District Sultanpur in Uttar Pradesh. These Ambulances will provide service to critical patients and to those who require care. Also, the company provided Medical equipment in the District Hospital, Basti (U.P.). In addition to this, fowler beds were provided to Civil Hospital, Nangal to supplement the existing facilities.

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. The Nangal Unit adopted a Government School in Khamachon village, Nawashehar for renovation and transformation through provision of latest educational tools like smart classes, computers, educational toys etc. Also, Bathinda Unit installed Smart Classrooms in Mahant Gurbanta Das School for Deaf and Dumb in Bathinda.

The Company also installed 325 nos. LED Solar Street Lights in villages near Nangal Unit 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 AND DEVELOPMENT

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

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

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

NFL Board in its 423rd meeting held on 28.03.2018 accorded approval for sponsoring the pilot study at ICAR – NDRI, southern

regional station, Bengaluru, for project titled "Cow dung processing and its conversion to bio-fortified fertilizer with enhanced functionality" with budget estimates of ₹ 129.74 Lakh spread over a period of three years. Agreement for the subject R&D work had been signed between NFL and NDRI on 14.09.2018.

A total payment of ₹ 67.5 Lakh has been made to NDRI for execution of the said R&D work. Major equipment's i.e. cow dung digester and manure dewatering pump has been installed at NDRI Bengaluru site. Optimization of working condition of cow dung digester is under progress. The project is expected to be completed by Dec, 2021.

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

Although our country has a number of research institutions doing research in the field of agriculture, however, there is no dedicated research institution in the country which is exclusively devoted to research in fertilizer sector. There is a growing need for setting up a National Level Research & Development Centre, exclusively devoted to promotion of research in fertilizer sector.

Therefore, in line with the direction of Department of Fertilizers, Indian Council for Fertilizers and Fertilizer Technology Research was formed as a society jointly by NFL, RCF, FAGMIL, PDIL, FACT, BVFCL, MFL, FCIL and HFCL in Aug, 2019. NFL, RCF and FAGMIL being the founder members of the society provided corpus fund of Rupees two crore, two crore and one crore respectively.

The society has two administrative organs named Governing Council and Executive Committee.

Governing Council and Executive Committee have held three and four meetings respectively. 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". IFC is an international initiative centered in India, dedicated to enlarging and purposeful disseminating of the body of research and knowledge on competition and strategy, as pioneered over the last 25 years by Professor Michael Porter of the Institute for Strategy and Competitiveness at Harvard Business School.

ICFFTR has also signed MoU with International Fertilizer Development Centre (an autonomous non-profit international research centre) 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, Introduction of Masters and PhD programmes on Fertilizer education and research 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."

## 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 Section129(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 2020-21, 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 there to 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.

## Capital Expenditure (CAPEX)

The achievement in CAPEX is ₹ 204 crore excluding capital work in progress (CWIP) in the year 2020-21.

## Risk Management

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

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 there after 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 arisen 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 Company include tightening of energy norms w.e.f. 01.10.2020 without govt. dispensation, deletion of minimum fixed cost for Vijaipur -I Unit retrospectively, delay in execution of ongoing projects such as energy reduction projects & RFCL Urea Project (a Joint Venture of the Company) due to CoVID-19 and higher interest burden due to delay in receipt of the subsidy from the Govt.

## 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 subtotal 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 2020-21 is appended as **Annexure-11** forms part of this Report.

## Procurement through GeM Portal

During the year, total procurement through GeM portal was ₹ 3.74 Crore.

## Human Resource Management

The Company has man power strength of 3213 regular employees as on 31.3.2021, which comprises of 1621Executives and 1592 Non-Executives. Company promotes the employment of women and at present 204 women employees are on its roll, which is 6.35% 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. Seven programmes related to Gender Sensitization and Prevention, Prohibition and Redressal of sexual harassment of women at workplace were held during the year 2020-2021. No complaint of sexual harassment was received in the year 2020-21.

## Implementation of Official Language Policy

The Company is making continuous efforts for the promotion and implementation of the Official Language Policy of the Government of India. The quarterly meetings of Official Language Implementation Committee (OLIC) are held regularly at Corporate Office and also at all Units/Zonal Offices of the Company under the Chairmanship of Head of the Unit/Office to review the progress of use of Official Language 'Hindi'. A total of 36 meetings of OLIC were held during the year.

To promote the use of Official Language 'Hindi', 36 Hindi workshops were organized during the year in which 882 employees have actively participated. Hindi Pakhwada was organized in all the Units/Offices of the Company to celebrate Hindi Diwas. During the year, a total of 50 programs/competitions were organized to promote official language, in which a total of 962 employees participated, out of which 547 winners and participants were felicitated. Apart from this, 64 employees were awarded cash prizes for doing their official work in Hindi under the 'Cash Incentive Scheme'.

National Fertilizers Limited Corporate Office, Noida was entrusted with the responsibility of presiding & operating of 'Town Official Language Implementation Committee (TOLIC) (Undertaking) Noida' accordingly two half-yearly meetings through video conferencing on 29.07.2020 & 11.11.2020 respectively were successfully organized under the Chairmanship of Shri Virendra Nath Datt, Chairman & Managing Director. In this meeting, the nominated Head of Member Offices (No. 29, 22) and Official Language Officers, along with Deputy Director (Implementation) of Regional Implementation Office (Northern Region-2), Ghaziabad also participated.

During the year 2020-21, NFL Nangal Unit has been awarded Rajbhasha Shield as First Prize and Certificate by TOLIC Rupnagar, Punjab for doing excellent work in Hindi.

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is functional in all Units/Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer has been appointed in each Unit/Office and Chief Liaison Officer at CO, NOIDA to ensure due compliance of orders and instructions pertaining to reservation for SCs and STs and other concessions admissible to them. Meetings were periodically held at Unit level as well as at corporate level with the SC/ST Employees Welfare Associations by the Management for redressal of grievances of SC/ST employees. During 2020-21, 1832 training man-days were imparted to

SC/ST and OBC employees (including both in-house as well as external training programmes). 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 2020-21 and during last three year preceding the financial year 2020-21 is as below:

| Financial Year | Content of Presidential Directives | Compliance |
|---|---|---|
| 2020-21 | NIL | NIL |
| 2019-20 | NIL | NIL |
| 2018-19 | Presidential Directive for pay revision | Complied |
| 2017-18 | NIL | NIL |

## Information Technology

Company realized the importance of Information Technology right at the beginning of Digital Revolution and has been evolving to adopt the technology in all the spheres of working.

Various business applications earlier running in distributed environment at various units have been centralized, significant centralized applications are Dispatch Management System, Marketing Management & Information System, Human Resource Management System, Employees Self Service portal and On-line APAR system. Database of all centralized applications are being handled in the Data Centre of Corporate Office, Noida. Also keeping abreast with the latest compliance guidelines of the government /CBDT regarding indirect taxations, e-Invoicing, integration of payment gateway and other compliances, IT team has been facilitating the company to meet various timelines.

In order to have optimum utilization of WAN links & Internet leased lines, Link Load balancers have been provided at all locations of the company. In order to mitigate cyber threats, intrusion prevention & ransom ware attacks UTM based security appliances have been installed.

Being a pandemic year, Company enhanced Video Conferencing facilities and all meetings and interviews are being conducted through Video Conferencing with all its Plants, Zonal Offices & Business partners. Trainings through Webinars and meetings through various virtual meeting platforms have been adopted by the Company. In order to promote the use of technology, Company has installed Face Recognition Biometric Attendance System at its Plants, Zonal Offices & Corporate Office.

However, the existing technology alone is not enough to enhance productivity. So in order to increase productivity, efficiency and data availability on real-time basis, integrated business solution is required. To achieve the same, NFL has awarded the Work Order to M/s Tech Mahindra Ltd. for implementation of ERP solution SAP S4/HANA. 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 energy

In the first nationwide lockdown from 25.03.2020 to 15.04.2020, all the five Units of NFL namely Nangal and Bathinda in Punjab, Panipat in Haryana and two Units of Vijaipur in Madhya Pradesh continued to operate at maximum possible capacity (around 108% to 125%) with minimum manpower required to operate the plants and after taking all precautions required in the lockdown guidelines. The production levels could be sustained due to sufficient inventory of raw material and other intermediates like bags, chemicals, consumables and available unfilled capacity of silos for stocking the final product urea.

Later with extension of lockdown from 16.04.2020 to 03.05.2020 (Lockdown-II) and further up to 17.05.2020 (Lockdown-III) and lockdown IV (upto 31.05.2020), NFL faced various challenges like difficulty in evacuation of urea from plants due to non-availability of adequate labour and trucks for transporting it to dealers' godowns, difficulty in movement of goods like bags, neem oil, PP thread and chemicals (sulphuric acid, caustic lye, liquid chlorine, cooling water chemicals etc.) due to shortage of trucks and inadequate supply of bags.

During the year ended 31st March, 2021, the Company's overall production dispatches, sales and market conditions largely remained unaffected. The Company has been able to operate all its five plant at normal levels. Later on owing to relaxations in lockdown and subsequent to lifting of lockdown, operation of plants remained normal in the rest of the period of 2020-21.

### 2.0 Delay in Implementation of Energy saving Projects and Execution of RFCL Project:

NFL Units are 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 with regards to project work were completely stopped.

Revamp activities as required in Vijaipur Unit in April, 2020 and to be carried by the experts from M/s Mitsubishi-Japan and M/s Dresser Rand-USA got delayed and revamp of syngas compressor and its steam drive was carried out in Sept, 20 through Remote Advisory. 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. After lot of efforts, M/s Siemens expert have been mobilized to sites and commissioning of GTG was started at Bathinda in Nov, 20, Nangal in Dec, 20 and Panipat in Feb, 21.GTG-HRSG project at Bathinda and Nangal has started its commercial operation in the month of May, 2021and in Panipat it is expected to complete by October, 2021.

Delay in execution of Energy Saving Schemes at all units and commissioning of Joint Venture Project (RFCL) due to stoppage of project activity at site is because of shortage of labour and delay in the visit of foreign experts for commissioning of these projects due to travel restrictions arising from CoVID-19. Further, delay in execution of RFCL project, has led to time and cost overrun impacting the financial performance of the RFCL. However, RFCL has declared the commercial operation date on 22.03.2021.

## 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 2020-21 is attached.

A 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. 2021-22 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 31.03.2021.

### 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 separately.

### Cost Auditors

As prescribed under Section148 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 2020-21 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 Sanjay Gupta & Associates acted as the Lead Cost Auditor. Consolidated Cost Audit Report for the financial year 2019-20 was filed with Ministry of Corporate Affairs (MCA) on 12.10.2020.

### 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. G.S. Mathur & Co., M/s. Goyal Parul & Co., M/s. Laxmi Tripti & Associates, M/s. Raj Har Gopal & Co., M/s. S. Tandon & Associates, M/s. Chaturvedi & Co., M/s. Amit Ray & Co., M/s.S.N. Kapur & Associates and M/s Ray & Ray for the year 2020-21. 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 2020-21 in terms of Section 204 of Companies Act, 2013 and Rules made thereunder. Secretarial Audit Report for the year 2020-21 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 31.03.2021 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.

## Nomination & Remuneration Committee and Remuneration Policy

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

## Stakeholders Relationship Committee

Disclosures regarding Stakeholders Relationship Committee are given in the Corporate Governance Report.

## Corporate Social Responsibility and Sustainable Development Committee

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

## Company's policy on Director's appointment and remuneration

Ministry of Corporate Affairs has granted exemption vide notification No.GSR463(E) dated 05.06.2015 to the Government Companies from the provisions of Section134(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.

## 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 thereunder. Company Secretary is the Nodal Officer to deal with IEPF Authority and compliances related thereto.

During the year 2020-21, 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 there under, 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.

## 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 2020-21.

## 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 31.03.2021. Code of Conduct has been uploaded on the website of the Company at www.nationalfertilizers.com.

## Corporate Policies & Codes

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

## Disclosure pursuant to FEMA Regulation

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

## Key Business Development

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

## Disclosure regarding frauds

No fraud has been reported by the Auditor to the Audit Committee or to the Board, during the financial year 2020-21.

## 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 31.03.2021 is as follows:

Shri Virendra Nath Datt, Director (Marketing). [Entrusted with the Addl. Charge of Chairman & Managing Director w.e.f. 03.06.2020]

Shri Manoj Mishra, Chairman and Managing Director. (Ceased to be Chairman and Managing Director w.e.f. 02.06.2020)

Shri Yash Paul Bhola, Director (Finance) & Chief Financial Officer

Shri Ashok Jha, Company Secretary

## Board of Directors

## Changes in Composition

Shri Nirlep Singh Rai was appointed as Director (Technical) on 01.04.2020 vide Order No. 82/1/2016-HR(PSU) dated 14.02.2020 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

Dr. (Smt.) Kalpana Saini, Independent Director ceased to be Director of the Company w.e.f. 24.04.2020.

Shri Pandya Ashwinkumar Balvantray was appointed as Independent Director w.e.f. 04.05.2020 vide Order No.78/2/ 2006-HR (PSU) dated 01.05.2020 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

Shri Manoj Mishra ceased to be Chairman & Managing Director of the Company w.e.f. 02.06.2020.

Shri Virendra Nath Datt, Director (Marketing) has been entrusted with the Addl. Charge of Chairman & Managing Director w.e.f. 03.06.2020 vide order no. 86/05/2008-HR-PSU dated 01.06.2020. 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-1dated 03rd June, 2021 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, Shri Virendra Nath Datt (DIN:07823778) and Shri Nirlep Singh Rai (DIN: 08725698), 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 Section149(10) of the Companies Act, 2013, none of the Independent Directors has been reappointed on the Board of the Company during the FY2020-2021.

## 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 2020-2021 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:** 26.08.2021

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

Annexure-I

# Management Discussions and Analysis (MDA)

## State of Global, South Asian & Indian economy, Agriculture and Fertilizers Manufacturing Sector

The CoVID-19 pandemic delivered a heavy blow to the economic activities worldwide. Due to CoVID-19 pandemic triggered from Corona Virus several countries across the world resorted to lockdowns which devastated the global economy during 2020-21 by disrupting its entire supply and demand sides. The pandemic has exposed systemic vulnerabilities of the world economy.

In 2020, world output shrank by 4.3 per cent, over three times more than during the global financial crisis of 2009. The modest recovery of 4.7 per cent, which is expected in 2021, would barely offset the losses sustained in 2020. The pandemic hit the developed economies the hardest, with an estimated output decline of 5.6 per cent in 2020, due to the strict and prolonged lockdown measures that were imposed in many European countries and some parts of the United States during the outbreak. The contraction was comparatively milder in the developing countries, with output shrinking by 2.5 per cent in 2020. East Asia registered positive, albeit low GDP growth in 2020, performing much better than all other developing regions. In contrast, Latin America and the Caribbean and South Asia experienced the sharpest declines in output. The least developed countries (LDCs) saw their GDP contract by 1.3 per cent in 2020.

Although global economic output is recovering from the collapse triggered by CoVID-19, it will remain below pre-pandemic trends for a prolonged period.

## Emerging challenges facing global trade

The CoVID-19 crisis has delivered a significant shock to trade, restricting cross-border travel, disrupting international production networks and depressing demand worldwide. Global trade in goods and services shrank by an estimated 7.6 per cent in 2020, a slightly smaller contraction than during the global financial crisis. While international travel remains at a fraction of its pre-pandemic level, global merchandise trade has been recovering since mid-2020 on the back of strong demand for electric and electronic equipment, pharmaceuticals and, especially, personal protective equipment. The recovery in merchandise trade has been led by China and other East Asian economies, which were relatively successful in containing the spread of the virus and experienced a faster-than-expected rebound in economic activities.

Beyond these short-term dynamics, the pandemic is likely to accelerate several structural shifts, which are shaping the future of the global trade landscape. These include the rise of digital technologies, the increasing significance of global trade in services, and the move towards more resilient and flexible global value chains (GVCs). By redefining comparative advantages, the changing international trade environment will have a profound impact on countries' growth prospects and their progress towards sustainable development.

## South Asia: progress on many Sustainable Development Goals (SDGs) has been reversed

The pandemic and the global economic crisis have left deep marks on South Asia, turning this former growth champion into the worst performing region in 2020. All economies in the region have been hit by the crisis, whose impact has been amplified and accelerated by existing vulnerabilities. These vulnerabilities were aggravated by the already weak progress on achieving the SDGs and, notably, by the weakness of the region's public health infrastructure, with low levels of public health expenditure and few physicians, nurses and hospital beds per capita. At the same time, poorly organized labour markets and the absence of a reliable social safety net have prevented Governments from implementing the effective restrictions needed to contain the spread of the pandemic, while fiscal constraints and limited economic diversification restricted Governments' manoeuvring space. As a result, the crisis has devastated livelihoods across the region, reversing many years of progress on achieving the Sustainable Development Goals. GDP per capita fell by nearly 10 per cent in 2020, while poverty is rising sharply, and existing inequalities are widening. Women, children, slum dwellers, migrant workers and the elderly have been hit hardest by the crisis. South Asia's aggregate GDP is estimated to have contracted by 8.6 per cent in 2020, growth in the region is forecast to rebound to 6.9 per cent in 2021, before moderating to 5.3 per cent in 2022.

## Economic growth of India during 2020-21

India locked down entire nation w.e.f. 24-03-2020 up to 03-05-2020 to minimize the infection. Further, lockdown was extended till 31-05-2020 with relaxations. However, unlocking started from 01-06-2020 in the country in a phased manner. Lockdown has brought the entire economic activity across the world including India to the standstill.

The growth in India's real GDP during 2020-21 is estimated to contract by 7.30 per cent as compared to the growth rate of

4.0 per cent in 2019-20, as per provisional estimates of the economic growth.

Against this challenging backdrop, Agriculture is one sector in Indian economy which is providing a beacon of hope due to normal monsoon during 2020-21. Government of India (GoI) kept most of the agriculture activities including production and movement of fertilizers under essential services during lockdown to ensure uninterrupted supply chain for movement & sale of farm harvests and uninterrupted availability of farm inputs such as Seeds, Fertilizers, and Agro Chemicals etc.

Agriculture sector is estimated to see a growth of 3.4 per cent in 2020-21. However, it will be lower than 4.3 per cent growth recorded in 2019-20. Despite the disruptions in the supply chain during the CoVID-19-led lockdowns, Indian agriculture is set to perform better.

According to the first advance estimates issued by the Agriculture Ministry, food grain production is expected to be 144.52 million tonnes in Kharif 2020-21 as against 143.38 million tonnes in the previous year. While oilseeds output would be lower, other commercial crops such as sugarcane, cotton are likely to do well.

## Fertilizer scenario in India during 2020-21

Fertilizers being covered under essential commodities, this sector, to a great extent, remained immune to the CoVID-19 pandemic triggered lockdown in the country except minor disruptions in the initial period of lockdown. Moreover, timely action initiated by the Industry in collaboration with Central & State Governments and Local district authorities helped to keep all the Urea Plants in the country running along with movement of the fertilizers except minor disruptions due to shortage of labour & trucks. In the beginning of the lockdown, there had been some minor supply chain disruptions such as shortage of raw material / packing material forcing the companies to reduce the plant load and inadequate availability of migrant labour & trucks impacting movement of material from the rake points & ports in the field.

During Kharif 2020, Fertilizer PSU's made strong contribution in making fertilizers available to farmers by keeping their manufacturing units in operation, and ensuring distribution of urea and other fertilizers across the country, despite facing various hurdles during the lockdown period. Because of efforts of domestic Companies and GoI, there was no shortage of urea in the country, even when demand for urea shot up due to better than expected rainfall and substantial increase in area under farming during Kharif season.

During Rabi 2020-21 Season, the fertilizer availability remained comfortable throughout the country. In spite of various challenges posed by CoVID-19 outbreak, the production, import and movement of fertilizer remained timely and adequate.

The country, during the year has produced Urea of 246 LMT and imported 98.28 LMT to meet the total consumption of around 350.98 LMT of Urea. Under vision 2022 of New India to become self-reliant in Urea, new Urea plants are being set up in the country, however completion of these projects earlier scheduled in 2023 are likely to be delayed due to CoVID-19. Overall sale of fertilizers in the country during 2020-21 was 612.19 LMT against CPLY of 571.67 LMT (Growth of 7%).

## Fertilizer Industry Structure & Developments

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

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

The 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 recently approved 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 which was languishing for more than 5 years. 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 their viability.

In order to push reforms in Fertilizer sector related to rationalization of logistics for movement of fertilizers, promotion of new

/ alternative fertilizers, administrative & legal reforms in fertilizer sector, balanced & sustainable use of fertilizers and Direct Fertilizer Subsidy in Farmers' accounts, Department of Fertilizers have formed 5 working groups for Chintanshivir towards fertilizing the future.

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

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

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

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

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

## Strength and weakness

### Strengths

- Large player in domestic Urea Production (15% share in total production of the country).
- A multi-product Company with well established "Kisan" Brand.
- Majority equity held by GoI.
- 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 work force.
- Adequate Infrastructure for future expansion/sharing.
- Well established eco-system for Seed Production & Sale.

### 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.
- Locational disadvantage of Vijaipur Unit.
- 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.
- Opportunity for New Investments abroad in NPK.
- Scaling up of production & sale of certified seeds.
- Scope for Increase in capacity utilization of Nitric Acid & Ammonium Nitrate Plants at Nangal.
- Customized, Fortified, Water Soluble & Liquid Fertilizers for balanced fertilization.
- Manufacturing of Agro Chemicals.
- Marketing of Urea produced by RFCL/ other new fertilizer companies not having their own marketing network.
- Providing O & M services to other Fertilizers Companies.

### Threats

- Lower international price of Urea restricting additional production beyond RAC.
- 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 ₹ 11905.66 crore during 2020-21 as against ₹ 13135.36 crore achieved during previous year and total income of ₹ 11939.00 crore during 2020-21 as against ₹ 13192.76 crore during previous year as detailed below:

(in ₹ crore)

| Particulars | 2020-21 | 2019-20 | Change |
|---|---|---|---|
| Sale of products (including subsidy) | 11515.97 | 12781.71 | (1265.74) |
| Sale of services | 0.04 | 4.70 | (4.66) |
| Other Operating revenue | 389.65 | 348.95 | 40.70 |
| Revenue from operations | 11905.66 | 13135.36 | (1229.70) |
| Other income | 33.34 | 57.40 | (24.06) |
| **Total Revenue** | **11939.00** | **13192.76** | **(1253.76)** |

## Segment wise or product wise performance

### Urea and other fertilizers

The Company has achieved the Urea Production of 37.99 LMT with an overall capacity utilization of 117.58% during 2020-21 against previous year production of 37.27 LMT achieved during 2019-20 (CPLY).

The Company has also produced 14071.90 MT of Bentonite Sulphur (BS) during the year against CPLY of 12807 MT, achieving a growth of around 9.88%.

On the sales front, the Company has achieved ever best sale of Fertilizers of 59.37 LMT that 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 (21767 MT) of Compost during 2020-21 surpassing previous best of 57.04 LMT during 2019-20 which includes sale of 36.08 LMT of own Urea, 11.85 LMT of Imported Urea, 9.11 LMT of Non-Urea Fertilizers including 0.25 LMT of Compost, thus exhibiting higher sale by 4.10% as compared to previous year.

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

(Lakh MT)

| Product | 2020-21 | 2019-20 | Change |
|---|---|---|---|
| **1. Manufactured** | | | |
| a) Urea | 39.65 | 36.08 | 3.57 |
| b) Bentonite Sulphur | 0.20 | 0.08 | 0.12 |
| c) Bio-Fertilizers | 0.005 | 0.007 | (0.002) |
| **2. Traded Goods** | | | |
| **a) Imported** | | | |
| i)DAP | 5.09 | 6.85 | (1.76) |
| ii) MOP | 1.04 | 0.74 | 0.30 |
| iii) NPK (12-32-16) | 0.54 | 0.50 | 0.04 |
| iv) NPK (10-26-26) | 0.42 | 0.19 | 0.23 |
| v) APS | 1.47 | 0.39 | 1.08 |
| vi) Calcium Nitrate 100% water soluble fertilizers | - | 0.002 | (0.002) |
| vii) NPK (19-19-19) 100% water soluble fertilizers | 0.0003 | 0.002 | (0.0017) |
| **b) Indigenous** | | | |
| i) Imported Urea (On Govt. A/c) | 10.45 | 11.85 | (1.40) |
| ii) SSP | 0.28 | 0.10 | 0.18 |
| iii) City Compost | 0.22 | 0.25 | (0.03) |
| iv) NPK (19-19-19) 100% water soluble fertilizers | 0.005 | - | 0.005 |
| V) RFCL Urea | 0.002 | - | 0.002 |
| **Total Fertilizers** | **59.37** | **57.04** | **2.33** |

## Industrial Products

The Company registered sale of Nitric Acid of 61387 MT during 2020-21 as compared to previous sale of 69436 MT during 2019-20. The Company also recorded sale of Ammonium Nitrate to the tune of 8619 MT during 2020-21 as compared to sale of 8341 MT achieved during 2019-20.

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, etc. to the tune of ₹ 243.33 crore during 2020-21 against CPLY of ₹ 170.45 crore.

## Bio-Fertilizers

The Company sold 528 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹ 1.83 crore in F.Y. 2020-21 as against 713 MT of ₹ 2.05 crore during CPLY.

## Import & sale of Fertilizers

The Company sold 8.56 LMT of imported non-Urea Fertilizers including DAP, MOP, APS, NPK etc. worth ₹ 2541.88 crore during 2020-21 against 8.67 LMT worth ₹ 2879.20 crore during 2019-20.

Apart from the above, NFL also sold 10.45 LMT of Urea imported in government account out of 9.98 LMT received & 0.52 LMT opening balance available at various ports during 2020-21.

## Domestic Trading of Agro Products

The Company has registered total revenue of ₹ 90.98 crore towards trading of various agro products such as seeds, pesticides & compost during the year against ₹ 66.00 crore during CPLY.

## Gross Sale Composition

| Item | % of total Sale Composition | | % Increase/(Decrease) |
|---|---|---|---|
| | 2020-21 | 2019-20 | |
| Urea (manufactured) | 68.28 | 68.93 | (0.94) |
| Other Fertilizers | 31.72 | 31.07 | 2.09 |

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 68.28% while contribution of non-Urea business has increased to 31.72% during 2020-21.

## Projects completed / underway

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

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

NFL, in association with EIL and FCIL formed a Joint Venture (JV) Company in Feb, 2015 as Ramagundam Fertilizers & Chemicals Limited (RFCL) to revive the old FCIL plant at Ramagundam with annual installed capacity of 12.71 LMT of Urea. The revised cost of project is ₹ 6338 crore with equity participation of 26% each of NFL and EIL, 11% each of FCIL and State of Telangana, 14.3% of GAIL and 11.7% of a Consortium led by M/s HTAS, Denmark.

After commissioning of the project, NFL would be leveraging its existing marketing network to sell 100% Urea to be produced by this JV Company as per Marketing Management Agreement entered into with RFCL. NFL has geared up its marketing teams and network in southern states for marketing of RFCL urea. NFL has opened its 4th Zonal office in Hyderabad in August, 2018. NFL has also entered into an agreement with JV to render man power management consultancy for the Ramagundam Plant. Accordingly, as per requirement of RFCL, manpower for RFCL is being recruited by NFL.

After completion of gas pipeline by GITL, gas flow to RFCL started on 02.11.2019. Pre-commissioning activities started with availability of gas. However, project was delayed (Scheduled i.e. Sept 2018) mainly due to delay in Execution of Gas pipeline by GITL, Water & Power connectivity by Govt. of Telangana & Ordering of equipment by EIL , GTG / HRSG by BHEL. Also due to nationwide lockdown imposed in view of CoVID–19 pandemic, completion of the project was further delayed by about 30 months. Thereafter, Urea production was commenced on 22.03.2021 and Commercial operation date is declared on 22.03.2021 for RFCL.

## Setting up of manufacturing facilities for Agrochemicals at Bathinda

In order to make self-sufficient in Agro Chemicals business, NFL has planned to set up an Agro-chemical manufacturing facilities at Bathinda. Consultant was lined up for preparation of Techno-Economic Feasibility Report. Considering the financial viability, NFL decided to set up agrochemicals plant at Bathinda, having a total revised CAPEX of the project approx. ₹ 12.57 crore. Later, consultant was lined up to facilitate for setting up of manufacturing facilities of Agrochemicals.

At present, Work order has been issued for Construction of Civil & Electrical works of agro chemical plant and civil work at site has been started. Work orders for lining up of plant supplier for all the five trains of agrochemicals have also been placed in March, 21 with completion period of seven months. Applications for registration of various Agrochemicals have been filed with Central Insecticide Board (CIB), Faridabad.

## 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 during February, 2020 and August, 2020 respectively while at Indore, progress is underway. 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 energy norms have been implemented w.e.f. 01-10-2020 under New Urea Policy-2015 for all the NFL's plants except Vijaipur-II wherein it was implemented w.e.f. 01-04-2018. In order to meet the new energy norms applicable w.e.f. 01-10-2020, the Company is setting up Gas Turbine Generators (GTG) along with Heat Recovery Steam Generation (HRSG) Unit at Panipat, Bathinda & Nangal Units with a total project cost of ₹ 675 crore. These energy saving schemes were initially scheduled to be commissioned by 30th November, 2019 i.e. within 22 months from the date of LoI. However, due to CoVID-19, these schemes got delayed due to disruptions such as poor availability of labour at site and non-arrival of foreign experts for erection / commissioning activities due to lockdown. The GTG along with HRSG has been taken in line and commercial operations at Bathinda and Nangal have been started in May 2021, whereas the same for Panipat unit is under progress and likely to be completed by October, 2021.

Implementation of energy saving schemes at Vijaipur Units is also likely to be further delayed due to CoVID-19.

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

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

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

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

## Outlook

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

- Maximization of Urea production in energy efficient manner.
- Production of new products like Bentonite Sulphur, Agro Chemicals, Water soluble Fertilizer, Zinc Solubilizing Bio-Fertilizer, Seeds 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.
- Leasing out idle assets of the Company.
- Rationalization of manpower.
- New recruitment of manpower to meet the shortfall 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.

## 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 for Vijaipur-I.
- Lack of Internal resources (funds) for future investment.
- Bathinda, Nangal and Panipat being old plants consuming high energy.
- Small Prill size of Urea produced at Panipat & Bathinda Units leading to poor acceptability in the market.

## 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 this Report.

Company has under taken 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.

## Corporate Social Responsibility

A detailed report on the Corporate Social Responsibility is appended as **Annexure-5** forms part of this 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 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 arisen 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 company include 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 & RFCL Urea Project (a Joint Venture of the company) due to CoVID-19 and higher interest burden due to delay in receipt of the subsidy from the Govt.

## Internal Control Systems and their adequacy

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

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

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

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

## Internal Financial Controls and its effectiveness

As per assessment done by auditor, internal controls over periodic financial reporting in the Company for the year 2020-2021 have been found operating effectively as at 31.03.2021. Further, Company is gearing up to integrate different business functions in a seamless way to gain greater benefits in terms of improved MIS, faster declaration of results and greater analysis of operational parameters which shall facilitate easier decision making and improved control on financial reporting for which Company has already engaged a system integrator for implementation of SAP (ERP) across the Company.

## Financial Performance

During the year, Company achieved revenue from operations of ₹ 11905.66 crore (including subsidy of ₹ 6840.52 crore) compared to ₹ 13135.36 crore of CPLY (including subsidy of ₹ 8111.36 crore). During the year, company achieved profit before tax (PBT) of ₹ 343.46 crore as against loss before tax of ₹ 252.71 crore during CPLY. PBT has increased mainly due to increase in contribution from Urea, increase in profit from traded goods, Industrial Product and Bentonite Sulphur, one time conversion cost of AFCP, decrease in finance cost &, which was partially offset by reduction in energy norms.

Short term borrowings of the Company as at 31.03.2021 stood at ₹ 1135.11 crore, including cash credit utilization, short term loans and working capital demand loan, etc. as compared to ₹ 7333.77 crore as at 31.03.2020. The short term borrowings have decreased by ₹ 6198.66 crore as on 31.03.2021 as compared to CPLY mainly due to release of pending subsidy by FICC during the year as compare to CPLY.

## Analysis of the Financial Performance of the Company

**(a) Revenue from Operations**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Revenue from Operations | 11905.66 | 13135.36 | (9) |

**Reason for variation:**

The sales turnover was decreased mainly due to decrease in average gas price from US$ 11.95/MMBTU during the CPLY to US$ 8.82/MMBTU during the year ended 31.03.2021.However the above decrease was partially offset by increase in Urea (Own-Manufactured) sale by 3.57 LMT.

**(b) Consumption of Raw Materials**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Raw Materials Consumed | 3698.19 | 4577.13 | (19) |

**Reason for variation:**

The decrease in cost of Raw Material is due to decrease in average price of gas to US$ 8.82/ MMBTU during current year as compared to US$ 11.95/MMBTU during CPLY.

**(c) Finance Cost**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Finance Cost | 291.23 | 405.48 | (28) |

**Reason for variation:**

Finance Cost has been decreased mainly due to decrease in interest on working capital loans by ₹ 111.79 crore (decreased due to lower interest rate by ₹ 96.86 crore, decreased by ₹ 25.02 crore due to lower borrowings (consequent to receipt of higher subsidy) and decrease in Interest on Long Term Loans by ₹ 2.46 crore (full repayment of outstanding ECB Loan).

**(d) Repairs & Maintenance**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Repairs and Maintenance | 80.22 | 85.33 | (6) |

**Reason for variation:**

Repair and Maintenance was lower mainly on account of lower repair & maintenance at Bathinda Unit (by ₹ 1.56 crore) & Vijaipur Units (by ₹ 6.76 crore).

**(e) Employees Benefits**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Employee Remuneration & Benefits | 607.34 | 599.32 | 1 |

**Reason for variation:**

Employee Benefit Expenses has increased due to normal increments etc.

**(f) Power and Fuel**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Power and Fuel | 2549.65 | 3105.44 | (18) |

**Reason for variation:**

Power and Fuel expenses have decreased mainly due to decrease in average price of gas to US$ 8.82/MMBTU during current year as compared to US$ 11.95/MMBTU during CPLY.

**(g) Freight and Handling**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Freight and Handling | 937.65 | 1018.39 | (8) |

**Reason for variation:**

Freight & Handling expenses have decreased mainly due to lower sale of traded fertilizers by 1.36 LMT in comparison to CPLY.

**(h) Other Expenses**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Other Expenses | 239.68 | 214.98 | 11% |

**Reason for variation:**

Other expenses have increased as compared to CPLY mainly due to increase in Insurance Expenses, Exchange rate Variation, CSR expenditure which was partially offset by decrease in Rent for Godown, Travelling Expenses etc.

**(i) Other Operating Revenue**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Amortisation of Deferred Govt. Grant | 194.12 | 278.11 | (30) |
| Others | 195.53 | 70.84 | 176 |
| Total | 389.65 | 348.95 | 12 |

**Reason for variation:**

The other operating revenue has increased mainly due to one-time reimbursement of conversion cost of ₹ 167.55 crore for AFCP assets which was partially offset by lower amortization of Deferred Govt Grant on account of lower deprecation in respect of AFCP/PoS assets.

**(j) Other Income**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Other income comprising of interest income and other non-operating income. | 33.34 | 57.40 | (42) |

**Reason for variation:**

Other income has decreased mainly due to NIL write back of provision for expenses no longer required (₹ 6.73 crore in CPLY), NIL interest on income tax refund in current period (₹ 10.55 crore in CPLY), lower profit on sale of assets by ₹ 2.13 crore, lower Rent by ₹ 1.09 crore and final settlement with contractor for Dry Ash sale at Panipat unit during CPLY by10.00 crore (NIL during the Year) etc. which was partially offset by higher Unwinding of Interest accrued on deposit and other by ₹ 4.94 crore and interest on Term Deposits by ₹ 0.37 crore.

## Financial Status

**(a) Fixed Assets**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Tangible Assets | 3613.76 | 3723.17 | (3) |
| Intangible Assets | 1.31 | 2.41 | (46) |
| Capital work in progress | 862.43 | 656.30 | 31 |
| **Total** | **4477.50** | **4381.88** | **2** |

**Reason for variation:**

Capital work in progress has increased mainly due to GTG-HRSG Projects being implemented at Nangal, Bathinda & Panipat unit and various energy schemes being implemented at Vijaipur Complex.

**(b) Non-current Investment**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Investments (Net of Provisions) | 447.65 | 341.56 | 31 |

**Reason for variation:**

Increase due to increase in equity investment in Ramagundam Fertilizers & Chemicals Limited during 2020-21.

**(c) Inventories**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Raw Materials | 1.43 | 0.48 | 198 |
| Stores and Spares (Incl. packing material) | 211.87 | 290.65 | (27) |
| Semi-finished / finished products | 224.73 | 985.35 | (77) |
| **Total** | **438.03** | **1276.48** | **(66)** |

**Reason for variation:**

Inventory have decreased mainly due to lower stock of traded goods.

**(d) Trade Receivables**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Gross Debtors – FICC | 2162.69 | 6990.11 | (69) |
| - Others | 484.38 | 755.07 | (36) |
| Less: Provision for Doubtful Debts | (12.98) | (9.85) | 32 |
| **Net Debtors** | **2634.09** | **7735.33** | **66** |

**Reason for variation:**

Trade Receivables have decreased during 2020-21 mainly due to higher subsidy received from Government of India.

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

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Other Financial Assets | 58.93 | 288.72 | (80) |

**Reason for variation:**

Other Financial Assets decreased mainly due to receipt of capital grant of AFCP of ₹ 206.00 crore and Claim recoverable by ₹ 25.21 crore during the year 2020-21.

**(f) Current Liabilities**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Short Term Borrowings | 1135.11 | 7333.77 | (85) |
| Trade Payables | 730.17 | 896.66 | (19) |
| Other Financial Liabilities | 771.45 | 676.20 | 14 |
| Provisions | 293.44 | 230.85 | 27 |
| **Total** | **2930.17** | **9137.48** | **(68)** |

**Reason for variation:**

The current liabilities are decreased during 2020-21 due to decrease in short term borrowing due to higher subsidy receipt and decrease in trade payable to Gas suppliers.

**(g) Non-current Liabilities**

(in ₹ crore)

| Particulars | FY 2020-21 | FY 2019-20 | Change (%) |
|---|---|---|---|
| Long Term Borrowings-SBI | 752.41 | 701.25 | 7 |
| Long Term Borrowings-ECB | - | 67.59 | (100) |

| | | | |
|---|---|---|---|
| **Total** | **752.41** | **768.84** | **(2)** |

**Reason for variation:**

Long term borrowing have decreased due to full repayment of External Commercial Borrowings (ECB) and repayment of ₹ 104.40 crore of SBI Term loan which was partially offset by receipt of Rupee Term Loan from SBI for financing of Energy Reduction and other capital scheme at all units.

## 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 3213 employees as on 31-03-2021, which comprises of 1621 Executives and 1592 Non-Executives. The company promotes the employment of women and at present 204 women employees are on its roll, which is 6.35% 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,10491man-days training were imparted to employees and 548 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 2020-21remained cordial.

## Details of Significant changes in Key Financial Ratios

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

| Sr. | Particulars | 2020-21 | 2019-20 | % Change | Remarks |
|---|---|---|---|---|---|
| 1. | Inventory Turnover Ratio | 20.38:1 | 11.29:1 | 81 | Inventories have decreased due to lower stock of finished goods |
| 2. | Debt Equity Ratio | 0.87:1 | 4.22:1 | (79) | Decreased due to decrease in borrowings |
| 3. | Earnings per share (₹) | 5.09 | (3.49) | 246 | Increase due to profit in current year |

## Cautionary Statement

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

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

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

Annexure-2

# Business Responsibility Report

## Preamble

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

## Section A

## General Information about the Company

| S. No. | Particulars | Details |
|---|---|---|
| 01. | Corporate Identity Number (CIN) of the Company | L74899DL1974GOI007417 |
| 02. | Name of the Company | National Fertilizers Limited |
| 03. | Registered address | Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi -110003 |
| 04. | Website | www.nationalfertilizers.com |
| 05. | E-mail id | investor@nfl.co.in |
| 06. | Financial Year reported | 2020-21 |
| 07. | Sector(s) that the company is engaged in (industrial activity code-wise) | Manufacturing of Urea.<br>Code-20121. |
| 08. | List three key products/services that the Company manufactures/provides (as in balance sheet) | i) Own Fertilizers (Urea, Bio Fertilizers and Bentonite Fertilizers.<br>ii) Fertilizers Trading (Indigenous & Imported).<br>iii) Other Products & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme etc.). |
| 09. | Total number of locations where business activity is undertaken by the Company:<br>a) Number of International Locations<br>b) Number of National Locations | NIL<br>10<br>Registered Office: New Delhi<br>Corporate Office: Noida<br>Units: Nangal, Panipat, Bathinda, Vijaipur-I & II<br>Zonal Offices: Chandigarh, Lucknow, Bhopal, Hyderabad |
| 10. | Markets served by the Company- Local/State/ National/International | National (PAN India) |

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

The Company has five gas based Urea plants viz. Nangal & Bathinda plants in Punjab, Panipat plant in Haryana and two plants at Vijaipur in Madhya Pradesh with a total annual capacity of 35.68 LMT (Annual reassessed capacity - 32.31 LMT) of Urea. The company also has a Bio- Fertilizers Plant at Vijaipur with annual capacity of 660 tonnes and a Bentonite Sulphur plant of 25000 MT per annum at Panipat Unit. It also manufactures other allied Industrial products like Nitric Acid, Ammonium Nitrate, Sodium Nitrate & Nitrite from its Nangal Unit and undertakes import & sale of other fertilizers like DAP, MoP, NPKS along with domestic trading of various agro-inputs like certified seeds, agrochemicals, Bentonite Sulphur, City Compost, SSP 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 Plant at Bathinda & Panipat Units and one at Indore is being set up which is likely to be completed in 2021. The Company is also setting-up an Agro Chemicals plant at Bathinda which is expected to be completed by 2021.

Apart from above, the Company is also in the process of Revamp of the Backend (Synthesis Section) of Ammonia plants and revamp of its Urea plants at Panipat, Bathinda and Nangal units.

## Section B

## Financial Details of the Company for 2020-21

| S. No. | Particulars | Details |
|---|---|---|
| 01. | Authorized Capital | ₹1000 crore |
| 02. | Paid up Capital | ₹490.58 crore |
| 03. | GoI Share | 74.71 % |
| 04. | Net Worth | ₹ 2171.44 crore |
| 05. | Capital Employed | ₹ 1625 crore |
| 06. | Total Turnover | ₹ 11906 crore |
| 07. | Profit Before Tax (PBT) | ₹ 343.46 crore |
| 08. | Total profit after Tax | ₹ 249.63 crore |
| 09. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | For details please refer **Annexure-5** of Board report. |
| 10. | List of activities in which expenditure in 9 above has been incurred. | For details please refer **Annexure-5** of Board report. |

## Section C

## Other Details

### Participation of subsidiaries and business partners in BR initiatives:

NFL has no subsidiary however the details of its joint Venture Company viz. Ramagundam Fertilizers & Chemicals Limited are provided in the Annual Report of the company for FY 2020-21.This JV Company of NFL fully endorses the BR Principles. However, the initiatives and programs on social and environment issues are decided and under taken by the independent Board of the JV Company. Further, the company expects and encourages its suppliers / dealers to conduct their business in a responsible manner.

## Section D

### Business Responsibility (BR) Information

**Governance related to BR:**

### Nodal Officer responsible for implementation of the BR policy/ policies of National FertilizersLimited

Name: Shri Rakesh Kumar Gogia*

Designation: Executive Director (MS)

Email-id: rgogia@nfl.co.in

* Superannuated from the services of the Company w.e.f. 30.06.2021

### Business Responsibility head

DIN: 07823778

Name: Shri Virendra Nath Datt

Designation: Chairman & Managing Director (Addl. Chg.) and Director (Marketing)

Telephone Number: 0120-2412383

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

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

### About the BR Report

Business Responsibility report of the company for the year 2020-21 is in accordance with SEBI requirements. A soft copy of this report is also being made available on the company's website www.nationalfertilizers.com.

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

| S. No. | Question | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have a policy/policies for (each Principle as stated in NVG) | | Y | | | | Y* | | | |
| 2. | Has the policy been formulated in consultation with the relevant stakeholders? | Yes | | | | | | | | |
| 3. | Does the policy conform to any national/ international standards? If yes, specify? (50 words) | NFL's Business Responsibility Policy is based on National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business as released by Ministry of Corporate Affairs, Government of India. | | | | | | | | |
| 4. | Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | C&MD has approved / signed the policy as authorized by the Board. | | | | | | | | |
| 5. | Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | Yes | | | | | | | | |
| 6. | Indicate the link for the policy to be viewed online. | http://nationalfertilizers.com/images/pdf/investorsdesk/final%20BRR%20policy%20for%20NFL%20website.pdf | | | | | | | | |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes | | | | | | | | |
| 8. | Does the company have an in-house structure to implement the policy/policies? | Yes | | | | | | | | |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies? | Yes | | | | | | | | |
| 10. | Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | Yes | | | | | | | | |

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

## Section E

### Principle-wise Performance

### Principle 1: (Practicing Good Corporate Governance)

The company is committed to the best practices in the area of Corporate Governance, in letter and in spirit and believes that

good corporate governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and enables company to maintain a high level of business ethics and to optimize the value for all its stakeholders.

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

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

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

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

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

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

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

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

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

c) Carbon Di-oxide Recovery (CDR) plant established at Vijaipur Unit for recovery of $Co_2$ gas from flue stack leading to higher Urea production and lower carbon footprints.

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

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

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

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

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

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

j) Replaced 100% conventional lights (Florescent Tube Lights) with LED lights at Plants / Offices.

k) Apart from the above, the company is setting up Gas Turbine Generators (GTGs) with Heat Recovery & Steam Generation (HRSG) Units at its 3 plants at Panipat, Bathinda & Nangal in order to save energy consumption and carbon footprints. GTG along with HRSG at Bathinda and Nangal units have been taken in line in the month of May, 2021 and is in the

process for the same at Panipat Unit.

l) Energy Saving Schemes are also being implemented at Vijaipur Units.

m) The Company is also in the process of Revamp of the Backend (Synthesis Section) of Ammonia plants and revamp of its Urea plants at Panipat, Bathinda and Nangal units to further reduce the energy consumption.

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

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

p) Exploring marketing of organic pesticides.

## Principle 3: Employee Well Being

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

On the health front also, Company looks after each & every employee along with his / her dependents for protection from unhygienic conditions and treatment of various illnesses.

During the CoVID-19 pandemic in the country, the Company has adopted a number of measures to prevent the spread of Corona Virus in its Manufacturing Units and Offices including ensuring all the safety protocols and social distancing as per guidelines of the Govt. of India/ Local Authorities. The factory premises, plant area, township area, public places, offices buildings including (washrooms, floors, staircase and handrails), lifts, etc. were regularly disinfected/ sanitized for prevention against Corona. Digital media for official communication was encouraged to work from home during lockdown in order to minimize the physical movement of the employees. Vaccination camps were also organized in collaboration with the District Authorities in Townships at Units.

## Employee Strength

The Company had 3213 employees as at the end of FY 2020-2021, of which 204 were female employees, 1352 were SC/ST/OBC employees and 49 persons were with disabilities. Adequate representation has been given to the employees belonging to SC/ST/OBC communities.

## Employee Benefits

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

## Freedom of Association

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

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

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

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

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

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

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

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

## Human Rights

Recruitment policy of the Company does not permit any engagement of child labour, forced labour or involuntary labour. An independent Internal Complaint Committee has been constituted at Corporate Office and Units to promptly and appropriately handle complaints of sexual harassment at work places. The Company refrains from any discrimination on the basis of caste, creed, gender or religion and strives to ensure a healthy work-life balance for its employees. No major complaints/cases have been filed/ pending with the Company during the year 2020-21.

## Employee Training & Development

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

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

During the pandemic, Webinars and In-house training programmes were conducted in Units / Offices maintaining social distancing as per guidelines of MHA.

## Some of the highlights of 2020-21

a) Total training to all employees: 10491 mandays.

b) Total training to women: 548 mandays.

c) Total training to SC/ST employees: 1832 mandays.

In-house and external training programs on various topics are organized. All employees are made aware of gender sensitivity at work place. Adoption of best practices and the refinements brought into various HR and HRD processes have helped immensely in the people development initiatives of the company.

## Principle 4: (Stakeholder Engagement)

The company is a public sector undertaking and majority of its shareholding i.e. 74.71% is held by Government of India and remaining equity is maintained by Govt. Institutions & public. Therefore, the company is to fulfill its obligations and responsibilities to maximize the share value of the company so as to maintain and continue to enjoy the trust and confidence of the stakeholders at large. The company acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behavior. The company communicates with the stakeholders through a variety of channels, such as e-mails, website, Press Meets, Advertising, one-on-one meeting and attendance at Annual General Meeting. The company seeks feedback through its customer-facing channels, listens to all shareholders' concerns and from its employees through specifically provided channels. The engagement with stakeholders is also done through social media like Facebook. Annual General Meeting for the year 2019-20 was conducted virtually due to pandemic in the country making it convenient for shareholders to attend the same.

## Principle 5: (Human Rights)

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

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

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

## Principle 6: (Preservation of Environment)

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

a) Implementing Gas Turbine Generator (GTG) along with Heat Recovery & Steam Generation (HRSG) Units at its three plants at Panipat, Bathinda & Nangal replacing coal based Captive power plant to reduce energy consumption / carbon footprints. GTG along with HRSG at Bathinda and Nangal units have been taken in line in the month of May, 2021 and is in the process for the same at Panipat Unit.

b) Implementing various energy saving schemes at Vijaipur Units.

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

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

e) Roof top solar plants of 100 KW & 90 KW set up at Corporate Office and Bathinda Unit respectively.

f) Extensive field trials/training being provided to the farmers for the efficacy of Compost.

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

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

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

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

k) Rain water harvesting.

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

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

## Principle 7: (Responsible Advocacy)

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

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

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

## Principle 8: (Inclusive Growth & Equitable Development)

The company has been on the forefront towards inclusive growth and undertaken various projects / provided assistance in this area under CSR during 2020-21 in the vicinity of the company's manufacturing Units / Offices such as:

1. Providing infrastructure & facilities such as desks, celling fans, water coolers& purifiers, swings and other items in government schools
2. Provided Smart class rooms for 25 government schools in Panipat and deaf & dumb school in Bathinda.
3. Installation of LED solar street lights in 5 villages in Nangal
4. Provision of Medical equipment i.e. a Scan Machine and Operating Microscope in District Hospital, Basti (UP).
5. Provision of Advance Life Support (ALS) Ambulances in Basti Medical Collecge, Basti (UP)
6. Management of Soil Health and Productivity through City Compost

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

**Principle 9: (Custome Value)**

a) The company accords utmost importance to its customers and consistently working on ensuring availability of maximum requirements of the farmers under one roof. Towards this endeavour, the company is marketing products in its basket such as DAP, MoP, NPK, APS, Bentonite Sulphur, SSP, Water Soluble fertilizers, Certified Seeds, Agrochemicals, compost etc.

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

c) The company ensures compliance of specifications of the finished products as per FCO Specifications.

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

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

f) The Company is envisaging revamp of Urea manufacturing facilities at Nangal, Bathinda and Panipat Units to further bring down energy consumption and improving prill size for better acceptability of the product in the market.

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

h) Responding to the queries of farmers & dealers through Kisan Call Center operational on all working days.

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

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

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

Annexure-3

# Corporate Governance Report (2020-21)

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

## 1. Company's Philosophy on Code of Corporate Governance

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

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

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

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

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

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

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

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

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

- Code of Conduct for Board Members and Senior Management Personnel
- 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 legislation.

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

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

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

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

## 1.2 Timely Information

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

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

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

## 1.3 Equitable Treatment

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

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

Further, the remote E-voting facility is provided to all Shareholders. Simple and in expensive 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 unauthorised dealing by them in shares of the Company. The code is also available at the website of the Company i.e. www.nationalfertilizers.com.

## 1.4. Role of Stakeholders in Corporate Governance

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

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

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

The Company is also covered under the provisions of Right to Information Act, 2005 and it provides 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 are free for all users.

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

## 1.6 Responsibilities of the Board of Directors

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

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

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

The Company ensures that related party transactions are brought to the notice / approval of the Audit Committee / Board. Board evaluation is within the domain of the Government of India.

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

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

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

put in place.

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

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

## 2. BOARD OF DIRECTORS

### 2.1 Size of the Board

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

### 2.2 Composition of the Board

The Board of Directors as on 31st March, 2021 comprised of Six Directors i.e. Three Whole-time Functional Directors i.e. Director (Marketing), Director (Finance), Director (Technical) and Director (Marketing) has been entrusted with the additional Charge of Chairman & Managing Director, Two Government of India nominees and One Independent Director. 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:-

| S.No. | Period | | Composition of the Board | | |
|---|---|---|---|---|---|
| | From | To | Total Directors | Independent Directors | Other Directors |
| 01. | 01.04.2020 | 24.04.2020 | 7 | 1 | 6 |
| 02. | 25.04.2020 | 03.05.2020 | 6 | 0 | 6 |
| 03. | 04.05.2020 | 02.06.2020 | 7 | 1 | 6 |
| 04. | 03.06.2020 | 31.03.2021 | 6 | 1 | 5 |

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

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

During the year under review, Independent Directors did not have any material or other pecuniary relationship or transactions with the Company, its promoters or management apart from receiving sitting fees, which may affect independence of judgment of the Directors.

The Company has received declaration from all the independent Directors of the company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

### 2.3 Tenure of Directors

The age limit of retirement of Chairman & Managing Director and other Whole-Time Functional Directors is Sixty years. The Chairman and Managing Director and other Whole-time Functional Directors are appointed for a period of maximum five years from the date of taking charge or till the date of superannuation or till further instructions by the Government of India,

whichever event occurs earliest and in accordance with the provisions of Companies Act, 2013. The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof. Government nominee Directors representing the Department of Fertilizers, Government of India, retire from the Board on ceasing to be officials of Government of India. Independent Directors are appointed on the recommendations of the Government of India usually for tenure of three years.

## 2.4 Other details relating to the Board

Details regarding tenure, number of other Directorships/Committee Memberships viz. Audit Committee and Stakeholders Relationship Committee and Nomination and Remuneration Committee, held by Directors as on 31.03.2021 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. | Manoj Mishra ^ | C&MD | 03.06.2015 | 02.06.2020 | - | 1 | - | - |
| 02. | Virendra Nath Datt * | ED | 11.10.2018 | Continuing | 1 | 1 | - | - |
| | | Additional Charge of C&MD | 03.06.2020 | | | | | |
| 03. | Yash Paul Bhola | ED | 03.09.2019 | Continuing | - | 1 | - | - |
| 04. | Nirlep Singh Rai # | ED | 01.04.2020 | Continuing | - | 1 | - | - |
| 05. | Dharam Pal | NED-Govt. Nominee | 09.02.2016 | Continuing | - | 2 | - | - |
| 06. | Partha Sarthi Sen Sharma | NED-Govt. Nominee | 28.12.2018 | Continuing | 1 | 1 | - | - |
| 07. | Dr. (Mrs.) Kalpana Saini** | NEID | 18.05.2017 | 24.04.2020 | - | | | |
| 08. | Pandya Ashwinkumar Balwantray*** | NEID | 04.05.2020 | Continuing | - | | | |

C&MD- Chairman & Managing Director, ED– Executive Director, NED–Non-Executive Director, NEID–Non-Executive Independent Director. ^ Shri Manoj Mishra ceased to be C&MD w.e.f. 02.06.2020, * Shri Virendra Nath Datt, Director (Marketing) has been entrusted the additional Charge of C&MD w.e.f. 03.06.2020; # Appointed as ED w.e.f. 01.04.2020 ; ** Ceased to be NEID w.e.f. 24.04.2020 and *** Appointment as NEID w.e.f. 04.05.2020.

## 2.5 Independent Directors

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

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

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

Further, Dr. (Mrs.) Kalpana Saini ceased to be NEID w.e.f. 24.04.2020 on completion of her term. Shri Pandya Ashwinkumar Balvantray was appointed as NEID on the Board of NFL w.e.f. 04.05.2020 in terms of DoF order no. 78/2/2006-HR (PSU) dated 01.05.2020.

## 2.6 Board Meetings, Agenda & Minutes

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

Board meetings, additional Board meetings are also convened to address the specific requirements.

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

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

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

## 2.7 Board Meetings held

During the year, Board met Eight (8) times as detailed below:-

| S.No. | Meeting No. | Date of Meetings |
|---|---|---|
| 01. | 443 | 30.06.2020 |
| 02. | 444 | 30.07.2020 |
| 03. | 445 | 19.08.2020 |
| 04. | 446 | 15.09.2020 |
| 05. | 447 | 11.11.2020 |
| 06 . | 448 | 29.12.2020 |
| 07 . | 449 | 12.02.2021 |
| 08 . | 450 | 23.03.2021 |

The minimum and maximum interval between any two Board Meetings was 20 days and 57 days respectively.

## 2.8 Attendance at the Board Meetings and Annual General Meeting

Details of attendance of the Directors at the Board Meetings and at the last Annual General Meeting held on 17th December, 2020 are as follows:

| S.No. | Name of the Director (S/Shri) | Category | Board Meetings held during 2020-21 and Attendance thereat | | Attendance at last Annual General Meeting |
|---|---|---|---|---|---|
| | | | Held | Attended | |
| 01. | Manoj Mishra | C&MD^ | NIL | NIL | N.A. |
| 02. | Virendra Nath Datt | ED& C&MD^ | 8 | 8 | Present |
| 03. | Yash Paul Bhola | ED | 8 | 8 | Present |
| 04. | Nirlep Singh Rai | ED | 8 | 8 | Present |
| 05. | Dharam Pal | NED-Govt. Nominee | 8 | 5 | Not Present |
| 06. | Partha Sarthi Sen Sharma | NED-Govt. Nominee | 8 | 6 | Not Present |
| 07. | Dr. (Mrs.) Kalpana Saini* | NEID | NIL | NIL | N.A. |
| 08. | Pandya Ashwinkumar Balvantray** | NEID | 8 | 8 | Present |

C&MD – Chairman & Managing Director, ED – Executive Director, NED – Non-Executive Director, NEID – Non-Executive Independent Director. ^ Shri Manoj Mishra ceased to be C&MD w.e.f. 02.06.2020, Shri Virendra Nath Datt, Director (Marketing) has been entrusted the additional Charge of C&MD w.e.f. 03.06.2020,* Dr. (Mrs.) Kalpana Saini Ceased to be NEID w.e.f. 24.04.2020 &**Pandya Ashwinkumar Balvantray appointed as NEID w.e.f. 04.05.2020.

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

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

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

## 2.10 Separate Meeting of Independent Directors

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

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

During the year under review, one meeting of Independent Director was held on 23.03.2021 wherein Shri Pandya Ashwinkumar Balvantray, being the only Independent Director of the Company chaired the meeting.

## 2.11 Disclosure of relationships between Directors inter-se

No relationships between Directors inter-se have been reported.

## 2.12 Number of shares and convertible instruments

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

## 2.13 Web link details of familiarization programmers 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.

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

## 2.14 Policy on Board Diversity

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

## 2.15 Performance evaluation of Directors

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

Regulation17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section149(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 05th June, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that sub-sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.

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

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

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

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

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

(iii) Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive

Directors, Functional Directors and C&MD major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters.

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

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

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

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

## 2.16 Skills, expertise and competencies of the Board of Directors

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

## 3.COMMITTEES OF THE BOARD

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

(I) Audit Committee;

(ii) Stakeholders Relationship Committee;

(iii) Nomination and Remuneration Committee;

(iv) 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. As on 31.03.2021, the Composition of Audit Committee was not proper due to non-appointmentof 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.

### 3.1.1 Composition

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

(in Nos.)

| S.No. | Name of Director (S/Shri) | Status | Period | | Meetings during 2020-21 | |
|---|---|---|---|---|---|---|
| | | | From | To | Held | Attended |
| 01. | Dr. (Mrs.) Kalpana Saini | Chairperson | 02.02.2020 | 24.04.2020 | NIL | NIL |
| 02. | Pandya Ashwinkumar Balvantray* | Chairperson | 14.05.2020 | Continuing | 05 | 05 |
| 03. | Virendra Nath Datt | Member | 02.02.2020 | Continuing | 05 | 05 |
| 04. | Nirlep Singh Rai** | Member | 14.05.2020 | Continuing | 05 | 05 |

*Shri Pandya Ashwinkumar Balvantray appointed as chairperson w.e.f. 14.05.2020 & ** Shri Nirlep Singh Rai appointed as member w.e.f. 14.05.2020.

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.

### 3.1.2. Meetings

During the year 2020-21, the Audit Committee met Five (5) times as detailed below:-

| S.No. | Meeting No. | Date of Meetings |
|---|---|---|
| 01. | 128 | 30.06.2020 |
| 02. | 129 | 30.07.2020 |
| 03. | 130 | 15.09.2020 |
| 04. | 131 | 11.11.2020 |
| 05. | 132 | 12.02.2021 |

### 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 Composition

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

(in Nos.)

| S.No. | Name of Director (S/Shri) | Status | Period | | Meetings during 2020-21 | |
|---|---|---|---|---|---|---|
| | | | From | To | Held | Attended |
| 01. | Dr. (Mrs.) Kalpana Saini | Chairperson | 02.02.2020 | 24.04.2020 | NIL | NIL |
| 02. | Pandya Ashwinkumar Balvantray# | Chairperson | 14.05.2020 | Continuing | 01 | 01 |
| 03. | Virendra Nath Datt | Member | 01.08.2019 | 30.06.2020 | NIL | NIL |
| 04. | Yash Paul Bhola | Member | 02.02.2020 | Continuing | 01 | 01 |
| 05. | Nirlep Singh Rai | Member | 30.06.2020 | Continuing | 01 | 01 |

# Appointed as Chairperson w.e.f. 14.05.2020

### 3.2.2 Meetings

During the year 2020-21, the Stakeholders Relationship Committee met once and was attended by all the Members and Chairperson as detailed below:-

| S.No. | Meeting No. | Date of Meetings |
|---|---|---|
| 01. | 08 | 11.11.2020 |

### 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.

### 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 |
|---|---|---|---|
| 30.06.2020 | 01 | 01 | NIL |
| 30.09.2020 | 01 | 01 | NIL |
| 31.12.2020 | 01 | 01 | NIL |
| 31.03.2021 | 01 | 01 | NIL |
| **Total** | **04** | **04** | **NIL** |

### 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. As on 31.03.2021, the composition of Nomination & Remuneration Committee was not proper 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. With in the framework of DPE Guidelines, Remuneration Policy of the Company aims to motivate employees to excel in performance, recognize their contribution, retain talent in the organization and reward merit.

Terms of reference of the committee is as per provision of Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The committee identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. Further, in terms of the DPE Guidelines, every Central Public Sector Enterprise is required to constitute a Nomination & Remuneration Committee headed by an Independent Director to decide the Annual Bonus/VariablePay 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 Composition

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

(in Nos.)

| S.No. | Name of Director (S/Shri) | Status | Period | | Meetings during 2020-21 | |
|---|---|---|---|---|---|---|
| | | | From | To | Held | Attended |
| 01. | Dr. Kalpana Saini | Chairperson | 02.02.2020 | 24.04.2020 | NIL | NIL |
| 02. | Pandya Ashwinkumar Balvantray# | Chairperson | 14.05.2020 | Continuing | 03 | 03 |
| 03. | Manoj Mishra | Member | 13.01.2016 | 02.06.2020 | NIL | NIL |
| 04. | Partha Sarthi Sen Sharma | Member | 05.11.2019 | Continuing | 03 | 03 |
| 05. | Virendra Nath Datt* | Member | 30.06.2020 | Continuing | 03 | 03 |

# Appointed as Chairperson w.e.f. 14.05.2020, *appointed as member w.e.f. 30.06.2020.

### 3.3.2 Meetings

During the year 2020-21, the Nomination and Remuneration Committee met three times as detailed below:-

| S.No. | Meeting No. | Date of Meetings |
|---|---|---|
| 01. | 11 | 30.07.2020 |

| | | |
|---|---|---|
| 02. | 12 | 29.12.2020 |
| 03. | 13 | 10.02.2021 |

## 3.4 Committee on Corporate Social Responsibility and Sustainable Development

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

### 3.4.1. Composition

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

(in Nos.)

| S.No. | Name of Director (S/Shri) | Status | Period | | Meetings during 2020-21 | |
|---|---|---|---|---|---|---|
| | | | From | To | Held | Attended |
| 01. | Dr. (Mrs.) Kalpana Saini | Chairperson | 02.02.2020 | 24.04.2020 | NIL | NIL |
| 02. | Pandya Ashwinkumar Balvantray# | Chairperson | 14.05.2020 | Continuing | 04 | 04 |
| 03. | Virendra Nath Datt | Member | 30.10.2018 | Continuing | 04 | 04 |
| 04. | Nirlep Singh Rai* | Member | 14.05.2020 | Continuing | 04 | 04 |
| 05. | Dharam Pal | Member | 05.11.2019 | Continuing | 04 | 03 |

#Appointed as Chairperson w.e.f. 14.05.2020, *Appointed as member w.e.f. 14.05.2020.

### 3.4.2. Meetings

During the year 2020-21, the Corporate Social Responsibility and Sustainable Development Committee met four (4) times as detailed below:-

| S.No. | Meeting No. | Date of Meetings |
|---|---|---|
| 01. | 24 | 15.09.2020 |
| 02. | 25 | 11.11.2020 |
| 03. | 26 | 12.02.2021 |
| 04. | 27 | 23.03.2021 |

## 3.5 Risk Management Committee

Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is applicable to top 500 (Now top 1000 w.e.f 05.05.2021) listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year. NFL's Rank was 499 as per data Published by NSE based on market capitalization as on 31.03.2018. Board of Director in its 432nd Meeting held on 1st February, 2019 constituted Risk Management Committee to monitor, approve and review the risk policies/plan and associated practices of the Company. NFL's Ranking was 570, 551 and 508 as on 31.03.2019, 31.03.2020 and 31.03.2021 respectively 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 Composition

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

(in Nos.)

| S.No. | Name of Director (S/Shri) | Status | Period | | Meetings during 2020-21 | |
|---|---|---|---|---|---|---|
| | | | From | To | Held | Attended |
| 01. | Dr. (Mrs.) Kalpana Saini | Chairperson | 02.02.2020 | 24.04.2020 | NIL | NIL |
| 02. | Pandya Ashwinkumar Balvantray# | Chairperson | 14.05.2020 | Continuing | 05 | 05 |
| 03. | Virendra Nath Datt | Member | 01.02.2019 | Continuing | 05 | 05 |
| 04. | Yash Paul Bhola | Member | 02.08.2019 | Continuing | 05 | 05 |
| 05. | Nirlep Singh Rai* | Member | 14.05.2020 | Continuing | 05 | 05 |
| 06. | N.S. Verma, ED (F&A)** | Member | 02.02.2020 | 30.06.2020 | 01 | 01 |
| 07. | R.K. Gogia, ED (IA & Law/CS/MS) | Member | 01.02.2019 | Continuing | 05 | 05 |
| 08. | Dinesh Sood, ED (HR)*** | Member | 30.06.2020 | Continuing | 04 | 04 |

#Appointed as Chairperson w.e.f. 14.05.2020, *Appointed as member w.e.f. 14.05.2020, **Ceased to be member w.e.f. 30.06.2020 &*** Appointed as member w.e.f. 30.06.2020.

### 3.5.2 Meetings

During the year 2020-21, the Risk Management Committee met five (5) times as detailed below:-

| S.No. | Meeting No. | Date of Meetings |
|---|---|---|
| 01. | 06 | 30.06.2020 |
| 02. | 07 | 30.07.2020 |
| 03. | 08 | 15.09.2020 |
| 04. | 09 | 11.11.2020 |
| 05. | 10 | 12.02.2021 |

## 4. Details of Remuneration and Sitting Fee paid to Directors during 2020-21

### 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. | Virendera Nath Datt, Director (Marketing)** | 53.98 | 5.22 | 59.20 |
| 02. | Manoj Mishra, C&MD** | 19.64 | 28.85 | 48.49 |
| 03. | Yash Paul Bhola, Director (Finance) | 46.35 | 4.37 | 50.72 |
| 04. | Nirlep Singh Rai*** | 45.48 | 4.26 | 49.74 |
| 05. | Ashok Jha, Company Secretary | 20.05 | 1.59 | 21.64 |
| | **Total** | **185.50** | **44.29** | **229.79** |

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

** Shri Manoj Mishra ceased to be C&MD w.e.f. 02.06.2020, Shri Virendra Nath Datt Director (Marketing) has been entrusted the additional Charge of C&MD w.e.f. 03.06.2020.

*** Joined on 01.04.2020.

## 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 2020-21 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. | Dr. (Mrs.) Kalpana Saini* | NIL | NIL | NIL |
| 02. | Pandya Ashwinkumar Balvantray** | 200000 | 450000 | 650000 |
| | **TOTAL** | **200000** | **450000** | **650000** |

The criteria of making payments to Non-Executive Directors is available at www.nationalfertilizers.com.

* Dr. (Mrs.) Kalpana Saini Ceased to be NEID w.e.f. 24.04.2020

** Shri Pandya Ashwinkumar Balvantray appointed as NEID w.e.f. 04.05.2020

## 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 |
|---|---|---|---|---|
| **Year 2017-18** | | | | |
| Annual General Meeting | 27.09.2018 | 02.30 PM | Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi-110003 | - |
| **Year 2018-19** | | | | |
| Annual General Meeting | 18.09.2019 | 02.30 PM | Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi-110003 | Yes |
| **Year 2019-20** | | | | |
| Annual General Meeting | 17.12.2020 | 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 2020-21.

## 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/2018/77 dated May 03, 2018 for the quarter ended September 2020, December 2020 has been waived.

### 8.3 Details of Vigil Mechanism/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 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.

### 8.4 Details of Compliance with Mandatory Requirements

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clause (b) to (i) of Sub-regulation (2) of Regulation 46 except as specified in Compliance Certificate on Corporate Governance by the Secretarial Auditor and the same is appended as **Annexure-4.**

### 8.5 Related Party Transactions Policy

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

### 8.6 Policy for Determining 'Material' Subsidiaries

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

### 8.7 Foreign Exchange risk or Commodity price risk and hedging activities

Hedging activities /transactions during the financial year 2020-21 have been undertaken by the company in line with the Board approved the foreign exchange risk management policy. The basic philosophy is that the risk should be limited to what company can 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.

## 8.8 Compliance Requirement of Corporate Governance Report

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clause (b) to (i) of Sub-regulation (2) of Regulation 46 except as specified in Compliance Certificate on Corporate Governance by the Secretarial Auditor and the same is appended as **Annexure-4.**

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

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

1. The Board: The Company is headed by an Executive Chairman.
2. Shareholder Rights: The quarterly financial results of the Company are published in leading newspapers as mentioned under heading 'Means of Communication' and also hosted on the website of the Company.
3. Modified opinion(s) in audit report: The Auditor's Report for F.Y. 2020-21was unmodified.
4. Reporting of the Internal Auditor: Internal Auditors are appointed by the Board on the recommendation of Audit Committee. Internal Audit Programs are approved by the Audit Committee. The Internal Auditors reports to the Audit Committee on significant observations.

## 8.10 Investor Education and Protection Fund

During the year 2020-21 company has no obligation to transfer any amount to Investor Education and Protection Fund with respect to unpaid/unclaimed dividend.

## 8.10.1 Transfer of Shares to Investor Education and Protection Fund

In accordance with the applicable provisions of Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Company has no obligation to transfer equity shares to the Investor Education and Protection Fund Authority during the year 2020-21. Thus total number of equity shares transferred to IEPF Authority Demat Account as on 31.03.2021 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 form time to time.

## 8.13 Implementation of System-driven Disclosures in Securities Market

Pursuant to the Circular No. SEBI/HO/CFD/DCR1/CIR/P/2018/85 dated May 28, 2018 issued by SEBI regarding system-driven disclosures of promoter, 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 ₹ 66.20 Lakh (₹ Sixty Six Lakh Twenty Thousand only) plus GST was paid for all services rendered by Statutory Auditor (on consolidation basis) during 2020-21.

### 8.16 Disclosure under Sexual Harassment of Women at Workplace

During the year 2020-21, 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 31st March, 2021.

M/s Parveen Rastogi & Co, Practicing Company Secretary has issued Annual Secretarial Compliance Report for the year ended 31st March, 2021 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 2020-21 were published in prominent newspapers as below: -

| Quarter ended | Date of Publication | Newspaper |
|---|---|---|
| 30th June, 2020 | 16.09.2020 (English) | The Indian Express, Delhi Edition,<br>Financial Express, Delhi Edition<br>The Pioneer, Delhi Edition,<br>Free Press Journal, Mumbai Edition |

| Quarter ended | Date of Publication | News paper |
|---|---|---|
| | (Hindi) | Jansatta, Delhi Edition |
| 30th September, 2020 | 12.11.2020(English) | The Indian Express, Delhi Edition<br>Financial Express, Delhi Edition<br>Millenium Post, Delhi Edition<br>The Statesman, Delhi Edition<br>The Pioneer, Delhi Edition |
| | (Hindi) | Jansatta, Delhi Edition |
| 31st December, 2020 | 13.02.2021 (English) | The Indian Express, Delhi Edition<br>Financial Express, Delhi Edition |
| | (Hindi) | Jansatta, Delhi Edition<br>Danik Bhaskar, Delhi Edition |
| 31st March, 2021 | 11.06.2021 (English) | The Indian Express, Delhi Edition<br>Financial Express, Delhi Edition<br>Mid-day, Mumbai Edition<br>The Statesman, Delhi Edition<br>Business Standard, Delhi Edition |
| | (Hindi) | Jansatta, Delhi Edition |

The quarterly results are also displayed on the official website of the Company at www.nationalfertilizers.com

## 10.3 Shareholding Pattern

Shareholding Pattern at the end of each quarter is also conveyed to the Stock Exchanges and available at the website of the Company at www.nationalfertilizers.com

## 10.4 Intimation to Stock Exchanges

Stock Exchanges are kept posted with the changes in composition of Board of Directors and other major events related to the Company.

## 10.5 Designated exclusive email ID

Company has designated exclusive email ID investor@nfl.co.in for the investors.

## 10.6 Displays official news release

All official Press Releases are posted on the Company's website (www.nationalfertilizers.com).

## 10.7 Presentations

No presentations were made to institutional investors or to the analysts.

# 11. General Shareholder Information

## 11.1 Company's Registration Details

The Company is registered in the state of Delhi. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is: -L74899DL1974GOI007417.

## 11.2 Forthcoming Annual General Body Meeting

**Date** : 29th September, 2021
**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 and January 12, 2021.

## 11.3 Financial Year 01st April to 31st March

## 11.4 Address for Communication

**Registered Office** : Scope Complex, Core III,7, Institutional Area, Lodhi Road, New Delhi –110003.
**Corporate Office** : A-11, Sector-24, Noida –201301.

## 11.5 Website

Shareholders related information e.g. Annual Report, Quarterly Financial Results, Shareholding Pattern etc. is available at Company's website www.nationalfertilizers.com

## 11.6 Telephone numbers and E-Mail Reference for communication are given below:

| Particulars | E-mail ID | Telephone No. | Fax No. |
|---|---|---|---|
| Registered Office | | 011-24360066 | 011-24361553 |
| Investor Services Cell | inverstor@nfl.co.in | 0120-2412322<br>PBX:0120-3292201-08 | 0120-2411132<br>&<br>0120-2412397 |
| Company Secretary | cs@nfl.co.in | 0120-2412322 | 0120-2411132 |

## 11.7 Financial Calendar for FY 2021-22

| Particulars | Period |
|---|---|
| Accounting Period | 01st April, 2021 to 31st March, 2022 |
| 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, 2022 (Tentative) |

## 11.8 Book Closure and Cut - Off date

The Register of Members and Share Transfer Books will remain closed from 23.09.2021 to 29.09.2021 (both days inclusive). The cut-off date for the purpose of recognising the voting rights of Shareholders is 22.09.2021.

## 11.9 E-voting

Members will be provided e-voting facility to exercise the irright to vote at the 47th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services through National Securities Depository Limited (NSDL). The e-voting facility will be available from 26.09.2021 (from 09.00 AM) to 28.09.2021 (up to 5.00PM).

## 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.

## 11.11 Listing on Stock Exchanges

The equity shares of the Company are listed on the following stock exchanges:-

### 11.11.1 The Bombay Stock Exchange Limited (BSE)

| Name Address and contact details | Security Code | Security |
|---|---|---|
| BSE Limited (BSE)<br>P.J. Towers, Dalal Street, Mumbai –400001.<br>Telephone: 022-22721233/4<br>Fax: 022- 22723121 /3719 / 2037/ 2039<br>Email: info@bseindia.com Website: www.bseindia.com | 523630 | Equity |

### 11.11.2 The National Stock Exchange of India Limited (NSE)

| Name Address and contact details | Security Code | Security |
|---|---|---|
| The National Stock Exchange of India Limited (NSE)<br>Exchange Plaza, Plot No. 1, G-block, Bandra-Kurla Complex, Bandra (East), Mumbai. Pin - 400051<br>Telephone: 022-26698100-8114<br>Fax: 022- 26598237/38<br>Email: cc_nse@nse.co.in Website: www.nseindia.com | NFL | Equity |

### 11.11.3 Commercial Paper Listed During The Year-2020-21

| Name, Address and Contact details of Stock exchange | SCRIP CODE-BSE | ISIN CODE | AMOUNT(₹) |
|---|---|---|---|
| NATIONAL STOCK EXCHANGE | | | |
| Name: Mr Santosh Kumar<br>(Sr Manager, Listing Business Development)<br>Address: National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051<br>Telephone: 8105677272<br>Email: spotlacheru@nse.co.in<br>Website:www.nse-india.com | 718654 | INE870D14CW5 | 2600,00,00,000 |
| | 718693 | INE870D14CX3 | 300,00,00,000 |
| | 719044 | INE870D14DE1 | 800,00,00,000 |
| | 718914 | INE870D14DA9 | 500,00,00,000 |
| | 718885 | INE870D14CY1 | 1000,00,00,000 |
| BOMBAY STOCK EXCHANGE | | | |
| Name: Mr. Anmol Kumar<br>Address: BSE Limited, P J Towers, Dalal Street, Mumbai-400001, India<br>Telephone: 08879440395<br>Email: anmol.kumar@bseindia.com<br>Website: www.bseindia.com | 718899 | INE870D14CZ8 | 1100,00,00,000 |
| | 718923 | INE870D14DB7 | 400,00,00,000 |
| | 718961 | INE870D14DC5 | 1100,00,00,000 |
| | 719024 | INE870D14DD3 | 1800,00,00,000 |
| | 719162 | INE870D14DF8 | 1800,00,00,000 |
| | 719331 | INE870D14DG6 | 300,00,00,000 |
| | 719612 | INE870D14DK8 | 450,00,00,000 |
| | 719375 | INE870D14DH4 | 600,00,00,000 |
| | 719428 | INE870D14DI2 | 1300,00,00,000 |
| | 719526 | INE870D14DJ0 | 1200,00,00,000 |
| | 719684 | INE870D14DL6 | 4075,00,00,000 |
| | 719732 | INE870D14DM4 | 575,00,00,000 |
| | 719819 | INE870D14DN2 | 725,00,00,000 |
| | 719856 | INE870D14DO0 | 625,00,00,000 |
| | 720009 | INE870D14DP7 | 825,00,00,000 |
| TOTAL | | | 22,075,00,00,000 |

## 11.12 Listing Fee

The Annual Listing Fee upto 2021-22 has been paid to the concerned stock exchange.

## 11.13 Payment of Annual Custody Fee to NSDL and CDSL

| | |
|---|---|
| Demat ISIN No. in NSDL and CDSL | INE870D01012 |

Company has paid the Annual Custody Fee to NSDL and CDSL for the financial year 2021-22.

## 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, 2020 | 27.95 | 18.00 | 33887.25 | 27500.79 |
| May, 2020 | 27.65 | 23.10 | 32845.48 | 29968.45 |
| June, 2020 | 34.35 | 25.75 | 35706.55 | 32348.10 |
| July, 2020 | 45.00 | 30.50 | 38617.03 | 34927.20 |
| August, 2020 | 38.95 | 34.20 | 40010.17 | 36911.23 |
| September, 2020 | 39.90 | 31.00 | 39359.51 | 36495.98 |
| October, 2020 | 34.25 | 30.10 | 41048.05 | 38410.20 |
| November, 2020 | 35.85 | 29.85 | 44825.37 | 39334.92 |
| December, 2020 | 41.40 | 33.50 | 47896.97 | 44118.10 |
| January, 2021 | 48.00 | 37.50 | 50184.01 | 46160.46 |
| February, 2021 | 54.00 | 37.50 | 52516.76 | 46433.65 |
| March, 2021 | 70.05 | 49.60 | 51821.84 | 48236.35 |

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, 2020 | 27.90 | 18.10 | 9889.05 | 8055.80 |
| May, 2020 | 27.60 | 23.10 | 9598.85 | 8806.75 |
| June, 2020 | 34.50 | 25.80 | 10553.15 | 9544.35 |
| July, 2020 | 44.95 | 30.50 | 11341.40 | 10299.60 |
| August, 2020 | 38.95 | 34.50 | 11794.25 | 10882.25 |
| September, 2020 | 39.90 | 31.30 | 11618.10 | 10790.20 |

| | | | | |
|---|---|---|---|---|
| October, 2020 | 34.35 | 30.10 | 12025.45 | 11347.05 |
| November, 2020 | 35.40 | 29.85 | 13145.85 | 11557.40 |
| December, 2020 | 41.60 | 33.35 | 14024.85 | 12962.80 |
| January, 2021 | 48.00 | 37.40 | 14753.55 | 13596.75 |
| February, 2021 | 53.80 | 37.40 | 15431.75 | 13661.75 |
| March, 2021 | 69.85 | 49.60 | 15336.30 | 14264.40 |

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:<br><br>Phone:<br>Fax:<br>Email : | T-34, 2nd Floor, Okhla Industrial Area, Phase-II,<br>New Delhi, Pin Code – 110020,<br><br>011-26387281-83<br>011-26387384<br>mas_serv@yahoo.com |

## 11.16 Distribution of Shareholding

Shares held by different type of shareholders as on 31st March, 2021 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 | 92546 | 85.74 | 12169424 | 2.48 |
| 5001 to 10000 | 8265 | 7.66 | 6959417 | 1.42 |
| 10001 to 20000 | 3747 | 3.47 | 5891535 | 1.20 |
| 20001 to 30000 | 1384 | 1.28 | 3608543 | 0.74 |
| 30001 to 40000 | 495 | 0.46 | 1800579 | 0.37 |
| 40001 to 50000 | 491 | 0.46 | 2339472 | 0.48 |
| 50001 to 100000 | 620 | 0.57 | 4637995 | 0.95 |
| 100001 & above | 388 | 0.36 | 453171435 | 92.38 |
| **Total** | **107936** | **100.00** | **490578400** | **100.00** |

## 11.17 Shareholding Pattern

| | Category | Number of Shares held | %age of shareholding |
|---|---|---|---|
| (A) | Shareholding of Promoter and Promoter Group (Government of India) | | |
| I | Indian | 366,529,532 | 74.71 |
| II | Foreign | - | - |
| | **Sub Total (A)** | **366,529,532** | **74.71** |

| (B) | Public shareholding Institutions | | |
|---|---|---|---|
| I | Institutions | 74,965,624 | 15.28 |
| II | Non-institutions | 49,083,244 | 10.01 |
| | **Sub Total (B)** | **124,048,868** | **25.29** |
| | **GRAND TOTAL** | **490,578,400** | **100.00** |

## 11.18 Outstanding GDRs, ADRs, Warrants or any convertible instruments, etc.

Company has not issued any such securities.

## 11.19 Status of dematerialization of shares as on 31st March, 2021

The shares of the Company are compulsorily traded in dematerialized mode. Company has signed agreements with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (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 31.03.2021

| Mode of Holding | Number of Shares | %age |
|---|---|---|
| National Securities Depository Limited (NSDL) | 99,722,383 | 20.33 |
| Central Depository Services (India) Limited (CDSL) | 390,586,585 | 79.62 |
| Physical | 269,432 | 0.05 |
| **Total** | **490,578,400** | **100.00** |

## 11.19.2 Share Transfer System

Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialized form. In case of shares held in physical form, the transferred share certificates duly endorsed were dispatched within 15 days from the date of receipt of documents, provided documents are valid and complete in all respects. The Board has delegated the authority for approving transfer/ transmission, etc. to the Share Transfer Committee. Company obtains from a Company Secretary in practice Half Yearly Certificate of compliance with the share transfer formalities as required under regulation 40 (9) of SEBI (LODR) Regulations, 2015 which is filed with the stock exchanges and also available on the website of the company at www.nationalfertilizers.com.

## 11.19.3 Shares held in physical form – details of PAN and Bank Account

SEBI vide Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 has inter-alia desired that issuer companies through their RTAs shall take special efforts to collect copy of PAN and bank Account details of all securities holders holding securities in physical form. Company's RTA M/s. MAS Services Limited has been approaching the shareholders holding shares in physical form to collect their PAN and Bank Account details separately. All shareholders holding share in physical form are requested to convey their PAN, Bank Account Details and emails to the RTA on priority. In addition, Company vide its letter NFL/SEC/SE/1676 dated 04.08.2020 had informed the shareholders to register / update their email address(s) along with mobile number to enable the Company to send the Annual Report electronically at the email address of the shareholders.

## 11.19.4 Transfer of physical shares

SEBI vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated 08.06.2018 has inserted a proviso in Regulation 40 of SEBI (LODR) Regulations, 2015, which provides that except in the case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a

depository. SEBI vide it's press release dated 03.12.2018 had extended the date of transfer of security only in Demat form upto 01.04.2019. Accordingly, all shareholders holding shares in physical form are requested to get their shares in dematerialized form to facilitate transfer of their shares.

## 11.20 Name and addresses of the Depositories

| National Securities Depository Limited (NSDL) | |
|---|---|
| Address | Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. |
| **Central Depository Services (India) Limited (CDSL)** | |
| Address | Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai – 400023. |

## 11.21 Location of Production Units

Company's production facilities for manufacture of Urea fertilizer being the main product, are located at the following locations:

| S.No. | Unit | Location |
|---|---|---|
| 01. | Nangal | Nangal, District Ropar, Punjab-140126. Tel.No.01887-220570, FAX No.01887-220541 |
| 02. | Bathinda | Sibian Road, Bathinda, Punjab-151003 Tel. No.0164-2270261, FAX No.0164-2270463/2760270 |
| 03. | Panipat | Gohana Road, Panipat, Haryana-132106 Tel.No.0180-2652481-83,85, 2681304, FAX No.0180-2652515 |
| 04. | Vijaipur I & II | Vijaipur, District Guna, Madhya Pradesh-473111 Tel.No.07544-273528/529, FAX No.07544-273089/273109 |

## 11.22 CEO & CFO Certification

The Chairman & Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of SEBI (LODR) Regulations, 2015. The Chairman & Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of SEBI (LODR) Regulations, 2015. The Annual Certificate given by the Chairman & Managing Director and the Chief Financial Officer is being published in this Report.

## 11.23 Audits and Internal Control System

To ensure highest level of corporate governance, your company has robust Internal Control Systems and Processes in place for smooth and efficient conduct of business and compliance of relevant laws and regulations. A well-defined system of delegation of power exists for decision making which is being periodically reviewed to meet the requirement of changing business scenario. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular internal audits of non-technical activities are conducted by the experienced professional firms and internal audits of technical activities are carried out by the in-house internal audit teams as per the exhaustive audit programme in coordination with the company's Internal Audit department. Significant observations of the Internal Auditors are deliberated in the meetings of the Management Audit Committee and Audit Committee of Directors of the Company for continuous improvement in the Internal Control Systems.

## 12. Credit Rating

Information regarding credit rating during the financial year 2020-21 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.

## 17. Code of Conduct for Board Members and Senior Management Personnel

The Company has adopted "Code of Conduct for Board Members and Senior Management Personnel" of the Company. The object is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty. The Code is available on the Company's website www.nationalfertilizers.com. All Directors and Senior Management Personnel have complied with the Code of Conduct.

## 18. Declaration

**Under Schedule V (D) of SEBI (LODR) Regulations, 2015**

This is to certify that in line with the requirements of Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; all the Members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31st March, 2021.

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

## 19. Compliance Certificate of the Secretarial Auditors

Certificate from the Company's Secretarial Auditors 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 has believed in maximum transparency and benchmarked disclosures as required under various laws / regulations. Department of Public Enterprises has issued Corporate Governance Guidelines applicable to Government Companies.

These guidelines focus on various areas such as Board and its responsibilities, functions, roles and responsibilities of the Audit Committee, etc. Company ensures compliance of these guidelines.

SEBI (LODR) Regulations, 2015 prescribes various corporate governance compliances these regulations have become effective from 1st December, 2015. 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**

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

# Annexure to the Corporate Governance Report Skills, Expertise and Competencies of Board of Directors

NFL believes that it is the collective effectiveness of the Board that impacts Company performance and therefore members of the Board amongst themselves should have a balance of skills, experience and diversity of perspectives appropriate to the Company.

Given the Company's size, scale and nature of its businesses, the Board possesses the following skills, expertise and competencies:

## (I) Organisational Purpose

Ability to comprehend the socio-economic, political, regulatory and competitive environment in which the Company is operating and insight to identify opportunities and threats for the Company's businesses. Ability to contribute towards creating an inspiring Vision for the Company with superordinate societal goals and appreciate the Company's philosophy of building synergy between serving the society and creating economic value for the Company

## (II) Strategic Insight

Ability to evaluate competitive corporate and business strategies and, based thereon, contribute towards progressive refinement of the Company's strategies for fulfilment of its goals. Ability to comprehend strategy of organisation in the context of its unique sources of competitive advantage and assess its strengths and weaknesses.

## (III) Organisational Capacity Building

Acumen to evaluate organisational capacity and readiness across relevant parameters and provide guidance on bridging gaps in capacity building. Ability to understand the talent market and the Company's talent quotient so as to help finetune strategies to attract, retain and nurture competitively superior talent. Ability to appreciate and critique the need for in-depth specialisation across business critical areas such as manufacturing, marketing, technical, legal, information technology, etc., as well as the breadth of general management capabilities.

## (IV) Stakeholder Value Creation

Ability to understand processes for shareholder value creation and its contributory elements and critique interventions towards value creation for the other stakeholders.

## (V) Commercial Acumen

Commercial acumen to critique the Company's financial performance and evaluate the Company's strategies and action plans in the context of their financial outcomes.

## (VI) Risk Management and Compliance

Ability to appreciate key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation & compliance management and review and refine the same periodically.

## (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 organisational culture, eliminating conflict of interest, and setting & upholding the highest standards of ethics, integrity and organisational conduct.

## (ix) Board Cohesion

Ability to comprehend the statutory roles and responsibilities of a Director and of the Board as a whole. Ability to encourage and sustain a cohesive working environment and to listen to multiple views and thought processes and synergise a range of ideas for organisational benefit.

## 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 | Manoj Mishra | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2 | Virendra Nath Datt | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Yash Paul Bhola | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Nirlep Singh Rai | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 5 | Dharam Pal | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 6 | Partha Sarthi Sen Sharma | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 7 | Dr (Mrs) Kalpana Saini | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 8 | Pandya Ashwin Kumar Balvantray | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

# Certification of Chief Executive Officer and Chief Financial Officer under Schedule II Part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We, Virendra Nath Datt, Chairman and Managing Director and Yash Paul Bhola, Director Finance certify that:

a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2021 and to the best of our knowledge and belief:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2021 which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control system 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 31st March, 2021;
   2. Significant changes in accounting policies during the year ended 31st March, 2021 and that the same have been disclosed in the notes to the financial statements; and
   3. we have not come across any instance during the year ended 31st March 2021 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.

**(Yash Paul Bhola)**
Director (Finance)
DIN No. 08551454

**(Virendra Nath Datt)**
Chairman and Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road,
New Delhi – 110003.
**Date:** 10.06.2021

Annexure-4

# 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 31st March, 2021, 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) Regulation, 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 warranted due to the spread of the CoVID-19 pandemic, we certify that for the year ended as on 31st March, 2021, 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) Regulation, 2015 and DPE Guidelines on Corporate Governance except the following observations:

i) Regulation 17(1) (a) of SEBI (LODR) Regulations, 2015 to the extent of having Women director on the Board of the Company w.e.f. 25.04.2020.

ii) Regulation 17(1) (b) of SEBI (LODR) 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. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board members, however, during the year under review, the Company did not have required number of Independent Directors.

iii) Regulation 17(10) of SEBI (LODR) Regulations, 2015, to the extent of requirement of performance evaluation of Independent Directors by the entire Board of Directors.

iv) Regulation 18(1)(b) of SEBI (LODR) Regulations, 2015 requires that two-third of the members of the Audit Committee shall be Independent Directors. Whereas, the Company is not fulfilling such requirement during the year under review.

v) Regulation 19(1) (c) of SEBI (LODR) Regulations, 2015 requires that all the members of Nomination and Remuneration Committee shall be non-executive directors and at least fifty percent of the directors shall be Independent Director. Whereas, during the year under review, All the members of Nomination and Remuneration Committee were not non-executive Directors and number of Independent Directors were less than 50% of the total number of members of the Committee.

vi) Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015 requires that 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.

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: NEW DELHI
DATE: 09/07/2021
UDIN: F004764C000606519

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 2020-21

| Sr.No. | Secretarial Auditors' Observations | Management's Explanation |
|---|---|---|
| 01. | Regulation 17(1) (a) of SEBI (LODR) Regulations, 2015 to the extent of having Women director on the Board of the Company w.e.f. 25.04.2020. | 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.<br>The Company has no control over the appointment of Women Director and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors including Woman Independent Directors on the Board of the Company. |
| 02. | Regulation 17(1)(b) of SEBI (LODR) 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. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board members, however, during the year under review, Company did not have required number of Independent Directors. | National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI. The remuneration and tenure of Directors are also fixed by GOI.<br>The Company has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company. |
| 03. | Regulation 17(10) of SEBI (LODR) Regulations, 2015, to the extent of requirement of performance evaluation of Independent Directors by the entire Board of Directors. | (a) Regulation 17(10) of SEBI (LODR) Regulations, 2015 requires the performance evaluation of Independent Directors to decide their continuance or otherwise.<br>However, the MCA vide its notification dated 5th 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.<br>(b) Further MCA vide notification dated 5th 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.<br>(c) The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is |

| Sr.No. | Secretarial Auditors' Observations | Management's Explanation |
|---|---|---|
| | | a well laid down procedure for evaluation of performance of Chairperson, Functional Directors and Independent Directors by Administrative Ministry.<br>(d) Performance evaluations to which the Government Companies and their Directors are subjected to are as follows:<br>(i) All the functional Directors (through C&MD) and C&MD are accountable to the Board and the Administrative Ministry.<br>(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.<br>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.<br>(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.<br>(iv) Annual performance appraisal of the C&MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister.<br>(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.<br>(vi) All the Government Companies are also subject to regular review by various Parliamentary Committees on different subjects.<br>(vii) In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and as Part-time non-Official Directors (Independent Directors) was not carried out.<br>In view of the above exemption, no performance evaluation of the Independent Directors was required to be carried out. |

| Sr.No. | Secretarial Auditors' Observations | Management's Explanation |
|---|---|---|
| 04. | Regulation 18(1)(b) of SEBI (LODR) Regulations, 2015, requires that two-thirds of the members of Audit Committee shall be Independent Directors. Whereas, the Company is not fulfilling such requirement during the year under review. | 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.<br>The Company has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company. |
| 05. | Regulation 19(1) (c) of SEBI (LODR) Regulations, 2015 requires that all the members of Nomination and Remuneration Committee shall be non-executive directors and at least fifty percent of the directors shall be Independent Director. Whereas, during the year under review, All the members of Nomination and Remuneration Committee were not non-executive Directors and number of Independent Directors were less than 50% of the total number of members of the Committee. | 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.<br>The Company has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company. |
| 06. | Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, requires that the Nomination and Remuneration Committee shall:<br>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;<br>b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;<br>Whereas, the Company is not fulfilling such requirements during the year under review. | 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:** 26.08.2021

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

Annexure-5

# 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.

## 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 | 4 | 4 |
| 2. | Shri Virendra Nath Datt | Member/ Director (Marketing) | 4 | 4 |
| 3. | Shri Nirlep Singh Rai | Member/ Director (Technical) | 4 | 4 |
| 4. | Shri Dharam Pal | Member/ Government Nominee Director | 4 | 3 |

## 3) Weblink

**CSR Committee:**
https://www.nationalfertilizers.com/images/pdf/investorsdesk/CompositionoftheBoardLevelCommittees.pdf

**CSR Policy:** https://nationalfertilizers.com/images/pdf/csr/csr_policy_en.pdf

**CSR Projects approved by the Board:** https://nationalfertilizers.com/images/pdf/csr/CSR_data_20-21.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)

₹ 16841.17 Lakh

## 7)

| | | | |
|---|---|---|---|
| (a) | Two percent of average net profit of the company as per section 135(5) | : | ₹ 336.82 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) | : | ₹ 336.82 Lakh |

## 8) (A) CSR amount spent or unspent for the Financial year

| 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 provision to section 135(5). | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 133.94 | 304.66 | 30.04.2021 | NA | | |

## (B) Details of CSR amount spent against ongoing projects for the Financial year

| 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. | Making 'Smart Classes' at Government Primary School Bhanupali | (ii) | Yes | Punjab | Ropar | 9 Months | 4.17 | 2.53 | 1.64 | Yes | - | - |

| 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 |
| 2. | Provision of school items in two Government Schools in adopted village- Karad, block- Israna, Distt. Panipat (Haryana) | (ii) | Yes | Haryana | Panipat | 9 Months | 7.48 | 6.48 | 1.00 | Yes | - | - |
| 3. | Adoption of Government Primary School, Khamachon, Nawashehar-1, Dist: SBS Nagar, Punjab | (ii) | Yes | Punjab | S.B.S. Nagar | 9 Months | 14.77 | 4.67 | 10.1 | Yes | - | - |
| 4. | Provision of school items at Two Government Schools, Nangal, Punjab | (ii) | Yes | Punjab | Ropar | 9 Months | 6.10 | 0.24 | 5.86 | Yes | - | - |
| 5. | Provision of 09 Nos. Refrigeration equipments to aid Government's COVID-19 vaccination programme in Chandigarh under CSR | (i) | Yes | Punjab | Chandigarh | 6 Months | 7.33 | 6.21 | 1.12 | Yes | - | - |
| 6. | Management of Soil Health and Productivity through City Compost for the FY 2020-21 | (iv) | Yes | Punjab, Madhya Pradesh & Uttar Pradesh | Chandigarh Bhopal & Lucknow | 12 Months | 66.30 | 13.81 | 52.49 | Yes | - | - |
| | **TOTAL** | | | | | | **106.15** | **33.94** | **72.21** | | | |

## (C) Details of CSR amount spent against other than ongoing projects for the Financial year

| 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. | Utilization of the CSR fund for Training of Apprentices | (ii) | Yes | Punjab, Haryana & Madhya Pradesh | Nangal, Bathinda, Panipat & Guna | 100.00 | Yes | - | - |
| | **TOTAL** | | | | | **100.00** | | | |

| | | | |
|---|---|---|---|
| (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) | : | ₹ 133.94 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. | 2019-20 | 168.34 | - | - | - | - | 168.34 |
| 2. | 2018-19 | 58.41 | - | - | - | - | 58.41 |
| 3. | 2017-18 | 6.36 | - | - | - | - | 6.36 |
| | **TOTAL** | **233.11** | | | | | **233.11** |

## (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/CO/CSR/ SE/2019-20/1 | Setting up of Mini Science centre in Noida | 2019-20 | 12 Months | 11.00 | 5.26 | 5.26 | Ongoing |
| 2 | NFL/M/CSR/H/ 2019-20/2 | Improvements to Channenhalli Tank at Channenhalli Village, Bangalore Urban District | 2019-20 | 18 Months | 300.00 | 150.00 | 150.00 | Ongoing |
| 3 | NFL/M/CSR/SE/ 2019-20/1 | Setting up and running of computer lab and library in a Govt Girls Inter College in Lucknow. | 2019-20 | 12 Months | 13.00 | 6.50 | 6.50 | Ongoing |
| 4 | NFL/N/CSR/SL/ 2019-20/1 | Installation of 325 solar street LED lights in 15 villages near Nangal Unit | 2019-20 | 9 Months | 66.21 | 55.05 | 55.05 | Completed |
| 5 | NFL/N/CSR/SE/ 2019-20/2 | Distribution of 241 school desks, 24 celling fans, 01 water cooler, 02 water purifiers in 08 Govt. schools in Nangal | 2019-20 | 9 Months | 12.62 | 6.62 | 9.04 | 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 |
|---|---|---|---|---|---|---|---|---|
| 6 | NFL/M/CSR/SE/ 2019-20/3 | Providing benches, water purifier, water tank, cooler etc in Govt school in District Sri Ganganagar (Rajasthan) | 2019-20 | 9 Months | 5.00 | 4.32 | 4.32 | Completed |
| 7 | NFL/B/CSR/SE/ 2019-20/1 | Providing 05 no. Smart class rooms machine (manual) for Deaf & Dumb students in Bathinda | 2019-20 | 12 Months | 5.95 | 4.14 | 4.14 | Completed |
| 8 | NFL/B/CSR/SE/ 2019-20/2 | Providing desk and benches in 06 Govt. schools in Bathinda District | 2019-20 | 9 Months | 7.61 | 5.12 | 5.12 | Completed |
| 9 | NFL/P/CSR/SE/ 2019-20/2 | Setting up of E-Samarth (smart classes) in 25 Government schools | 2019-20 | 12 Months | 13.72 | 6.03 | 13.71 | Completed |
| 10 | NFL/P/CSR/SA/ 2019-20/3 | Development of underpass in Panipat city and fixing of tiles under Swachh Bharat Mission | 2019-20 | 12 Months | 18.00 | 2.47 | 12.97 | Completed |
| 11 | NFL/CO/CSR/H /2019-20/2 | Health checkup camps in 10 Government schools in Noida (UP) | 2019-20 | 9 Months | 10.01 | 10.01 | 10.01 | Completed |
| 12 | NFL/CO/CSR/H /2019-20/3 | Free eye screening camps, cataract surgery, free medicine and spectacles for rural needy people in Ghaziabad, Gautam Budh Nagar and greater Noida (UP) | 2019-20 | 9 Months | 11.16 | 10.82 | 10.82 | Completed |
| 13 | NFL/CO/CSR/H /2019-20/4 | Community Based Mass Screening Programme for Ovarian Cancer & Relationship of risk factors of vitamin D amongst the population belongs to Rural / Underprivileged Society of Delhi NCR | 2019-20 | 9 Months | 32.14 | 32.14 | 32.14 | Completed |
| 14 | NFL/M/CSR/EN /2019-20/4 | Management of Soil Health and Productivity through City Compost in 14 villages of Chandigarh, Bhopal and Lucknow Zone. | 2019-20 | 12 Months | 77.70 | 14.04 | 40.57 | Completed |
| 15 | NFL/V/CSR/SA/ 2018-19/1 | Construction of 377 Nos. toilets in Govt. schools in Guna (M.P.) | 2018-19 | 24 Months | 253.70 | 49.75 | 195.29 | Ongoing |
| 16 | NFL/CO/CSR/R U/2018-19/1 | Distribution of Cotton Plucker Machines to farmers through The Cotton Corporation of India | 2018-19 | 12 Months | 40.00 | 39.72 | 40.00 | Completed |
| 17 | NFL/CO/CSR/S D/2018-19/2 | Skill Training Programme in trade of Production Supervisor in Apparel Industry in Noida | 2018-19 | 9 Months | 9.97 | 9.52 | 9.52 | 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 |
|---|---|---|---|---|---|---|---|---|
| 18 | NFL/N/CSR/SL/ 2018-19/1 | Installation of 104 Solar lights in villages in Nangal | 2018-19 | 9 Months | 24.57 | 1.81 | 20.55 | Completed |
| 19 | NFL/M/CSR/SD /2018-19/2 | Installation of 10 Solar Lights in Dist. Nuh (Haryana). | 2018-19 | 9 Months | 2.00 | 1.27 | 1.27 | Completed |
| 20 | NFL/V/CSR/SL/ 2017-18/1 | Installation of Solar Panels on Rooftops of 10 Nos. Govt. Schools of Raghogarh Block | 2017-18 | 12 Months | 21.18 | 14.82 | 14.82 | Ongoing |
| 21 | NFL/CO/CSR/S D/2017-18/1 | Skill Development Training of DivyangJan in Mobile repairing & Computer Hardware (PwDs) | 2017-18 | 12 Months | 42.90 | 42.90 | 42.90 | Completed |
| | | **Total** | | | **978.44** | **472.31** | **684.00** | |

**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 2020-21 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 ₹ 336.82 Lakh for the FY 2020-21 and incurred an expenditure of ₹ 133.94 Lakh against it in the FY 2020-21. The entire CSR budget has been allocated to CSR projects. These projects are at different stages of execution.

The allocation of budget for CSR @ 2% of average PBT of last three years is made subsequent to finalization of Accounts. Thereafter projects are being approved by BoD 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.

In this financial year, the Company undertook multiple CSR projects supporting School Education through provision of Smart Classrooms, Dual Desks, RO Purifiers, infrastructure facilities etc. in Government Schools. However, due to occurrence of CoVID-19 pandemic and subsequent nationwide lockdown, the schools were closed and project work got stalled. Therefore, the remaining work and payment of the projects remained pending for the financial year.

In addition to above, some of the CSR projects were approved in the 3rd and 4th quarters 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**

**(Pandya Ashwinkumar Balvantray)**
Chairperson CSR Committee
DIN: 03068985
**Date:** 26.08.2021

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

Annexure-6

# FORM-A

## Disclosure of Particulars with Respect to Conservation of Energy (Annexure to Board's Report)

| | | | 2020-21 | 2019-20 |
|---|---|---|---|---|
| A. POWER & FUEL CONSUMPTION | | | | |
| 1. ELECTRICITY | | | | |
| a) | **Purchased** | | | |
| | Unit | Mwh | 188549 | 175831 |
| | Total amount | ₹ in Lakh | 12653 | 12108 |
| | Average rate/Unit | ₹ /Mwh | 6711 | 6886 |
| b) | **Own Generation** | | | |
| | **i) Through diesel generator Unit** | | | |
| | Unit | Mwh | 2.956 | 2.337 |
| | Unit per ltrs. of diesel oil | Mwh/ltrs | 0.001 | 0.001 |
| | Cost/Unit | ₹ /Mwh | 91273 | 76448 |
| | **ii) Through Steam Turbine/Gas Turbine** | | | |
| | Unit | Mwh | 567693 | 580259 |
| | Coal/unit of Power | MT/Mwh | 0.900 | 0.904 |
| | Gas/unit of Power | $000sm^3$/Mwh | 0.120 | 0.118 |
| | Cost per Unit | ₹ /Mwh | 5887 | 6176 |
| | **iii) From Waste Steam** | **Mwh** | **-** | **-** |
| 2. COAL (Specify quality & where used) (Slack coal used for operating boilers) | | | | |
| | Quantity | MT | 685275 | 707999 |
| | Total cost | ₹ in Lakh | 44797 | 46054 |
| | Average rate | ₹ /MT | 6537 | 6505 |
| 3. OTHER/INTERNAL GENERATION | | | | |
| Natural Gas | | | | |
| | Quantity $000M^3$ | $000sm^3$ | 261699 | 258627 |
| | Total cost (₹ /Lakh) | ₹ in Lakh | 56813 | 61989 |
| | Rate/Unit (₹) | ₹ /$000sm^3$ | 21709 | 23968 |
| B. CONSUMPTION PER UNIT OF PRODUCTION | | | | |
| | I) Electricity | Mwh | 0.199 | 0.203 |
| | ii) Coal | MT | 0.402 | 0.419 |
| | iii) Gas | $000M^3$ | 0.069 | 0.069 |

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

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

Annexure-6

# 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 2020-21, except Nangal unit, all the units have achieved energy lower than CPLY (Corresponding Period last Year).

To reduce further energy consumption at Vijaipur-I & Vijaipur-II units, study has been carried out for installation of Advance Process Control (APC) system for fine tuning of process parameters. 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.

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 study for installation of rooftop solar power plant at other units is also being carried out 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 is implementing various energy saving measures at its Units.

- **Installation of GTG-HRSG at Bathinda, Panipat & Nangal:** The project of GTG-HRSG was scheduled to be completed at all the three sites by 30.11.2019. However due to spread of Pandemic & other unavoidable reasons, commissioning of GTG-HRSG was severely impacted. GTG-HRSG has been commissioned at Bathinda & Nangal in May, 21 whereas commissioning of GTG-HRSG is pending at Panipat owing to de-mobilization of foreign experts due to sudden increase of CoVID-19 cases in April, 21. After availability of foreign experts at Panipat, it is expected GTG-HRSG will be commissioned within 6-8 weeks of their arrival.
- **Energy saving Project :** At Vijaipur, in order to achieve an energy target of 5.5 Gcal/MT of Urea, following schemes are being 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. Switch over 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 & 3rd 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.

   Major part of the energy saving of Vijaipur-I has been achieved through revamp of synthesis gas compressor and turbine of Ammonia-I plant during shutdown taken in Sept, 20. However owing to spread of pandemic in the country in March 2020 and subsequently sudden rise in CoVID-19 cases in March/April 2021, the implementation of balance schemes have been delayed due to delay in supply of material and delay in manufacturing of equipments at vendors work. Efforts are being put in to complete the schemes at the earliest.

   After implementation of proposed schemes, energy level of Vijaipur-I is anticipated to be 5.55Gcal/MT of Urea and energy levels of Vijaipur-II is anticipated to be 5.31 Gcal/MT of Urea.

- **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.
- **Use of Urefix Chemical:** Bathinda unit has conducted a trial use of chemical additive in urea solution to improve the urea prill quality especially with respect to urea prill strength. The performance was found to be satisfactory. In order to have competitive pricing, similar trial is being conducted at Panipat unit from different vendor.
- **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.

- **Replacement of existing S-200 Ammonia converter basket with S-300 Ammonia converter basket at Vijaipur-I:** Existing S-200 ammonia converter basket in Vijaipur-I has already outlived its life and needs to be replaced. Procurement of latest upgraded and more energy efficient basket S-300 has been undertaken.

## C) FOREIGN EXCHANGE EARNINGS/OUTGO

The Foreign Exchange earned in terms of actual inflows during the year were ₹ 12.47 crore and the Foreign Exchange outgo during the year in terms of actual outflow amounted to ₹1640.79 crore.

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

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

Annexure-7

# Report on Safety, Environment and Sustainable Development

Inclusive and sustainable development is the need of the hour in view of increasing climatic changes and rising disparities in the society at large. Company has taken various initiatives for adopting best practices for health safety and environment management, energy conservation and social 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 health checkup 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 9001-2008, ISO 14001 and OHSAS-18001 certified which indicate Company's commitment to quality, Environment and Occupational Health and Safety.

To tackle climate change, company remained focused towards achieving a low carbon 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 Board in order to monitor the level of pollutants on continuous basis.

Quarterly review meeting are conducted regularly at all units to review Health and Safety issues. Modern method and latest technologies such as 'Hazard and Operability Study' have been implemented in various units to improve process safety. For updating knowledge of employees regular training programs are conducted at units. 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 Plans" are available in the units. These plans aim to train people and act efficiently and confidently in emergency with minimum damage to humans and assets. The procedures are regularly reviewed and updated by the company for carrying out surprise mock drills for On site & Off site Disaster Plans. Performance of each mock drill is evaluated and reviewed to bring improvements in the system. All Units of NFL are also the member of Mutual aid group with their neighboring industries to handle any emergency situation that may arise in future. Visits of local Authorities and central agencies such as National Disaster Management Authority are regularly conducted in order to remain updated on safety related issues in all the plants. All the units are having their "Disaster Management Quick Response Team" to address the incidents that may occur outside the factory area for transportation of liquid Ammonia, Chlorine Gas and Ammonium Nitrate.

## Afforestation and Rain Water Harvesting

To protect, restore and promote sustainable use of trees and trial ecosystem, afforestation has been adopted in all units to improve the environment surrounding the units. A total of 9847 tree saplings were planted in and around various units during 2020-21 for cleaner and greener earth for future generation. The cumulative plantation since commencement is about 8.69 lakhs for all the units.

All units of NFL are in the process of installation of Rain Water Harvesting System to increase the sub soil water level. 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 project at Bathinda and Nangal has started its commercial operation in the month of May, 21 and is expected to complete by October, 2021 at Panipat. After successful commissioning of GTG-HRSGs, these Units will operate with reduce energy consumption and with lower $CO_2$ 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. During 2020-21 about 1611 conventional lights were replaced with ecofriendly

LED lights in NFL units. All the units of NFL now converted their conventional lightings in to LED lights except Panipat unit where flameproof lightings are being replaced into LED lights.

## Development of Sustainable Product

Neem Coated Urea: During 2020-21 the total production of Neem Coated Urea was 37.99 lakh MT. Neem Coated Urea is useful for slow release of Nitrogen in soil as compared to normal Urea. Further, it acts as a bio-pesticide for crops.

Manufacturing of Bio-Fertilizers: Bio-Fertilizers more commonly known as microbial inoculants are artificially multiplied cultures of certain soil organisms that can improve soil fertility and crop productivity. Besides accessing nutrients, bio-fertilizers control soil borne diseases and improve the soil health and soil properties. Bio-fertilizers help in effective use of Chemical Fertilizers for higher yields.

Company was earlier producing three types of bio-fertilizers in both powder and liquid base i.e. Rhizobium, Azectobactor and PSB. However, company has now introduced a fourth strain Zinc solubilizing bacteria (ZSB). To increase the shelf life of Bio-Fertilizers, NFL is gradually shifting from Powder Bio-Fertilizers to Liquid Bio-Fertilizers. This has resulted in less use of lignite, which is used as a carrier for Powder Bio-Fertilizers. This has also resulted in lesser use of Natural resources. During 2020-21, the sale of Liquid & Powder Bio-Fertilizers was 527.65 MT.

NFL is committed to Government of India's dream of Swachh Bharat Mission by sale of 21766.6 MT of city compost sourced from manufacturers located in various states during 2020-21. Beside this Vijaipur Unit of NFL produces compost from the biodegradable waste and is being used as environment friendly manure with in the unit premises in horticulture. City Compost is a soil conditioner which is produced out of bio-degradable waste. Compost from city garbage would not only provide carbon and primary/secondary nutrients to soil but also help in keeping the city clean. Use of City Compost is also undertaken by NFL in the adopted villages in the states of Haryana and Madhya Pradesh. NFL is further working to increase trading business in this field.

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

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

Annexure-8

# Form MBP 2
# (2020-21)

## Particulars of Loans, Guarantee, Security and Acquisition made by the Company [Pursuant to Section186(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 | 24.04.2020 | Ramagundam Fertilizers and Chemicals Limited (RFCL) | 106,10,00,000<br>**Total 106,10,00,000** | 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) |
| - | - | 12.02.2020 | - | - | - |
| **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) |
| 10,61,00,000 Equity Shares | ₹ 10/- | - | - | - | - |

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

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

Annexure-9

# Form AOC-1(2020-21)

## (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/JointVentures

## 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. 04th November, 2015. |
|---|---|---|
| 1. Latest audited Balance Sheet Date | 31.03.2021 | 31.03.2021 |
| 2. Shares of Associate/Joint Ventures held by the Company on the year end No.(shares) | 44,76,28,200 | 1,80,002 |
| Amount of Investment in Associates/ Joint Venture (in ₹ ) | ₹ 447,62,82,000 | ₹ 18,00,020.00 |
| Extend of Holding % | 26.70% | 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 | ₹ 416,79,97,023 | ₹ 2,05,017 |
| 6. Profit/Loss for the year | Loss of ₹12,54,40,650 | Loss of ₹24,395 |
| 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 Yash Paul Bhola)**
Director (Finance)
DIN: 08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road,
New Delhi-110003.
**Date:** 10.06.2021

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 Yash Paul Bhola)**
Director (Finance)
DIN: 08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 10.06.2021

Annexure-11

# Procurement made from Micro and Small Enterprises (MSEs) during 2020-21

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. 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 20-21, four vendor development Programmes have been organized by NFL Units as detailed below:

   a. Panipat Unit organized Vendor Development Programme for SC/ST and Women Entrepreneurs MSEs in consultation with DICCI, National SC/ST Hub and MSME-DI.

   b. Bathinda Unit organized a Vendor Development Programme exclusively for SC-ST & Women owned MSEs, jointly in association with NSIC (SC-ST Hub, Ludhiana), DICCI (Punjab Chapter) and Punjab State United Association.

   c. Vijaipur Unit organized a Vendor Development Programme for MSEs.

   d. Nangal Unit organized a Vendor Development Programme for SC/ST MSEs.

With concerted efforts NFL has been able to achieve a percentage of 47.12 % during FY 20-21 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 20-21 are as below:

(Figures in ₹ Crore)

| S. No. | Particulars | Annual procurement target for the FY 20-21 | Target achieved for the FY 20-21 |
|---|---|---|---|
| I. | Annual procurement of Goods and Services * | 577.91 | 731.1868 |
| II. | Value of Goods and Services procured from MSEs (including MSEs owned by SC/ST and women entrepreneurs) | 144.47 | 344.5564 |

| S. No. | Particulars | Annual procurement target for the FY 20-21 | Target achieved for the FY 20-21 |
|---|---|---|---|
| III. | Value of Goods and Services procured from only MSEs owned by SC/ST entrepreneurs. | 23.12 | 2.7097 |
| IV. | Value of Goods and Services procured from only MSEs owned by women entrepreneurs. | 17.34 | 1.4523 |
| 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% | 47.12% |
| 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% | 0.37 % |
| VII. | % age of procurement of Goods and Services from only MSEs owned by women entrepreneurs out of annual procurement of Goods and Services | 3% | 0.20% |
| VIII. | Total number of vendor development programmes for MSEs | 5 (Nos.) | 4 (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**

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

Annexure-12

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is functional in all Units/Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer has been appointed in each Unit/Office and Chief Liaison Officer at CO, NOIDA to ensure due compliance of orders and instructions pertaining to reservation for SCs and STs and other concessions admissible to them. Meetings were periodically held at Unit level as well as at corporate level with the SC/ST Employees Welfare Associations by the Management for redressal of grievances of SC/ST employees. A statement showing representation of employees belonging to Scheduled Caste/Scheduled Tribes/Other Backward Classes/Persons with disabilities is enclosed herewith:

**Information on persons belonging to Scheduled Castes/Scheduled Tribes/Other Backward Classes/Persons with disabilities category:**

| REPRESENTATION OF SCs/STs/OBCs AS ON 31.03.2021 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Group | Employees on Rolls | SC | %age | ST | %age | OBC | %age | Divyang | %age |
| A | 1511 | 284 | 18.80 | 76 | 5.03 | 194 | 12.84 | 10 | 0.66 |
| B | 1127 | 304 | 26.10 | 67 | 5.94 | 106 | 9.40 | 11 | 0.97 |
| C | 504 | 82 | 16.27 | 30 | 5.95 | 149 | 29.56 | 28 | 5.55 |
| D | 31 | 11 | 35.48 | 0 | 0 | 9 | 29.03 | 0 | 0 |
| D (Safai karamchari) | 40 | 40 | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **3213** | **721** | **22.44** | **173** | **5.38** | **458** | **14.25** | **49** | **1.52** |

| RECRUITMENT OF SCs/STs/OBCs DURING THE YEAR 2020-2021 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Group | Total Recruitment | SC | %age | ST | %age | OBC | %age | Divyang | %age |
| A | 84 | 12 | 14.28 | 1 | 7.14 | 17 | 20.23 | 0 | 0 |
| B | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C | 8 | 1 | 12.50 | 1 | 12.50 | 03 | 37.50 | 0 | 0 |
| D | 4 | 1 | 25.0 | 0 | 0 | 1 | 25.0 | 0 | 0 |
| D (Safai karamchari) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **96** | **14** | **14.58** | **2** | **2.08** | **21** | **21.87** | **0** | **0** |

| PROMOTION OF SCs/STs/OBCs DURING THE YEAR 2020-2021 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Group | Total Promotions | SC | %age | ST | %age | OBC | %age | Divyang | %age |
| A | 343 | 64 | 18.66 | 10 | 2.92 | 46 | 13.41 | 0 | 0.00 |
| B (o) | 36 | 10 | 27.78 | 4 | 11.11 | 3 | 8.33 | 1 | 2.78 |
| B (W) | 25 | 3 | 12 | 2 | 8.00 | 4 | 16.00 | 1 | 4.00 |
| C | 108 | 17 | 15.74 | 6 | 5.56 | 33 | 30.56 | 6 | 5.56 |
| D | 0 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| D (Safai karamchari) | 11 | 11 | 100 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| **Total** | **523** | **105** | **20.08** | **22** | **4.21** | **86.00** | **16.44** | **8.00** | **1.53** |

The overall reservation percentage achieved for SC category employees is 22.44%. In case of ST, the percentage achieved is 5.38%. 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 were abolished w.e.f. 01.06.1985. For other backward classes, the percentage achieved is 14.25%.

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

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

Annexure-13

# FORM MR-3
# Secretarial Audit Report
# For the Financial year Ended 31st March, 2021

**[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 24 A 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 31st March 2021('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 31st March, 2021 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) The 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);**
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Companies Act and dealing with client;
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(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) Regulations, 2014. **(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 compliance with the applicable clauses /regulation of the following:

(i) 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 SEBI (LODR) Regulations, 2015, the Company did not have a Women Director on its Board w.e.f. 25.04.2020.
2. 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 the Board of the Company.
3. Regulation 17 (10) of SEBI (LODR) Regulations, 2015, the performance evaluation of Independent Directors shall be done by the entire Board of Directors.
4. Regulation 18 (1) 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.
5. Regulation 19 (1) of SEBI (LODR) Regulations, 2015, and as per Section 178 (1) of Companies Act, 2013, number of Independent Directors were less than 50% of the total strength of the committee.
6. Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee shall:
   (a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommended to the Board of Directors a policy relating to, the remuneration of the Directors, key managerial personnel and other employees;
   (b) Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.

**We further report that:**

The Board of Directors of the Company has to be constituted in terms of the provisions of the Companies Act, 2013, DPE Guidelines and Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The number of Independent Directors on the Board is less than 50% of the total strength of the Board. The Company is required to be compliant with provisions of appointment of requisite number of Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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, 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), Regulation18(1) and Regulation19(1)/ 19(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarters ended 31/03/2020, 30/06/2020/, 30/09/2020 and 31/12/2020 in respect of which, the Company had submitted waiver requests. Further, BSE has waived off the fines levied by it whereas no communication regarding waiver of fines has been received from NSE till now.

**FOR PARVEEN RASTOGI & CO.**
**COMPANY SECRETARIES**

**UDIN: F004764C000606090**
**PLACE: NEW DELHI**
**DATE: 09/07/2021**

**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.

UDIN: F004764C000606090
PLACE: NEW DELHI
DATE: 09/07/2021

FOR PARVEEN RASTOGI & CO.
COMPANY SECRETARIES

PARVEEN KUMAR RASTOGI
C.P. NO. 2883
M.NO. 4764

# Management's Explanation to the Observations of Secretarial Auditor Report for the Financial Year 2020-21

| 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 director on its Board w.e.f. 25.04.2020. | 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.<br>The Company has no control over the appointment of Women Director and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors including Woman Independent Directors on the Board of the Company. |
| 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 the Board of the Company. | 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. The remuneration and tenure of Directors are also fixed by GOI.<br>The Company has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company. |
| 03. | Regulation 17 (10) of SEBI (LODR) Regulations, 2015, the performance evaluation of Independent Directors shall be done by the entire Board of Directors. | (a) Regulation 17(10) of SEBI (LODR) Regulations, 2015 requires the performance evaluation of Independent Directors to be done by the entire Board of Directors to decide their continuance or otherwise.<br>However, the MCA vide its notification dated 5th 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.<br>(b) Further MCA vide notification dated 5th 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.<br>(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 & 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.<br>(d) Performance evaluations to which the Government Companies and their Directors are subjected to are as follows: |

| Sr. No | Secretarial Auditors' Observations | Management's Explanation |
|---|---|---|
| | | (i) All the functional Directors (through C&MD) and C&MD are accountable to the Board and the Administrative Ministry.<br>(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.<br>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.<br>(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.<br>(iv) Annual performance appraisal of the C&MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister.<br>(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.<br>(vi) All the Government Companies are also subject to regular review by various Parliamentary Committees on different subjects.<br>(vii) In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and as Part-time non-Official Directors (Independent Directors) was not carried out.<br>In view of the above exemption, no performance evaluation of the Independent Directors was required to be carried out. |
| 04. | Regulation 18 (1) 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. | 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.<br>TheCompany has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company. |
| 05. | Regulation 19 (1) of SEBI (LODR) Regulations, 2015, and as per Section 178 (1) of Companies Act, 2013, number of Independent Directors were less than 50% of the total strength of the committee. | 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.<br>The Company has no control over the appointment of Independent |

| Sr. No | Secretarial Auditors' Observations | Management's Explanation |
|---|---|---|
| | | Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company. |
| 06. | Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee shall:<br>(a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommended to the Board of Directors a policy relating to, the remuneration of the Directors, key managerial personnel and other employees;<br>(b) Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors; | Same as explanation provided in Sr. No. 3. |

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

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

Annexure-14

# Secretarial Compliance Report of National Fertilizers Limited for the year ended 31st March, 2021

I, Parveen Kumar Rastogi, Proprietor of Parveen Rastogi & Co. have examined:

a) All the documents and records made available to me and explanation provided by M/s National Fertilizers Limited (NFL). ("the listed entity"),

b) The filings/ submissions made by the listed entity to the stock exchanges viz. NSE & BSE.

c) website of the listed entity,

d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

**For the year ended 31st March, 2021 ("Review Period") in respect of compliance with the provisions of:**

a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

**The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-**

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **{Not Applicable to the Company during the Reporting Period}**

c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **{Not Applicable to the Company during the Reporting Period}**

e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **{Not Applicable to the Company during the Reporting Period}**

f) 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}.**

g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

i) SEBI (Delisting of Equity Shares) Regulations, 2009 **{Not Applicable to the Company during the Reporting Period}**

j) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

k) Other regulations as applicable and circulars/guidelines issued thereunder;

**and based on the above examination, I hereby report that, during the Review Period:**

a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matter specified below:-

| Sr. No. | Compliance Requirement (Regulations/circulars/guidelines including specific clause) | Deviations | Observations/ Remarks of the Practicing Company Secretary |
|---|---|---|---|
| 01. | 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 director on its Board w.e.f. 25.04.2020 | The Company, at present does not have a woman director on its Board.<br>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. |
| 02. | Regulation 17 (1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall Comprise of Independent Directors. | The number of Independent Directors on the Board is less than fifty percent. | The Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should be at least 50% of the Board Members.<br>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. |
| 03. | 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. |
| 04. | 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 Committee shall be independent directors. | The number of Independent Directors in the Audit Committee was less than two-third of the members of Audit Committee. | 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. The Independent Directors are appointed by Government of India (GOI) and Company has no control over the same. |

| Sr. No. | Compliance Requirement (Regulations/circulars/guidelines including specific clause) | Deviations | Observations/ Remarks of the Practicing Company Secretary |
|---|---|---|---|
| 05. | 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.<br>Further, number of Independent Directors was also less than 50%. | The Composition of Nomination and Remuneration Committee 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. The Independent Directors are appointed by Government of India (GOI) and Company has no control over the same. |
| 06. | 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:<br>(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;<br>(b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors. | The Nomination and Remuneration Committee has not:<br>(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;<br>(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.<br>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. |
|---|---|---|---|---|
| 01. | National Stock Exchange Limited | Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Quarter ended June 30, 2020. | NSE vide its email dated August 20, 2020 has imposed a fine of Rs. 5,36,900/-inclusive of GST. | The Company has submitted a response vide their letter dated 27.08.2020 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. |
| 02. | BSE Limited | Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended June 30, 2020. | BSE vide its email dated August 20, 2020 has imposed a fine of Rs. 5,36,900/- inclusive of GST. | The Company has submitted a response vide their letter dated 27.08.2020 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, the fine has been waived off by BSE. |
| 03. | National Stock Exchange Limited | Regulation 17 (1) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended September 30, 2020. | NSE vide its email dated November 17, 2020 has imposed a fine of Rs. 5,42,800/- inclusive of GST. | The Company has submitted a response vide their letter dated 25.11.2020 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. |
| 04. | BSE Limited | Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended September 30, 2020. | BSE vide its email dated November 17, 2020 has imposed a fine of Rs. 5,42,800/- inclusive of GST. | The Company has submitted a response vide their letter dated 19.11.2020 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, the fine has been waived off by BSE. |
| 05. | National Stock Exchange Limited | Regulation 17(1), 18& 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended December 31, 2020. | NSE vide its email dated February 15, 2021 has imposed a fine of Rs. 9,77,040/- inclusive of GST. | The Company has submitted a response vide their letter dated 18.02.2021 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. |
| 06. | BSE Limited | Regulation 17 (1), 18(1) & 19(1)/(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended December 31,2020. | BSE vide its email dated February 15, 2021 has imposed a fine of Rs. 9,77,040/- inclusive of GST. | The Company has submitted a response vide their letter dated 18.02.2021 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. Further, the fine has been waived off by BSE. |

| 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. |
|---|---|---|---|---|
| 07. | NSE Limited | Regulation 17 (1), 18 & 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended March 31,2021. | NSE vide its email dated May 17, 2021 has imposed a fine of Rs. 9,55,800/- inclusive of GST. | The Company has submitted a response vide their letter dated 19.05.2021 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. |
| 08. | BSE Limited | Regulation 17 (1), 18(1) & 19(1)/(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended March 31,2021. | BSE vide its email dated May 17, 2021 has imposed a fine of Rs. 9,55,800/- inclusive of GST. | The Company has submitted a response vide their letter dated 19.05.2021 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. |

***Note:*** BSE vide email dated 24.09.2020 informed that NFL's request for waiver of fine has been accepted and fine levied pursuant to SEBI circular SEBIIHO/CFD/CMD/CIR/P/2018/77 dated May 03, 2018 for the quarter ended September 2018, December 2018, March 2019, June 2019, September 201 9, December 2019, March 2020 and June 2020 has been waived. Further, BSE vide 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/2018177 dated May 03, 2018 for the quarter ended September 2020, December 2020 has been waived.

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, 2020 | 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: 11/06/2021**
**UDIN: F004764C000449626**

**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, Instituional 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, Instituional 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) 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 31st March, 2021 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 | MANOJ MISHRA | 06408953 | 03/06/2015 | 02/06/2020 |
| 2 | VIRENDRA NATH DATT | 07823778 | 11/10/2018 | - |
| 3 | YASH PAUL BHOLA | 08551454 | 03/09/2019 | - |
| 4 | DHARAM PAL | 02354549 | 09/02/2016 | - |
| 5 | PARTHA SARTHI SENSHARMA | 03210350 | 28/12/2018 | - |
| 6 | KALPANA SAINI | 07820260 | 18/05/2017 | 24/04/2020 |
| 7 | NIRLEP SINGH | 08725698 | 01/04/2020 | - |
| 8 | ASHWIN KUMAR BALVANTRAY PANDYA | 03068985 | 04/05/2020 | - |

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: 26.04.2021**
**PLACE: NEW DELHI**
**UDIN: F004764C000179721**

**FOR PARVEEN RASTOGI & CO.**
**COMPANY SECRETARIES**

**PRAVEEN RASTOGI**
**M. NO. - 4764**
**C.P. NO. -2883**

Annexure-16

# Director's Profile

## Shri Virendra Nath Datt (DIN: 07823778)

Shri Virendra Nath Datt was born on 20.02.1962 aged about 59 years. Shri Datt has taken over as Director (Marketing) w.e.f. 11.10.2018. Shri Datt has been entrusted with the Additional Charge of the post of Chairman and Managing Director w.e.f. 03.06.2020 for one year and tenure for the same has been extended till further order from DoPT / Department of Fertilizers. He is MBA from Maharshi Dayanand University. Prior to NFL, he was Executive Director (Corporate Strategy, Planning & Advocacy) with GAIL (India) Limited. He was also on the board of Mahanagar Gas Ltd., Mumbai. Shri Datt has a rich marketing experience of over 34 years in the Natural Gas industry in India. He started his career with ONGC in 1985 and then moved to GAIL in 1995. Shri Datt has handled many important assignments in the Natural Gas business including import & marketing of regasified LNG in India, pooling of gas price for urea plants and numerous policy initiatives of the Government.

Shri Datt was a member of Stakeholders Relationship Committee upto 30.06.2020. He is member of Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility and Sustainable Development Committee and Risk Management Committee of the Company. Shri Datt is Director on the Board of Fertilizer Association of India. He is also Chairman on the Board of Ramagundam Fertilizers and Chemicals Limited.

## Shri Yash Paul Bhola (DIN: 08551454)

Shri Yash Paul Bhola was born on 08.12.1961 aged about 59 years. Shri Bhola has taken over as Director (Finance) on 03.09.2019. He is an MBA (Finance) and also a member of The Institute of Cost Accountants of India. Prior to his appointment as Director (Finance) in NFL, he was holding the position of Executive Director (F&A) in the Company. He has rich experience of more than three and a half decade handling various functional areas in Finance & Accounts Department at Units, Central Marketing Office and Corporate Office. He had successfully dealt various functional areas including strategic planning, policy matters, finalization of accounts, audit, costing and budgetary control, working capital management banking, ECBs, forex risk management, project evaluation, taxation, GST implementation etc. He had been actively involved in execution and implementation of various contracts/projects of importance.

Shri Bhola is member of Stakeholders Relationship Committee and Risk Management Committee of the Company. Shri Bhola is also the Nominee Director of NFL on the Board of Urvarak Videsh Limited.

## Shri Nirlep Singh Rai (DIN: 08725698)

Shri Nirlep Singh Rai was born on 28.08.1962 aged about 58 years. Shri Rai has taken over as Director (Technical) on 01.04.2020. He is a B.E. (Instrumentation & Control) from Thapar University. Prior to his appointment as Director (Technical) in NFL, he was CEO of Joint venture Company of NFL, RFCL. During his career spanning 34 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, Stakeholders Relationship Committee, Corporate Social Responsibility and Sustainable Development Committee and Risk Management Committee. Shri Rai is also the Nominee Director on the Board of Ramagundam Fertilizers and Chemicals Ltd.

## Shri Dharam Pal (DIN: 02354549)

Shri Dharam Pal was born on 25.10.1963 aged about 58 years is a senior IAS Officer. Shri Pal is BE (Electronics & Telecommunications) and also holds Master of Technology (Computer Controls & Instrumentation). He is also holding PG Diploma in Disaster Management. Shri Pal has held many senior positions withthe Central Government, Government of NCT of Delhi and UTs. He has also been conferred with National e-Governance Award.

Shri Dharam Pal is also Chairman & Managing Director of Fertilizer Corporation of India Limited and Hindustan Fertilizer Corporation Limited. Shri Pal is also member of Corporate Social Responsibility and Sustainable Development Committee of NFL.

## Shri Partha Sarthi Sen Sharma (DIN: 03210350)

Shri Partha Sarthi Sen Sharma was born on 30.06.1970 aged about 51 years. Shri Partha Sarthi Sen Sharma is an Engineering graduate in Mechanical Engineering from Delhi College of Engineering (now Delhi Technological University) and holds the degree of MBA from University of Ljubljana, Slovenia. He has held various significant posts in UP State bureaucracy such as CEO Greater Noida Industrial Development Authority (GNIDA); Commissioner of Rural Development, Uttar Pradesh and Project Director-Community Project, Rural Development; Secretary in UP Chief Minister Office, Uttar Pradesh; Secretary Uttar Pradesh Secondary Education; Secretary Additional Sources of Energy etc. He has also worked in Corporate Sector with TELCO, Jamshedpur before becoming an IAS Officer.

Presently, he is also Chairman & Managing Director of Projects and Development India Limited. Shri Sen Sharma is also member of Nomination and Remuneration Committee of NFL.

## Shri Pandya Ashwinkumar Balvantray (DIN: 03068985)

Shri Pandya Ashwinkumar Balvantray was born on 23.04.1955, aged about 66 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 Chairperson of International Commission on Irrigation and Drainage. Prior Joining NFL as Non-Official Independent Director, he has 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 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.

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

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN: 07823778

**Registered Office:**
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003.
**Date:** 26.08.2021

CORPORATE OFFICE

VIJAIPUR I & II PLANT

BATHINDA PLANT

NANGAL PLANT

PANIPAT PLANT

# AUDITED FINANCIAL STATEMENTS 2020-2021

# 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 2021, 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 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 2021, the net 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. 33 of accompanying standalone financial statements regarding recognizing of one-time payment amounting to ₹ 167.55 crores towards reimbursement of conversion cost of the plant representing return on own funds for FY 2012-13 to 2017-18 as "Other Operating Revenue" under the head "Revenue from Operations". 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 | **Revenue recognition**<br>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) 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.<br>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.<br>Therefore, there is a risk of revenue being misstated on account of estimation of concession/ Import Parity Price (IPP) rates yet to be notified.<br>Process of Collection, utilization and retention of Retailer Margin. | **Principal Audit Procedures**<br>The following principal audit procedures have been performed by us in relation to revenue recognition:<br>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 Ministry to Government of India.<br>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.<br>c) We have reviewed directions of Department of Fertilizer, various Notifications issued from time to time and management assessment in relation to retailer margin. |
| 2 | **Estimation of Provision & Contingent Liabilities**<br>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.<br>Resolution of litigations and claims proceedings may span over multiple years beyond 31 March 2021.<br>The determination of a provision or contingent liability requires significant judgement by the Company because of the inherent complexity in estimating future costs. The Company has reported Contingent liabilities amounting to ₹ 118.17 Crores in Note 47 to standalone financial statement.<br>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 and magnitude of potential exposures is significant across the Company. Significant judgment is necessary to estimate the likelihood, timing and amount of the cash outflows, interpretations of the legal aspects, legislations and judgements previously made by the authorities. | **Principal Audit Procedures**<br>Our audit process involved understanding of identification process relating to litigations, claims and contingent liabilities.<br>We have evaluated the design and testing the operating effectiveness of controls in respect of process.<br>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.<br>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. |
| 3 | **Trade receivables**<br>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 2021 amounting to ₹2634.09 crores includes subsidy receivable of ₹2162.69 crores receivable from | **Principal Audit Procedures**<br>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:<br>a) In respect of Subsidy recoverable from Government of India, as no confirmation of |

| | | |
|---|---|---|
| | Government of India.<br>Refer Note 12 to the Standalone Financial Statements. | balance is on record, we have relied on the management's assertion on the recoverability.<br>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).<br>b) In respect of receivables other than Subsidy receivables, management have sent request for confirmation from the parties. The response to the request were checked together, subsequent realisation check were also performed and long outstanding balances have been reviewed. |
| *4* | **Property, Plant and Equipment**<br>Management judgment is utilised for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/amortization rates. These include the decision to 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. | **Principal Audit Procedures**<br>a) Testing of controls in place over the fixed assets cycle,<br>b) Evaluation of appropriateness of capitalization process performed tests to verify the capitalized costs,<br>c) Assessment of the timelines of the capitalization of the assets and assessed the derecognition criteria for assets retired from active use.<br>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:<br>a) Identification of the nature of underlying costs capitalized,<br>b) Determination of realizable value of the assets retired from active use,<br>c) Appropriateness of asset lives applied in the calculation of depreciation/ amortization,<br>d) Useful lives of assets prescribed in Schedule II of the Companies Act, 2013. |
| *5* | **Capital Work in Progress**<br>The Company is in the process of executing various energy reduction projects in Nangal, Bhatinda and Panipat plant. This is a major capitalization against which major debt has been taken from Bank(s).<br>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.<br>During the year, the Company has made a net addition of ₹206.13 crores in Capital Work in Progress including expenditure during construction phase ₹ 58.49 crores towards its plants out of which ₹ 8.63 crores have been capitalized. Total CWIP as on 31 March 2021 amounts ₹ 862.43 crores. | **Principal Audit Procedures**<br>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.<br>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.<br>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. |

| | | |
|---|---|---|
| *6* | **Impact of Covid-19**<br>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. However, the situation with COVID-19 is still evolving. Also, the various preventive measures taken (such as lockdown restrictions by the Government of India, travel restrictions etc.) are still in force, leading to a highly uncertain economic environment.<br>However, the management's assessment of the impact on the subsequent period is immaterial.<br>Refer Note 59 of Standalone Financial Statements | **Principal Audit Procedures**<br>The audit procedures included but were not limited to:<br>a) Obtaining a detailed understanding of future business climate and demand potential.<br>The audit procedures included but were not limited to:<br>a) Obtaining a detailed understanding of future business climate ab) Subsequent performance upto the date of signing the report.<br>c) Minutes of the Audit Committee/ Board and discussions with the appropriate Management personnel.<br>Possible outcomes and the reasonableness of the estimates and demand potential. |

## 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 are 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.

## Other Matters

The standalone financial statements of the Company for the year ended 31 March 2020 were audited by the joint auditors of the Company, one of which is the predecessor audit firm, and have expressed an unmodified opinion vide their report dated 30 July 2020 on such financial statements.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **"Annexure A"**, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(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"**;
   (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 47 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.

**For MEHRA GOEL & COMPANY**
**Chartered Accountants**
**Firm's Registration No.: 000517N**

**(Devinder Kumar Aggarwal)**
**Partner**
**Membership number: 087716**
**UDIN No. : 21087716AAAABV5997**

**For ARUN K. AGARWAL & ASSOCIATES**
**Chartered Accountants**
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**
**Partner**
**Membership number: 413012**
**UDIN No. : 21413012AAAAAX8029**

Place: Noida
Date: 10-06-2021

# ANNEXURE "A"

**The Annexure refer to in Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021, we report that:**

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of the available information.

(b) As explained to us, the Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of fixed assets has been carried out by the management during the year. We are informed that discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. 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) According to the information and explanations given to us and on the basis and on the basis of our examination of the Company, the title deeds of immovable properties are held in the name of the Company except the following:

| Nature | Area (in Acres) | Net Carrying Amount (₹ in crores) |
|---|---|---|
| Freehold Land at Bhatinda | 14.261 | 0.15 |
| Leasehold Land at Vijaipur | 1250.254 | * |
| Freehold Land at Alwar | 0.164 | * |

* Value is less than or equal to ₹1, hence figure not given in crores.

Further, symbolic possession of 325.70 acres of land at Nangal (having net carrying amount ₹ 0.12 crores) was taken by the Punjab Government on 29.10.1998 against which the company has filed a Civil Writ Petition in the Punjab & Haryana High Court and the matter is sub-judice.

(ii) The physical verification of the inventory has been carried out by the management in accordance with the perpetual inventory programme, at regular intervals during the year. The discrepancies noticed have been properly dealt within the books of account;

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii)(a), (b) and (c) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) According to the information and explanation given to us, the Company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. 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) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and Goods and Service Tax and other statutory dues.

According to the information and explanations given to us, no undisputed amounts remain payable in respect of such statutory liabilities as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the particulars of the statutory dues as at 31 March 2021 which have not been deposited on account of a dispute are as under:

| 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 | 33.08 | AY 2006-07 and AY 2011-12 to 2014-15 | ITAT, Delhi |
| | Income Tax | 6.74 | AY 2017-18 | CIT (Appeals) |

| | | | | |
|---|---|---|---|---|
| | Income Tax | 8.03 | AY 2018-19 | CIT (Appeals) |
| Custom Act, 1962 | Custom Duty | 6.02 | 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 VAT Act | VAT | 0.55 | 2006-07 to 2009-10 | VAT Tribunal, Punjab |
| Punjab Municipal Act | Property Tax | 0.81 | 2007-08 to 2009-10 & 2013-14 | Municipal Council, Nangal |
| | | 0.09 | 1982-83 to 1990-91 | |
| Haryana Local Development tax Act, 2000 | 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 | Assistant Commissioner, Gwalior |
| 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 | MP Commercial Tax Appellate Board, Bhopal |
| MP Vidyut Shulk Adhiniyam, 2012 | Electricity Generation Duty & Cess | 0.47 | 2008-09 to 2012-13 | MP High Court, Jabalpur Bench, Gwalior |
| Municipal Corporation Bathinda | Octroi Charges | 0.40 | FY 1998-99, 1991-92 | Punjab and Haryana High Court |
| Finance Act | Penalty on Service Tax | 0.17 | FY 2016-17 | Commissioner (Appeals), Ludhiana |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank or bonds/debenture holders as at the Balance Sheet date.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In view of the Government Notification No. GSR 463 (E) dated 5 June 2015; Government Companies are exempt from the applicability of Section 197 of the Companies Act 2013. Accordingly, clause 3 (xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

**For MEHRA GOEL & COMPANY**
**Chartered Accountants**
**Firm's Registration No.: 000517N**

**(Devinder Kumar Aggarwal)**
**Partner**
**Membership number: 087716**
**UDIN No. : 21087716AAAABV5997**

Place: Noida
Date: 10-06-2021

**For ARUN K. AGARWAL & ASSOCIATES**
**Chartered Accountants**
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**
**Partner**
**Membership number: 413012**
**UDIN No. : 21413012AAAAAX8029**

# ANNEXURE "B"

**The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone financial statement for the year ended 31 March 2021.**

## COMPLIANCE CERTIFICATE

We have conducted the audit of the accounts of National Fertilizers Limited for the year ended 31 March 2021 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. : 21087716AAAABV5997**

**For ARUN K. AGARWAL & ASSOCIATES**
**Chartered Accountants**
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**
**Partner**
**Membership number: 413012**
**UDIN No. : 21413012AAAAAX8029**

Place: Noida
Date: 10-06-2021

# AUDIT REPORT OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR 2020 -2021 PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

## I. Directions for the year 2020-21

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 2020-21

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 2021 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 10.80 lakh MT through POS machine to beneficiaries as on 31 March 2021, subsidy of ₹1276.70 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 33 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, 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(b) 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. : 21087716AAAABV5997**

**For ARUN K. AGARWAL & ASSOCIATES**
**Chartered Accountants**
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**
**Partner**
**Membership number: 413012**
**UDIN No. : 21413012AAAAAX8029**

Place: Noida
Date: 10-06-2021

# ANNEXURE "C"

**The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone financial statement for the year ended 31 March 2021.**

**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 2021 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 2021, 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. : 21087716AAAABV5997**

**For ARUN K. AGARWAL & ASSOCIATES**
**Chartered Accountants**
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**
**Partner**
**Membership number: 413012**
**UDIN No. : 21413012AAAAAX8029**

Place: Noida
Date: 10-06-2021

# Balance Sheet as at 31st March 2021

₹ in Crore

| | Note | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **(1) NON-CURRENT ASSETS** | | | |
| a) Property, Plant and Equipment | 2 | 3608.72 | 3717.37 |
| b) Right-of-Use Assets | 3 | 3.93 | 4.62 |
| c) Investment Property | 4 | 1.11 | 1.18 |
| d) Capital Work In Progress | 5 | 862.43 | 656.30 |
| e) Other Intangible Assets | 6 | 1.31 | 2.41 |
| **f) Financial Assets** | | | |
| i) Investments | 7 | 447.65 | 341.56 |
| ii) Loans | 8 | 5.59 | 6.88 |
| iii) Other Financial Assets | 9 | 8.10 | 8.12 |
| g) Deferred Tax Assets (Net) | 25 | - | 27.63 |
| h) Other Non-Current Assets | 10 | 1.03 | 0.63 |
| | | **4939.87** | **4766.70** |
| **(2) CURRENT ASSETS** | | | |
| a) Inventories | 11 | 438.03 | 1276.48 |
| **b) Financial Assets** | | | |
| i) Trade Receivables | 12 | 2634.09 | 7735.33 |
| ii) Cash and Cash Equivalents | 13 | 39.33 | 19.53 |
| iii) Other Bank Balances | 14 | 2.89 | 2.67 |
| iv) Loans | 15 | 2.85 | 3.12 |
| v) Other Financial Assets | 16 | 58.93 | 288.72 |
| c) Current Tax Assets (Net) | 17 | 48.68 | 48.38 |
| d) Other Current Assets | 18 | 278.77 | 441.42 |
| | | **3503.57** | **9815.65** |
| | | **8443.44** | **14582.35** |
| **II. EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity Share Capital | 19 | 490.58 | 490.58 |
| (b) Other Equity | 20 | 1680.86 | 1430.36 |
| | | **2171.44** | **1920.94** |
| **LIABILITIES** | | | |
| **(1) NON-CURRENT LIABILITIES** | | | |
| **a) Financial Liabilities** | | | |
| i) Borrowings | 21 | 648.01 | 596.85 |
| ii) Other Financial Liabilities | 22 | 23.80 | 21.93 |
| b) Provisions | 23 | 201.47 | 204.98 |
| c) Deferred Government Grant | 24 | 2116.74 | 2332.28 |
| d) Deferred Tax Liabilities (Net) | 25 | 13.46 | - |
| e) Other Non-Current Liabilities | 26 | 8.03 | 0.75 |
| | | **3011.51** | **3156.79** |
| **(2)CURRENT LIABILITIES** | | | |
| **a) Financial Liabilities** | | | |
| i) Borrowings | 27 | 1135.11 | 7333.77 |
| ii) Trade Payables | 28 | | |
| - Micro and Small Enterprises | | 1.85 | 1.32 |
| - Other than Micro and Small Enterprises | | 728.32 | 895.34 |
| iii) Other Financial Liabilities | 29 | 771.45 | 676.20 |
| b) Provisions | 30 | 293.44 | 230.85 |
| c) Deferred Government Grant | 31 | 204.25 | 222.99 |
| d) Other Current Liabilities | 32 | 126.07 | 144.15 |
| | | **3260.49** | **9504.62** |
| | | **8443.44** | **14582.35** |

Significant accounting policies
The accompanying notes forms an integral part of these financial statements 1

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

**(Ashok Jha)**
Company Secretary
A-14100

**(N. S. Verma)**
ED (F&A)

**(Y. P. Bhola)**
Director (Finance)
DIN No.08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN No.07823778

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: 10.06.2021**

# Statement of Profit and Loss for the year ended 31st March 2021

₹ in Crore

| | Note | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from Operations | 33 | 11905.66 | 13135.36 |
| Other Income | 34 | 33.34 | 57.40 |
| **Total Revenue (I)** | | **11939.00** | **13192.76** |
| **Expenses** | | | |
| Cost of Materials Consumed | 35 | 3698.19 | 4577.13 |
| Purchase of Stock- in- Trade | 36 | 2118.70 | 2263.02 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in- Trade | 37 | 760.61 | 413.10 |
| Employee Benefits Expense | 38 | 607.34 | 599.32 |
| Power and Fuel | 39 | 2549.65 | 3105.44 |
| Freight and Handling | | 937.65 | 1018.39 |
| Repair and Maintenance | 40 | 80.22 | 85.33 |
| Finance Cost | 41 | 291.23 | 405.48 |
| Depreciation and Amortization Expense | 42 | 312.27 | 374.43 |
| Other Expenses | 43 | 239.68 | 214.98 |
| **Total Expenses (II)** | | **11595.54** | **13056.62** |
| **Profit / (Loss) before exceptional item and tax (III) = (I) - (II)** | | **343.46** | **136.14** |
| **Exceptional Item (IV)** | **44** | **-** | **388.85** |
| **Profit/(Loss) before Tax (V)=(III)-(IV)** | | **343.46** | **(252.71)** |
| **Tax expenses:** | **45** | | |
| Current tax | | 52.85 | 8.51 |
| Deferred tax | | 41.09 | (89.05) |
| Short / (Excess) tax for earlier years | | (0.11) | (1.16) |
| **Total Tax Expense (VI)** | | **93.83** | **(81.70)** |
| **Profit/(Loss) for the year (VII)=(V)-(VI)** | | **249.63** | **(171.01)** |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to Profit & Loss** | | | |
| Remeasurement of Defined Employee Benefit obligations | | 1.17 | (33.81) |
| Income Tax relating to above items | | (0.30) | 8.51 |
| **Other Comprehensive Income (net of tax) (VIII)** | | **0.87** | **(25.30)** |
| **Total Comprehensive Income (IX) = (VII) + (VIII)** | | **250.50** | **(196.31)** |
| **Earnings per share** | 46 | | |
| Basic earnings per share of ₹ 10 each | | **5.09** | **(3.49)** |
| Diluted earnings per share of ₹ 10 each | | **5.09** | **(3.49)** |
| 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

**(N. S. Verma)**
ED (F&A)

**(Y. P. Bhola)**
Director (Finance)
DIN No.08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN No.07823778

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: 10.06.2021**

# Statement of Cash Flows for the year ended 31st March 2021

₹ in Crore

| | | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES:** | | | |
| **Net Profit/(Loss) Before Tax** | | **343.46** | **(252.71)** |
| Adjustments For : | | | |
| Depreciation / Amortization | | 312.27 | 374.43 |
| Finance Charges | | 291.23 | 405.48 |
| Amortisation of Deferred Govt Grant | | (194.12) | (278.11) |
| Interest Income | | (9.11) | (3.88) |
| Profit on Sale of Fixed Assets | | (1.15) | (3.28) |
| Exchange Rate Variation (Net) | | 19.03 | 3.79 |
| Provision for Doubtful Debts/ Advances | | 4.11 | (1.87) |
| Provision for Obsolete/Surplus Stores | | 0.10 | 0.05 |
| Stores and Spares write offs | | 3.93 | 3.45 |
| Assets Written off | | 0.13 | 0.12 |
| Other Write off | | 0.03 | **0.11** |
| **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | | **769.91** | **247.58** |
| Adjustments For : | | | |
| Trade and Other Receivables | | 5487.64 | (625.14) |
| Inventories | | 834.39 | 305.95 |
| Trade Payables, Provisions & Others Liabilities | | (40.67) | (194.11) |
| Direct Taxes paid | | (18.06) | (43.42) |
| **NET CASH FROM OPERATING ACTIVITIES** | **"A"** | **7033.21** | **(309.14)** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of PPE (including CWIP) | | (418.70) | (759.68) |
| Investment in Joint Ventures | | (106.09) | (67.84) |
| Proceeds from disposal of PPE | | 4.88 | 4.11 |
| Interest Received | | 11.27 | 3.62 |
| **NET CASH FROM INVESTING ACTIVITIES** | **"B"** | **(508.64)** | **(819.79)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans | | (6198.66) | 1211.66 |
| Long Term Loan | | (16.43) | 427.35 |
| Interest Paid | | (287.77) | (403.95) |
| Dividend/Distribution Tax paid | | - | (101.72) |
| Payment of Lease Liabilities | | (1.91) | (1.48) |
| **NET CASH FROM FINANCING ACTIVITIES** | **"C"** | **(6504.77)** | **1131.86** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **(A+B+C)** | **19.80** | 2.93 |
| Cash And Cash Equivalents (Closing Balance) | | 39.33 | 19.53 |
| Cash And Cash Equivalents (Opening Balance) | | 19.53 | 16.60 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **19.80** | **2.93** |
| **Reconciliation of Cash and Cash Equivalents with the Balance Sheet** | | | |
| **Components of Cash and Cash Equivalents (Note - 13)** | | | |
| **Balances with banks** | | | |
| Current accounts | | 28.71 | 14.52 |
| Remittances in transit | | 10.60 | 4.99 |
| Cash on hand | | 0.02 | 0.02 |
| | **Total** | **39.33** | **19.53** |

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

**(Ashok Jha)**
Company Secretary
A-14100

**(N. S. Verma)**
ED (F&A)

**(Y. P. Bhola)**
Director (Finance)
DIN No.08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN No.07823778

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: 10.06.2021**

# Statement of Changes in Equity

## A. Equity Share Capital

₹ in Crore

| | Notes | Amount |
|---|---|---|
| As at 1st April 2019 | 19 | 490.58 |
| Change in equity share capital during the year | | - |
| **As at 31st March 2020** | | **490.58** |
| As at 1st April 2020 | 19 | 490.58 |
| Change in equity share capital during the year | | - |
| **As at 31st March 2021** | | **490.58** |

## B. Other Equity

₹ in Crore

| Particulars | Reserve & Surplus | | | |
|---|---|---|---|---|
| | Capital Reserve | General Reserve | Retained Earning | Total |
| **Opening balance as at 1st April 2019** | **2.51** | **332.89** | **1,393.04** | **1,728.44** |
| Profit for the year | - | - | (171.01) | (171.01) |
| Comprehensive income for the year | - | - | (25.30) | (25.30) |
| **Total Comprehensive Income for the year** | - | - | **(196.31)** | **(196.31)** |
| Dividend Paid ( Including Tax on Dividend) | - | - | (101.72) | (101.72) |
| Transfer to/(from) retained earnings | - | - | - | - |
| Adjustment of Transitional Provision of Lease Asset | - | - | (0.05) | (0.05) |
| **Closing balance as at 31st March 2020** | 2.51 | 332.89 | **1,094.96** | **1,430.36** |
| **Opening balance as at 1st April 2020** | **2.51** | **332.89** | **1,094.96** | **1,430.36** |
| Profit for the year | - | - | 249.63 | 249.63 |
| Comprehensive income for the year | - | - | 0.87 | 0.87 |
| **Total Comprehensive Income for the year** | - | - | **250.50** | **250.50** |
| Dividend Paid (Including Tax on Dividend) | - | - | - | - |
| **Closing Balance as at 31st March 2021** | **2.51** | **332.89** | **1,345.46** | **1,680.86** |

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

**(Ashok Jha)**
Company Secretary
A-14100

**(N. S. Verma)**
ED (F&A)

**(Y. P. Bhola)**
Director (Finance)
DIN No.08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN No.07823778

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: 10.06.2021**

# Notes to the Financial Statements 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 10.06.2021.

### 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 (IndAS) 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 IndAS 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 50 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 within 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.

### 1.2.13Leases

**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 animpairment 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 56 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 completeand 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 madeby 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 31st March 2021

## Note: 2 Property, Plant and Equipment

₹ in Crore

| Description | Gross Carrying Amount as on 1st April 2020 | Additions | Deductions/ Adjustments | Gross Carrying Amount as on 31st March 2021 | Depreciation | | | | Net carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Accumulated Depreciation as on 1st April 2020 | For the year | Deductions / Adjustments | Accumulated Depreciation Upto 31st March 2021 | As at 31st March 2021 | As at 31st March 2020 |
| **LAND** | | | | | | | | | | |
| - Freehold | 12.19 | - | - | 12.19 | - | - | - | - | 12.19 | 12.19 |
| - Leasehold | 6.35 | - | - | 6.35 | 0.50 | 0.10 | - | 0.60 | 5.75 | 5.85 |
| **BUILDINGS** | | | | | | | | | | |
| - on Freehold Land | 122.75 | 7.95 | - | 130.70 | 27.01 | 4.68 | - | 31.69 | 99.01 | 95.74 |
| - on Leasehold Land | 34.61 | 0.54 | - | 35.15 | 17.54 | 1.12 | - | 18.66 | 16.49 | 17.07 |
| Leasehold Buildings | 0.28 | - | - | 0.28 | 0.25 | 0.03 | - | 0.28 | | 0.03 |
| Plant and Machinery | 4889.18 | 183.96 | (3.47) | 5076.61 | 1342.34 | 288.89 | (6.50) | 1637.73 | 3438.88 | 3546.84 |
| Furniture and Fixtures | 2.74 | 0.97 | (0.29) | 4.00 | 1.13 | 0.61 | (0.31) | 2.05 | 1.95 | 1.61 |
| Vehicles | 8.87 | 1.39 | 2.09 | 8.17 | 3.76 | 0.70 | 2.09 | 2.37 | 5.80 | 5.11 |
| Office Equipments | 5.29 | 1.52 | (0.37) | 7.18 | 2.37 | 1.19 | (0.41) | 3.97 | 3.21 | 2.92 |
| **OTHERS** | | | | | | | | | | |
| Electrical Installations | 20.64 | 1.01 | - | 21.65 | 13.12 | 2.22 | - | 15.34 | 6.31 | 7.52 |
| Railway Sidings | 1.10 | 0.85 | - | 1.95 | 0.97 | 0.06 | - | 1.03 | 0.92 | 0.13 |
| EDP Equipments | 48.27 | 1.79 | 0.20 | 49.86 | 37.16 | 6.63 | 0.16 | 43.63 | 6.23 | 11.11 |
| Other Equipments | 32.74 | 3.53 | 5.29 | 30.98 | 21.49 | 2.80 | 5.29 | 19.00 | 11.98 | 11.25 |
| **As at 31st March, 2021** | **5185.01** | **203.51** | **3.45** | **5385.07** | **1467.64** | **309.03** | **0.32** | **1776.35** | **3608.72** | **3717.37** |
| **As at 31st March, 2020** | **5087.34** | **101.55** | **3.88** | **5185.01** | **1098.65** | **371.57** | **2.58** | **1467.64** | **3717.37** | |

**Footnote:**

a. Title/Lease Deed for land acquired at Vijaipur (₹ 4.36 crore), Bathinda (₹ 0.15 crore), Alwar (*) are pending execution.

b. Out of total land of 2541.82 acres (the total land was inadvertently reported as 2578 acres during past years), land Measuring 325.70 acres at Nangal (₹ 0.12 crore) had been symbolically possessed by the Punjab Government on 29.10.1998 without determination of consideration. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners.

c. Ammonia Feed Stock Conversion Projects from `LSHS/FO' to `Gas' at Bathinda, Panipat & Nangal Unit under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production have been capitalised on 11th March.2013, 28th March 2013 and 18th July 2013 respectively. Accordingly, Property, Plant & Equipment (Gross) include assets amounting to ₹ 3909.25 crore (CPLY ₹ 3949.99 crore) represented by capital grant as disclosed in Note: 24 & 31 relating to Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹ 2315.45 crore (CPLY ₹ 2546.62 crore) as on 31.03.2021.

d. In terms of exemption granted under Ind AS 101, the company has opted to treat exchange difference arising from translation of long term foreign currency monetary items as addition/deletion to Property, Plant & Equipment. Accordingly, an exchange loss/(gain) of ₹ (1.75 crore) crore (CPLY loss of ₹8.31 crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2021. The unamortized amount of exchange difference as on 31.03.2021 is ₹ 63.51 crore (CPLY ₹ 68.87 crore).

* The value of Land at Alwar is ₹ 1, hence figure not given.

# Notes to Financial Statements for the year ended 31st March 2021

## Note: 3 Right-of-Use Assets

₹ in Crore

| Description | Gross Carrying Amount as on 1st April 2020 | Transitional Impact of Ind AS 116 | Additions | Deductions/ Adjustments | Gross Carrying Amount as on 31st March 2021 | Depreciation | | | | Net carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Accumulated Depreciation as on 1st April 2020 | For the year | Deductions/ Adjustments | Accumulated Depreciation up to 31st March 2021 | As at 31st March 2021 | As at 31st March 2020 |
| Vehicles | 6.25 | - | 1.30 | 0.06 | 7.49 | 1.63 | 1.99 | **0.06** | 3.56 | 3.93 | 4.62 |
| **As at 31st March, 2021** | **6.25** | **-** | **1.30** | **0.06** | **7.49** | **1.63** | **1.99** | **0.06** | **3.56** | **3.93** | **4.62** |
| **As at 31st March, 2020** | **-** | **6.25** | **-** | **-** | **6.25** | **-** | **1.63** | **-** | **1.63** | **4.62** | |

**Amount recognised in Statement of Profit and Loss Account**

₹ in Crore

| Particulars | FY 2020-21 | FY 2019-20 |
|---|---|---|
| Depreciation charged for the Right- of- Use Asset | 1.99 | 1.63 |
| Interest Expense | 0.39 | 0.44 |

The Total Cash Outflow for leases for the year ended March 31, 2021 was ₹ 2.30 crore (CPLY ₹ 1.92 crore)

The following is the movement in lease liabilities during the year ended March 31, 2021

₹ in Crore

| Particulars | FY 2020-21 | FY 2019-20 |
|---|---|---|
| Opening Balance | 4.82 | 6.30 |
| Additions during the period | 1.30 | - |
| Finance Cost accrued during the period | 0.39 | 0.44 |
| Less : Payment of Lease Liability | 2.30 | 1.92 |
| **Closing Balance** | **4.21** | **4.82** |
| Lease Liability - Current (Note No. - 29) | 3.34 | 1.67 |
| Lease Liability - Non Current (Note No. - 22) | 0.87 | 3.15 |

# Notes to Financial Statements for the year ended 31st March 2021

## Note: 4 Investment Property

₹ in Crore

| Description | Gross Carrying Amount as on 1st April 2020 | Additions | Deductions/ Adjustments | Gross Carrying Amount as on 31st March 2021 | Depreciation | | | | Net carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Accumulated Depreciation as on 1st April 2020 | For the year | Deductions/ Adjustments | Accumulated Depreciation up to 31st March 2021 | As at 31st March 2021 | As at 31st March 2020 |
| **Building** | | | | | | | | | | |
| Scope Building – New Delhi | 1.18 | - | - | 1.18 | 0.18 | 0.04 | - | 0.22 | 0.96 | 1.00 |
| Paryavas Bhawan – Bhopal | 0.30 | - | - | 0.30 | 0.17 | 0.03 | - | 0.20 | 0.10 | 0.13 |
| Bajaj Bhawan - Mumbai | 0.05 | - | - | 0.05 | - | - | - | - | 0.05 | 0.05 |
| **As at 31st March, 2021** | **1.53** | - | - | **1.53** | **0.35** | **0.07** | - | **0.42** | **1.11** | **1.18** |
| **As at 31st March, 2020** | **1.53** | - | - | **1.53** | **0.28** | **0.07** | - | **0.35** | **1.18** | |

(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 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Rental Income derived from investment properties.** | **12.41** | **12.74** |
| Less : Direct operating expenses (including repairs and maintenance) generating rental income | 0.30 | 0.35 |
| Less : Direct operating expenses (including repairs and maintenance) that did not generate rental income | 0.01 | 0.01 |
| **Profit arising from investment properties before depreciation and indirect expense.** | **12.10** | **12.38** |
| Less: Depreciation | 0.07 | 0.07 |
| **Profit arising from investment properties before indirect expense.** | **12.03** | **12.31** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 5 Capital Work-In-Progress

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Building | 12.31 | 6.83 |
| Plant and Machinery | 664.57 | 582.94 |
| Capital Stores | 65.29 | 17.87 |
| Others | 22.22 | 0.48 |
| Expenditure During Construction Period | 98.04 | 48.18 |
| | **862.43** | **656.30** |
| **Details of Expenditure During Construction Period** | | |
| **Opening Balance** | **48.18** | **15.00** |
| **Add: Expenditure during the year :** | | |
| Employees' Remuneration & Benefits | 0.98 | 1.69 |
| Power & fuel | 0.70 | 0.29 |
| Project Management fee | 0.50 | 2.83 |
| Other Expenses | 3.82 | (3.14) |
| Finance cost | 45.21 | 27.04 |
| Trial Run Expense: | | |
| Gas | 6.05 | 2.99 |
| Power | 1.03 | 1.48 |
| Salary & Wages | 0.20 | - |
| **Total** | **58.49** | **33.18** |
| **Total Expenditure** | **106.67** | **48.18** |
| **Less: Transfer to Property, Plant & Equipment** | 8.63 | - |
| **Closing Balance** | **98.04** | **48.18** |

## Note: 6 Other Intangible Assets

₹ in Crore

| Description | Gross Block | | | | Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross Carrying Amount as on 1st April 2020 | Additions | Deductions/ Adjustments | Gross Carrying Amount as on 31st March 2021 | Accumulated Depreciation as on 1st April 2020 | For the year | Deductions/ Adjustments | Accumulated Depreciation upto 31st March 2021 | As at 31st March 2021 | As at 31st March 2020 |
| Computer Software | 0.98 | 0.08 | 0.05 | 1.01 | 0.80 | 0.16 | 0.05 | 0.91 | 0.10 | 0.18 |
| Licence and Know-how | 26.18 | - | - | 26.18 | 23.95 | 1.02 | - | 24.97 | 1.21 | 2.23 |
| **As at 31st March, 2021** | **27.16** | **0.08** | **0.05** | **27.19** | **24.75** | **1.18** | **0.05** | **25.88** | **1.31** | **2.41** |
| **As at 31st March, 2020** | **26.75** | **0.06** | **(0.35)** | **27.16** | **23.24** | **1.16** | **(0.35)** | **24.75** | **2.41** | |

# Notes to Financial Statements for the year ended 31st March 2021

## Note: 7 Investments

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Investment in joint venture (Unquoted) #** | | |
| 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) | (0.15) |
| | 0.02 | 0.03 |
| 44,76,28,200 Equity Shares (CPLY 34,15,28,200 Equity Shares) with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)$ | 447.63 | 341.53 |
| | 447.65 | 341.56 |
| Aggregate amount of unquoted investments | 447.81 | 341.71 |
| Aggregate provision for diminution in value of investments | (0.16) | (0.15) |
| | **447.65** | **341.56** |
| **Investment in Equity Instruments of Co-operative Societies (Unquoted)*** | | |
| 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) | * | * |
| | **447.65** | **341.56** |

* 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 | |
|---|---|---|---|
| | | 31st March 2021 | 31st March 2020 |
| Urvarak Videsh Limited | India | 33.33 | 33.33 |
| Ramagundam Fertilizers & Chemicals Limited | India | 26.00 | 26.00 |

$ Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited and Fertilizer Corporation of India has been incorporated on 17.02.2015 for setting up of Fertilizer Unit at Ramagundam, Telangana under New Investment Policy, 2012. RFCL has declared commercial operation on 22.03.2021. The annual urea capacity of plant is 12.71 Lakhs MT.

** 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 on 04.11.2015.

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 8 Loans

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Secured, considered good** | | |
| Loans to employees | 5.58 | 6.85 |
| **Unsecured, considered good** | | |
| Loans to employees | 0.01 | 0.03 |
| | **5.59** | **6.88** |

## Note : 9 Other Financial Assets

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Security Deposits | - | 0.02 |
| Margin Money against Bank Guarantees (more than one year) | 8.10 | 8.10 |
| | **8.10** | **8.12** |

## Note :10 Other Non-Current Assets

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Unsecured, considered good** | | |
| Others | 1.03 | 0.63 |
| | **1.03** | **0.63** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 11 Inventories

₹ in Crore

| | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| Raw materials | 1.07 | | 0.39 | |
| Add: In transit | 0.36 | 1.43 | 0.09 | 0.48 |
| Work in Progress | | 16.43 | | 25.31 |
| Finished goods | 57.76 | | 362.48 | |
| Add: In transit | 40.22 | 97.98 | 98.87 | 461.35 |
| Traded goods | 109.86 | | 484.91 | |
| Add: In transit | 0.46 | 110.32 | 13.78 | 498.69 |
| Stores and spares | 193.16 | | 273.26 | |
| Add: In transit | 3.40 | | 1.45 | |
| Less: Provision for Obsolescence | 1.83 | 194.73 | 1.73 | 272.98 |
| Packing Materials | 15.12 | | 16.53 | |
| Add: In transit | 2.02 | 17.14 | 1.14 | 17.67 |
| | | **438.03** | | **1276.48** |

Inventories have been valued at lower of cost or net realizable value considering Note No.1.2.18 of Accounting Policy.

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 12 Trade Receivables

₹ in Crore

| | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| Trade Receivables outstanding for a period more than six months from the date they are due for payment | | | | |
| Subsidy (Government of India)# | 46.02 | | 1204.19 | |
| Others | 14.63 | 60.65 | 12.90 | 1217.09 |
| Trade Receivables less than six months | | | | |
| Subsidy (Government of India)# | 2116.67 | | 5785.92 | |
| Others | 469.75 | 2586.42 | 742.17 | 6528.09 |
| Provision for doubtful receivables | | (12.98) | | (9.85) |
| | | **2634.09** | | **7735.33** |
| Aggregate of trade receivables: | | | | |
| Unsecured, considered good (including secured debts backed by bank guarantees ₹ 1.74 crore, (CPLY ₹1.61 crore) | | 2634.09 | | 7735.33 |
| Unsecured, considered doubtful | | 12.98 | | 9.85 |
| Provision for doubtful receivables | | (12.98) | | (9.85) |
| | | **2634.09** | | **7735.33** |

# The Total Subsidy Receivable is ₹ 2162.69 crore (CPLY ₹ 6990.11 crore) which is nett off Subsidy received as loan under Special Banking Arrangement amounting to ₹ Nil (CPLY ₹ 1215.14 crore) and the same is appearing in Note No. 27 - Borrowing.

The procedure for release of subsidy has been revised by DoF with the introduction of Direct Benefit Transfer (DBT) Scheme for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea was released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of Urea and P&K fertilizer totalling 10.80 lakh MT through POS device to beneficiaries as on 31.03.2021, subsidy of ₹ 1276.70 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 12.57 lakh MT and subsidy ₹ 1353.54 crore).

# Notes to Financial Statements for the year ended 31st March 2021

## Note: 13 Cash and Cash Equivalents

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Balances with banks** | | |
| Current accounts | 28.71 | 14.52 |
| Remittances in transit | 10.60 | 4.99 |
| **Cash on hand** | 0.02 | 0.02 |
| | **39.33** | **19.53** |

## Note: 14 Other Bank Balances

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Margin Money against Bank Guarantees | 2.68 | 2.52 |
| Unclaimed dividend account | 0.21 | 0.15 |
| | **2.89** | **2.67** |

## Note : 15 Loans

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Secured, considered good** | | |
| Loans to employees | 1.18 | 1.39 |
| **Unsecured, considered good** | | |
| Loans to employees | 1.67 | 1.73 |
| | **2.85** | **3.12** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 16 Other Financial Assets

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Security Deposits | 24.22 | 23.47 |
| Capital Grant recoverable from Government of India (GOI)$ | - | 203.77 |
| Interest Subsidy recoverable from Government of India | - | 2.23 |
| Claims recoverable | 30.67 | 55.88 |
| Interest Accrued but not due on Deposits | 4.44 | 3.68 |
| | **59.33** | **289.03** |
| Unsecured, considered good from above | 58.93 | 288.72 |
| Unsecured, considered doubtful from above | 0.40 | 0.31 |
| Provision for doubtful advances* | (0.40) | (0.31) |
| | **58.93** | **288.72** |
| *** Details of Provisions for doubtful advance** | | |
| Claims recoverable | 0.40 | 0.31 |
| **Total** | **0.40** | **0.31** |

$ Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia feed stock conversion project from `LSHS/FO' to `Gas' as disclosed in Note 24 & 31.

## Note : 17 Current Tax Assets (Net)

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Tax refunds | 48.68 | 17.54 |
| Advance Income Tax | - | 30.84 |
| | **48.68** | **48.38** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note: 18 Other current assets

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Unsecured, considered good unless otherwise stated** | | |
| **Advances** | | |
| Contractors | 6.82 | 25.48 |
| Suppliers $ # | 214.74 | 325.13 |
| Employees | 2.33 | 2.02 |
| Recoverable/Balances with customs and excise authorities | 2.33 | 2.33 |
| GST Input Credit* | 155.31 | 172.78 |
| Non Current Asset Held for Sale@ | 1.98 | 2.71 |
| Others | 63.92 | 72.66 |
| | **447.43** | **603.11** |
| Unsecured, considered good from above | 278.77 | 441.42 |
| Unsecured, considered doubtful from above | 168.66 | 161.69 |
| Provision for doubtful advances^ | (39.02) | (32.05) |
| Provision for doubtful advances appropriated from reserve^ | (129.64) | (129.64) |
| | **278.77** | **441.42** |
| **^ Details of Provisions for doubtful advances** | | |
| Contractors | 0.19 | 0.51 |
| Suppliers | 137.02 | 137.01 |
| GST Input Credit | 30.27 | 23.75 |
| Others | 1.18 | 0.42 |
| **Total** | **168.66** | **161.69** |

\# Includes an advance of ₹130.69 crore (CPLY ₹ 130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹129.64 crore (after recovery of ₹ 1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

$ Includes amount recoverable on account of Gas Pool Account amounting to ₹ 56.35 crore (CPLY ₹ 179.43 crore)

* Company has filed total refund claim of GST amounting to ₹ 81.73 crores upto FY 2020-21, since inception of GST regime, under inverted tax structure in respect of imported traded fertilizers. Against this, refund of ₹ 63.81 crore have been received and balance refund of ₹ 0.03 crore sanctioned upto the FY 2020-21 is pending for release. The refund application of ₹15.00 crore is in appeal. Further appeal against the order of lower authorities for ₹ 2.89 crore shall be filed upon constitution of GST Tribunal.

**@ Details of Non-Current Asset Held for Sale**

₹ in Crore

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Plant & Machinery | 1.98 | 2.71 |

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 31st March 2021

## Note : 19 Equity Share Capital

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Authorized** | 1000.00 | 1000.00 |
| 100,00,00,000 Equity Shares (CPLY 100,00,00,000 Equity Shares) of ₹10 each | | |
| **Issued, Subscribed and Paid -up** | | |
| 49,05,78,400 Equity Shares (CPLY 49,05,78,400 Equity Shares) of ₹10 each fully paid up | 490.58 | 490.58 |
| | **490.58** | **490.58** |

**a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period.**

| Particulars | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|
| | No. of Shares | Amount (₹ In crore) | No. of Shares | Amount (₹ In crore) |
| Opening Balance | 490578400 | 490.58 | 490578400 | 490.58 |
| Increase during the year | - | - | - | - |
| **Closing Balance** | **490578400** | **490.58** | **490578400** | **490.58** |

There has been no movement in the Issued, Subscribed and Paid -up capital of the Company during the year.

**b. Terms/Rights attached to equity shares**

The Company has only one class of equity share having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends. 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 2021 | | 31st March 2020 | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| **Equity Shares of ₹10 each fully paid** | | | | |
| 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 31st March 2021

## Note : 20 Other Equity

₹ in Crore

| | | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| **Capital Reserve** | | | |
| Balance at the beginning of the year | | 2.51 | 2.51 |
| Balance at the end of the year | **A** | **2.51** | **2.51** |
| **General Reserve** | | | |
| Balance at the beginning of the year | | 332.89 | 332.89 |
| Balance at the end of the year | **B** | **332.89** | **332.89** |
| **Retained Earnings in Statement of Profit and Loss** | | | |
| Balance at the beginning of the year | | 1094.96 | 1393.04 |
| Less: Dividend Paid | | - | 101.72 |
| Less: Adjustment of Transitional Provisions of Right-of-Use Asset | | - | 0.05 |
| | | 1094.96 | 1291.27 |
| Profit/(Loss) for the year transferred from Statement of Profit and Loss | | 249.63 | (171.01) |
| Profit/(Loss) for the year transferred from Other Comprehensive Income | | 0.87 | (25.30) |
| Balance at the end of the year | **C** | **1345.46** | **1094.96** |
| | **Total (A+B+C)** | **1680.86** | **1430.36** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 21 Borrowings

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Term Loans** | | |
| Rupee Term Loan ( Secured)# | 648.01 | 596.85 |
| | **648.01** | **596.85** |

# 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 ₹ 752.41 crore is outstanding as on 31.03.2021 out of which installment due for payment upto 31st March 2022 amounting to Rs. 104.40 crore is dislcosed on Note: 29 - Other Financial Liability.

Repayment of sanctioned term loan would fall due for repayment in 40 quarterly instalments of ₹ 26.10 crore each starting from June 2020 and ending in March 2030. The rate of interest on the term loan is 1 year MCLR plus spread of 0.15%. During the year, for the period upto 30th Dec 2020, interest rate was 8.05 % p.a. and from 31st Dec 2020 onwards, interest rate was 7.10 % p.a. During the period, the amount of interest of ₹ 46.50 crore (CPLY - Rs 24.33 crore) has been capitalised.

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 22 Other Financial Liabilities

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Security Deposits | 6.52 | 4.20 |
| Lease Liability | 0.87 | 3.15 |
| Others# | 16.41 | 14.58 |
| | **23.80** | **21.93** |

# Includes gross amount of ₹ 23.07 crore (CPLY ₹21.22 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 : 23 Provisions

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Provision for employee benefits *^ | 201.47 | 204.98 |
| | **201.47** | **204.98** |
| *** Item wise breakup of Provisions for employee benefits** | | |
| Earned Leave | 88.25 | 92.25 |
| Half Pay Leave | 97.87 | 98.82 |
| Post Retirement Settlement Benefits | 1.58 | 1.58 |
| Long Service Award | 0.74 | 0.40 |
| Social Security Benefits | 4.99 | 4.94 |
| Employees' Family Economic Rehabilitation Scheme | 8.04 | 6.99 |
| | **201.47** | **204.98** |

^ Short term Provision for Employee Benefits of ₹ 258.46 crore is disclosed in Note 30.

# Notes to Financial Statements for the year ended 31st March 2021

## Note: 24 Deferred Government Grant

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Opening Balance# | | |
| Non Current | 2332.28 | 2614.96 |
| Current | 222.99 | 184.06 |
| Add: Addition/Adjustment during the year (AFCP)* | (40.74) | 0.34 |
| Add: Addition/Adjustment during the year (Others) | 0.58 | 34.02 |
| Less : Govt Grant recognised in Statement of Profit & loss Account (Note No. 33) | 194.12 | 278.11 |
| Less : Transferred Deferred Government Grant Current (Note 31) | 204.25 | 222.99 |
| | **2116.74** | **2332.28** |

# 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 current financial year.

* 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 31st March 2021

## Note:25 Deferred Tax Assets / Liability (net)

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Deferred Tax Liability (A)** | | |
| Property, Plant & Equipment: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/amortization charged in Statement of Profit and Loss. | 153.59 | 157.25 |
| **(A)** | **153.59** | **157.25** |
| **Deferred Tax Assets (B)** | | |
| Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes. | 140.13 | 132.08 |
| Losses carried forward | - | 52.80 |
| **(B)** | **140.13** | **184.88** |
| **Net deferred tax liability (A-B)** | **13.46** | **(27.63)** |

**Movement in deferred tax components**

₹ in Crore

| | At April 1, 2020 | Charged or (credited) to profit or loss | At March 31, 2021 |
|---|---|---|---|
| Expenses allowed on cash basis | 132.08 | (8.05) | 140.13 |
| Losses carried forward | 52.80 | 52.80 | 0.00 |
| Property, Plant & Equipment impact | (157.25) | (3.66) | (153.59) |
| **Total** | **27.63** | **41.09** | **(13.46)** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 26 Other Non Current Liabilities

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Others | 8.03 | 0.75 |
| | **8.03** | **0.75** |

## Note : 27 Borrowings

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Secured** | | |
| Cash credit from banks* | 0.02 | 55.40 |
| Working Capital Demand Loan# | 1108.00 | 1200.00 |
| **Unsecured** | | |
| Commercial Paper | - | 3100.00 |
| Short Term loans from Banks$ | 27.09 | 2978.37 |
| | **1135.11** | **7333.77** |

* Cash credit from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation of inventories, book debts and other current assets of the Company.

\# Working Capital Demand Loans from Banks are secured by pari-pasu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.

$ Includes borrowings of ₹ Nil crore (CPLY ₹ 1215.14 crore) under Special Banking Arrangement.

## Note : 28 Trade Payables

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Micro and Small Enterprises* | 1.85 | 1.32 |
| Other than Micro and Small Enterprises$ | 728.32 | 895.34 |
| | **730.17** | **896.66** |

* Interest amount due to MSMED parties during the year is not due/accrued/paid or payable.

$ Includes amount of ₹ 492.10 crore (CPLY ₹666.10 crore) on account of Gas supplies.

# Notes to Financial Statements for the year ended 31st March 2021

## Note:29 Other Financial Liabilities

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Current maturities of long term borrowings** | | |
| Foreign Currency Loan * | - | 67.59 |
| Rupee Term Loan# | 104.40 | 104.40 |
| Creditors for Capital Works | 117.44 | 126.42 |
| Security Deposits | 242.90 | 213.55 |
| Liability for employee benefits / remuneration | 44.26 | 49.10 |
| Unclaimed dividend | 0.21 | 0.15 |
| Unspent amount of CSR yet to be transferred to specified fund account | 1.61 | - |
| Lease Liability | 3.34 | 1.67 |
| Others$ | 257.29 | 113.32 |
| | **771.45** | **676.20** |

# Details in respect of Interest and terms of repayment of Rupee Term Loan are disclosed in Note : 21 Borrowings.

* Foreign Currency External Commercial Borrowing (ECB) loan from Bank, has been used for energy saving and urea capacity augmentation projects at Vijaipur complex and was secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

  The ECB was earlier drawn from SBI, NY at rate of interest of 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility. ECB has been refinanced through DBS Bank, Singapore on 06.01.2016.

  The rate of interest of refinanced ECB from DBS, Singapore is 3 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan has commenced from FY 2016-17. Foreign Currency External Commercial Borrowing (ECB) loan from DBS Bank was secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

  The final repayment of ECB loan of ₹ 67.59 crore was made in September 2020.

$ Includes amount of ₹ 1.45 crore (CPLY ₹0.79 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 31st March 2021

## Note :30 Provisions

₹ in Crore

| | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| Provisions for employee benefits*^ | | 258.46 | | 230.85 |
| **Provision for Corporate Tax** | | | | |
| Provision for tax | 53.14 | | - | |
| Advance Tax / TDS | (18.16) | 34.98 | - | - |
| | | **293.44** | | **230.85** |
| *** Item wise breakup of provisions for employee benefits:** | | | | |
| Gratuity | | 224.98 | | 204.08 |
| Earned Leave | | 13.53 | | 10.38 |
| Half Pay Leave | | 16.47 | | 13.13 |
| Post Retirement Settlement Benefits | | 0.22 | | 0.19 |
| Long Service Award | | 0.20 | | 0.11 |
| Social Security Benefits | | 0.78 | | 0.89 |
| Employees' Family Economic Rehabilitation Scheme | | 2.28 | | 2.07 |
| | | **258.46** | | **230.85** |

^ Long term Provision for Employee Benefits of ₹201.47 crore is disclosed in Note 23.

# Notes to Financial Statements for the year ended 31st March 2021

## Note: 31 Deferred Government Grant

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Deferred Government Grant | | |
| AFCP*# | 203.83 | 219.50 |
| Others | 0.42 | 3.49 |
| | **204.25** | **222.99** |

# 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'.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

Non Current Deferred Government Grant is disclosed in Note No. 24.

## Note: 32 Other Current Liabilities

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Advances from customers | 34.20 | 32.71 |
| Statutory Dues | 89.57 | 111.44 |
| Provision for Interest on Income tax | 2.30 | - |
| | **126.07** | **144.15** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 33 Revenue from operations

₹ in Crore

| | | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|
| **A) Sale of Goods** | | | |
| Finished goods | | 2362.69 | 2105.52 |
| Traded goods | | 2312.76 | 2564.83 |
| | (a) | **4675.45** | **4670.35** |
| **Subsidy from Government of India**: | | | |
| **Finished goods (Urea)-Subsidy** | | | |
| Price subsidy | | 5403.93 | 6532.76 |
| Freight subsidy | | 391.09 | 365.75 |
| | | **5795.02** | **6898.51** |
| **Traded goods (Di Ammonium Phosphate) Subsidy** | | | |
| Price subsidy | | 520.98 | 711.75 |
| Freight subsidy | | 75.88 | 119.92 |
| | | **596.86** | **831.67** |
| **Traded goods (Compost) Subsidy** | | | |
| Price subsidy | | 3.26 | 3.75 |
| Freight subsidy | | - | - |
| | | **3.26** | **3.75** |
| **Traded goods (Muriate of Potash) Subsidy** | | | |
| Price subsidy | | 63.23 | 47.60 |
| Freight subsidy | | 12.48 | 14.44 |
| | | **75.71** | **62.04** |
| **Traded goods (NPK) Subsidy** | | | |
| Price subsidy | | 46.72 | 44.72 |
| Freight subsidy | | 4.19 | 8.48 |
| | | **50.91** | **53.20** |
| **Traded goods (Ammonium Phosphate Sulphate) Subsidy** | | | |
| Price subsidy | | 103.54 | 27.84 |
| Freight subsidy | | 14.24 | 6.79 |
| | | **117.78** | **34.63** |
| **Traded goods (IMP UREA - Govt A/c) Subsidy** | | | |
| Freight subsidy | | 162.07 | 207.88 |
| | | **162.07** | **207.88** |
| **Traded goods (NPK 10:26:26)*Subsidy** | | | |
| Price subsidy | | 35.17 | 16.11 |
| Freight subsidy | | 3.74 | 3.57 |
| | | **38.91** | **19.68** |
| **Total subsidy$** | (b) | **6840.52** | **8111.36** |
| **Revenue from operations (gross) (a)+(b)** | **(A)** | **11515.97** | **12781.71** |

# Notes to Financial Statements for the year ended 31st March 2021

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Details of goods sold** | | |
| **Finished goods (including subsidy)** | | |
| Urea | 7863.05 | 8810.36 |
| Industrial Products | 197.60 | 165.72 |
| Ammonia Sales | 45.73 | 4.73 |
| Bio Fertilizers | 1.83 | 2.05 |
| Bentonite Sulphur | 49.51 | 21.17 |
| | **8157.72** | **9004.03** |
| **Traded goods (including subsidy)** | | |
| Seeds | 61.17 | 47.17 |
| Compost | 9.06 | 10.64 |
| Di Ammonium Phosphate (Imported) | 1645.70 | 2361.65 |
| Agro Chemicals | 20.75 | 8.19 |
| Muriate of Potash (MOP) | 238.37 | 185.54 |
| NPK (12:32:16) | 164.45 | 164.72 |
| NPK (10:26:26) | 128.61 | 61.16 |
| Ammonium Phosphate Sulphate (APS) | 364.53 | 104.02 |
| Imported Urea - Govt A/c | 707.14 | 827.08 |
| SSP Powder | 9.66 | 3.47 |
| SSP Plain | 5.59 | 1.93 |
| Calcium Nitrate 100 % Water Soluble Fertilizer | - | 0.55 |
| NPK (19:19:19) 100 % Water Soluble Fertilizer | 0.22 | 1.56 |
| Water Soluble Fertilizers (Domestic) | 2.88 | - |
| RFCL Urea | 0.12 | - |
| | **3358.25** | **3777.68** |
| | **11515.97** | **12781.71** |
| $ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year | | |
| Price Subsidy (Urea) | 0.36 | 4.26 |
| Freight Subsidy (Urea) | 5.47 | 0.37 |
| | **5.83** | **4.63** |

The procedure for release of subsidy has been revised by DoF with the introduction of Direct Benefit Transfer (DBT) Scheme in a phased manner for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea was released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of urea and P&K fertilizer totalling 10.80 lakh MT through POS device to beneficiaries as on 31.03.2021, subsidy of ₹ 1276.70 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 12.57 lakh MT and subsidy ₹1353.54 crore).

# Notes to Financial Statements for the year ended 31st March 2021

₹ in Crore

| | | Year Ended 31st March 2021 | | Year Ended 31st March 2020 | |
|---|---|---|---|---|---|
| **B) Sale of Services** | | | | | |
| Training & Recruitment for other organisation | | | 0.04 | | 4.70 |
| | **(B)** | | **0.04** | | **4.70** |
| **C) Other Operating Revenue** | | | | | |
| i) Amortisation of Deferred Govt Grant* | | | | | |
| AFCP | 190.43 | | | 247.63 | |
| Others | 3.69 | | 194.12 | 30.48 | 278.11 |
| ii) Return on own funds (AFCP)# | | | 167.55 | | - |
| iii) Forfeiture of Security Deposits etc | | | 0.10 | | 0.06 |
| iv) Liquidated Damages recovered from Contractor / Supplier | | | 8.75 | | 7.98 |
| v) Recovery of Dispatch Money | | | 1.86 | | 2.22 |
| vi Sale of Scrap | | | 2.76 | | 6.57 |
| vii) Hire Charges of Equipment | | | 0.07 | | 0.17 |
| viii) Recoveries on delayed payment on credit sales | | | 14.44 | | 12.27 |
| ix) Insurance Claims | | | - | | 41.57 |
| | **(C)** | | **389.65** | | **348.95** |
| **Total Revenue from Operations (A+B+C)** | | | **11905.66** | | **13135.36** |

* Deferred Govt Grant of ₹ 194.12 crore (CPLY ₹ 278.11 crore) recognised on a systematic basis over the useful life of the AFCP and Other Assets. The corresponding depreciation is appearing in Note No. 42.

\# 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 current financial year.

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 34 Other Income

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **A) Interest Income on Financial Assets measured at amortised cost** | | |
| i) Term Deposits | 2.08 | 1.71 |
| ii) Loan to employees | 0.29 | 0.37 |
| iii) Unwinding of Interest accrued on Deposits | 5.48 | 0.47 |
| iv) Others | 1.26 | 1.33 |
| **(A)** | **9.11** | **3.88** |
| **B) Interest income on Income Tax Refund** | - | 10.55 |
| **(B)** | **-** | **10.55** |
| **C) Non Operating Income** | | |
| i) Profit on Sale of Assets | 1.15 | 3.28 |
| ii) Rent | 17.77 | 18.86 |
| iii) Provision no Longer required Written Back | - | 6.73 |
| iv) Others | 5.31 | 14.10 |
| **(C)** | **24.23** | **42.97** |
| **(A+B+C)** | **33.34** | **57.40** |

## Note: 35 Cost of material consumed

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Raw Material (A)** | | |
| Inventory at the beginning of the year | 0.47 | 1.58 |
| Purchases | 3471.92 | 4336.41 |
| | **3472.39** | **4337.99** |
| Less: Inventory at the end of the year | (1.42) | (0.47) |
| Cost of raw material consumed | **3470.97** | **4337.52** |
| **Packing material (B)** | 178.40 | 183.55 |
| **Stores and spares ( C)** | 48.82 | 56.06 |
| **Cost of material consumed (A+B+C)** | **3698.19** | **4577.13** |
| **Itemwise break up of raw material consumed** | | |
| Natural Gas | 3457.60 | 4326.33 |
| Others | 13.37 | 11.19 |
| | **3470.97** | **4337.52** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note 36 Purchase of Stock- in- Trade

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Traded goods purchased** | | |
| **Imported** | | |
| Di Ammonium Phosphate (DAP) | 1067.00 | 1282.16 |
| Ammonium Phosphate Sulphate (APS) | 274.05 | 109.51 |
| Muriate of Potash (MOP) | 191.81 | 239.43 |
| NPK (12:32:16) | 62.12 | 71.22 |
| NPK (10:26:26) | 69.63 | 86.28 |
| NPK (19:19:19) 100 % Water Soluble Fertilizer | - | 1.36 |
| Calcium Nitrate 100 % Water Soluble Fertilizer | - | 0.37 |
| **Indigenous** | | |
| Imported Urea - Govt A/c | 371.21 | 415.09 |
| Agro Chemicals | 15.53 | 7.06 |
| Seeds | 42.95 | 36.24 |
| Compost | 7.42 | 9.20 |
| SSP Powder | 9.33 | 3.26 |
| SSP Plain | 5.10 | 1.84 |
| Water Soluble Fertilizer (Domestic) | 2.40 | - |
| RFCL Urea | 0.15 | - |
| | **2118.70** | **2263.02** |

## Note: 37 Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in-Trade

₹ in Crore

| | | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|
| **Opening inventories** | | | |
| Work in Progress | | 25.31 | 32.58 |
| Finished goods | | 461.35 | 225.13 |
| Traded goods | | 498.69 | 1140.74 |
| | (A) | **985.35** | **1398.45** |
| **Closing inventories** | | | |
| Work in Progress | | 16.43 | 25.31 |
| Finished goods | | 97.98 | 461.35 |
| Traded goods | | 110.33 | 498.69 |
| | (B) | **224.74** | **985.35** |
| **Net (Increase)/decrease in inventories** | (A-B) | **760.61** | **413.10** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note: 38 Employee benefits expense

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Salaries, Wages and Bonus | 484.80 | 488.99 |
| Contribution to Provident and Other Funds | 51.00 | 54.92 |
| Gratuity Expenses | 23.10 | 20.88 |
| Welfare expenses# | 48.44 | 34.53 |
| | **607.34** | **599.32** |

# Includes payment of ₹ 3.10 crore (CPLY ₹2.90 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

## Note: 39 Power and fuel

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Purchased power | 134.69 | 128.41 |
| Coal | 626.25 | 652.86 |
| Natural gas | 1770.24 | 2305.50 |
| Cess on Electricity | 18.47 | 18.67 |
| | **2549.65** | **3105.44** |

## Note: 40 Repair and maintenance

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Plant and machinery | 64.11 | 65.33 |
| Buildings | 7.68 | 9.99 |
| Others | 8.43 | 10.01 |
| | **80.22** | **85.33** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note: 41 Finance Costs

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Interest :** | | |
| Cash credit | 11.28 | 7.31 |
| Commercial Papers | 210.68 | 305.70 |
| Short term loans | 37.15 | 66.23 |
| Rupee Term Loan | 10.39 | 12.85 |
| Unwinding of Interest accrued on Deposits | 12.55 | 0.10 |
| Others | 6.50 | 8.86 |
| **Other Borrowing Cost** | 2.68 | 4.43 |
| | **291.23** | **405.48** |

## Note: 42 Depreciation and Amortization Expense

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Depreciation / Amortization on tangible assets* | 309.03 | 371.57 |
| Depreciation on Investment Property | 0.07 | 0.07 |
| Depreciation on Right of Use Asset | 1.99 | 1.63 |
| Amortization of intangible assets | 1.18 | 1.16 |
| | **312.27** | **374.43** |

* Depreciation includes ₹ 194.12 crore (CPLY ₹ 278.11 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 33.

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 43 Other expenses

₹ in Crore

| | Year Ended 31st March 2021 | | Year Ended 31st March 2020 | |
|---|---|---|---|---|
| Rent | | 0.56 | | 0.76 |
| Rent for Godown | | 11.46 | | 16.85 |
| Rates and taxes | | 3.00 | | 2.63 |
| Insurance | | 26.08 | | 14.02 |
| **Auditors' remuneration:** | | | | |
| Audit Fee | 0.28 | | 0.25 | |
| Tax Audit Fee | 0.08 | | 0.07 | |
| Certification and other fee | 0.29 | | 0.28 | |
| Out of pocket expenses | 0.01 | **0.66** | 0.01 | **0.61** |
| Cost Audit Fee | | 0.03 | | 0.03 |
| Security Expenses | | 61.02 | | 58.92 |
| Printing and Stationery | | 0.94 | | 1.35 |
| Advertisement, Publicity and Sales Promotion | | 2.44 | | 2.78 |
| Directors' Fees | | 0.07 | | 0.17 |
| Telephone and Postage | | 1.83 | | 1.80 |
| Travelling | | 20.71 | | 25.83 |
| Water Charges | | 24.30 | | 24.32 |
| **Provision for:** | | | | |
| Doubtful Advances & Debts | 4.11 | | (1.87) | |
| Un-utilised GST Input Credit | 6.52 | | 11.53 | |
| Others | 0.10 | **10.73** | 0.05 | **9.71** |
| **Write Off:** | | | | |
| Stores and spares | 3.93 | | 3.45 | |
| Fixed Assets | 0.13 | | 0.12 | |
| Others | 0.03 | **4.09** | 0.11 | **3.68** |
| Legal Expenses | | 0.61 | | 0.84 |
| Bank Charges | | 3.11 | | 3.73 |
| Demurrage and Wharfage | | 1.04 | | 2.46 |
| Exchange rate variation (net) | | 19.03 | | 3.79 |
| CSR Expenditure (refer note 54) | | 13.04 | | 5.75 |
| Miscellaneous expenses | | 34.93 | | 34.95 |
| | | **239.68** | | **214.98** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 44 Exceptional Item

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Reversal of Minimum Fixed Cost Subsidy | – | 388.85 |
| | – | **388.85** |

Exceptional item relates to minimum fixed cost subsidy of ₹ 388.85 crore which accrued during the period 02-04-2014 to 31-03-2019 and consequent to deletion of provision of minimum fixed cost retrospectively w.e.f. 02-04-2014 vide Department of Fertilizer Policy letter dated 30-03-2020 under Modified New Pricing Scheme-III dated 02-04-2014, the said subsidy of ₹388.85 crore has been reversed during the financial year ended 31.03.2020.

## Note : 45 Income Tax Expense

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Current Tax** | | |
| Current Tax on Profits for the year | 53.15 | - |
| Adjustments for Current Tax of prior periods | (0.11) | (1.16) |
| **Total Current tax expense (A)** | **53.04** | **(1.16)** |
| **Deferred Tax** | | |
| Decrease / (increase) in deferred tax assets | 44.75 | (26.01) |
| (Decrease) / increase in deferred tax liabilities | (3.66) | (63.04) |
| **Total Deferred Tax Expense / (benefits) (B)** | **41.09** | **(89.05)** |
| **A+B** | **94.13** | **(90.21)** |
| **Income Tax Relating to Other Comprehensive Income** | (0.30) | 8.51 |
| **Income Tax Expense** | **93.83** | **(81.70)** |

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Reconciliation of the tax expense and the accounting profit multiplied by tax rate** | | |
| **Profit before tax** | **343.46** | **(252.71)** |
| Tax at the enacted rate of 25.168% | **86.44** | **(63.60)** |
| **Add :** | | |
| Tax effect of amount not deductible (taxable) while calculating taxable income | | |
| Add : CSR Exp | 3.28 | 1.45 |
| Add : Interest on Income Tax | 0.58 | 0.00 |
| Add: Payment To Special Welfare Fund Not Allowable | 0.01 | 0.01 |
| Others | 3.52 | (19.56) |
| **Total Income Tax Expense** | **93.83** | **(81.70)** |

# Notes to Financial Statements for the year ended 31st March 2021

## Note: 46 Earning per share

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Profit/(Loss) after Tax (₹ in Crore) | 249.63 | (171.01) |
| Number of Equity shares | 490578400 | 490578400 |
| Face value per share (₹) | 10 | 10 |
| Basic / Diluted earnings per share (₹) | 5.09 | (3.49) |

The Company has not issued any security which will have the effect of diluting earnings on equity.

## Note 47 : Contingent liabilities

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Claims against the Company not acknowledged as debts** | | |
| **a. Pending Appellate/Judicial decisions:** | | |
| Income tax | 33.08 | 31.17 |
| Excise, customs and service tax | 20.19 | 18.24 |
| Value Added Tax | 0.98 | 0.67 |
| Land compensation/development claims | 1.19 | 1.21 |
| Arbitration and civil cases | 60.85 | 53.93 |
| b. Other claims | 1.88 | 0.84 |
| c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable | - | - |
| | **118.17** | **106.06** |

## Note 48: Capital and other commitments

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:** | | |
| (i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances). | 150.49 | 188.35 |
| (ii) Unutilized amount of Letter of Credit | 248.18 | 189.28 |

# Notes to Financial Statements for the year ended 31st March 2021

## 49.1 Ind AS-19: Employee Benefits

## 49.1.1General description of defined benefit schemes:

| | |
|---|---|
| **Gratuity** | Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹20 lakh to eligible employees who render continuous service of 5 years or more. |
| **Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}** | Payable on separation to eligible employees who have accumulated earned leave and half pay leave. During the service period encashment of accumulated earned leave is allowed in a financial year leaving minimum balance leave of 10 days. |
| **Long Service Award (LSA)** | Payable to employees on completion of specified years of service. |
| **Post Retirement Settlement Benefits (PRSB)** | Post Retirement Settlement Benefits (PRSB) for settlement at home town for employees and dependents |
| **Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:** | |
| **Social Security Benefits (SSB)** | Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹9.00 lakhs with minimum benefits of ₹1.00 lakhs). |
| **Employees' Family Economic Rehabilitation Scheme (EFERS)** | Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation. |

## 49.1.2 Provident Fund:

The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹ 35.70 crore (CPLY ₹ 44.36 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, 2021.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

## 49.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ in Crore

| | | Gratuity | | EL | | HPL | | PRSB | | LSA | | PF | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 20-21 | 19-20 | 20-21 | 19-20 | 20-21 | 19-20 | 20-21 | 19-20 | 20-21 | 19-20 | 20-21 | 19-20 |
| **(I)** | **Reconciliation of present value of defined benefit obligations and plan assets:** | | | | | | | | | | | | |
| 1 | Present value of projected benefit obligations at beginning of the year | 314.96 | 299.29 | 102.63 | 82.87 | 111.95 | 101.10 | 1.77 | 1.66 | 0.50 | 0.51 | 1187.19 | 1078.89 |
| 2 | Acquisition adjustment | 0.21 | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Service Cost | 9.27 | 9.83 | 9.51 | 5.79 | 4.84 | 4.66 | 0.07 | 0.08 | 0.05 | 0.03 | 35.70 | 44.36 |
| 4 | Past Service Cost | - | - | - | - | - | - | - | - | 0.45 | - | - | - |
| 5 | Interest Cost | 21.36 | 21.96 | 6.96 | 6.08 | 7.59 | 7.42 | 0.12 | 0.12 | 0.04 | 0.04 | 100.59 | 94.11 |
| 6 | Actuarial (Gains) / Losses | 0.03 | 30.60 | 20.36 | 31.30 | (2.28) | 5.15 | 0.02 | 0.05 | 0.03 | 0.01 | (0.13) | (18.51) |
| 7 | Benefits Paid | (37.24) | (46.72) | (37.68) | (23.41) | (7.76) | (6.38) | (0.18) | (0.14) | (0.13) | (0.09) | (121.35) | (96.66) |
| 8 | Plan Participant's Contribution | - | - | - | - | - | - | - | - | - | - | 75.77 | 81.77 |
| 9 | Transfer in | - | - | - | - | - | - | - | - | - | - | 0.92 | 3.23 |
| 10 | Present value of projected benefit obligations at close of the year [1 to 9] | 308.59 | 314.96 | 101.78 | 102.63 | 114.34 | 111.95 | 1.80 | 1.77 | 0.94 | 0.50 | 1278.69 | 1187.19 |
| 11 | Fair Value of Plan assets at close of the year | (83.61) | (110.88) | - | - | - | - | - | - | - | - | 1289.10 | (1221.00) |
| 12 | Net Liability recognized in Balance Sheet at close of the year [10-11] | 224.98 | 204.08 | 101.78 | 102.63 | 114.34 | 111.95 | 1.80 | 1.77 | 0.94 | 0.50 | - | - |
| **(II)** | **Reconciliation of fair value of assets and obligations [Refer Foot Note 1 below]:** | | | | | | | | | | | | |
| 1 | Fair value of plan assets at beginning of the year | 110.88 | 148.64 | - | - | - | - | - | - | - | - | 1221.00 | 1249.26 |
| | Opening Adjustment as per balance sheet | - | - | - | - | - | - | - | - | - | - | - | (158.40) |
| 2 | Acquisition adjustment | 0.21 | - | - | - | - | - | - | - | - | - | 76.69 | 85.00 |
| 3 | Expected Return on plan assets | 7.52 | 10.91 | - | - | - | - | - | - | - | - | 100.59 | 94.11 |
| 4 | Actual Company's contribution | - | - | - | - | - | - | - | - | - | - | 35.70 | 44.36 |
| 5 | Actuarial Gains/(Losses) | 1.23 | (3.16) | - | - | - | - | - | - | - | - | (23.53) | 3.33 |
| 6 | Benefits Payments | (36.23) | (45.51) | - | - | - | - | - | - | - | - | (121.35) | (96.66) |
| 7 | Past service Cost | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Fair value of plan assets at close of the year (1 to 7 ) | 83.61 | 110.88 | - | - | - | - | - | - | - | - | 1289.10 | 1221.00 |
| 9 | Present value of defined benefit obligation | 308.59 | 314.96 | - | - | - | - | - | - | - | - | 1278.69 | 1187.19 |
| 10 | Net liability recognized in the Balance Sheet at close of the year [9-8] | 224.98 | 204.08 | - | - | - | - | - | - | - | - | - | - |
| **(III)** | **Expenses recognized in the Statement of Profit & Loss:** | | | | | | | | | | | | |
| 1 | Service Cost | 9.27 | 9.83 | 9.51 | 5.79 | 4.84 | 4.66 | 0.07 | 0.08 | 0.05 | 0.03 | 35.70 | 44.36 |
| 2 | Past Service Cost | - | - | - | - | - | - | - | - | 0.45 | - | - | - |
| 3 | Interest Cost | 21.36 | 21.96 | 6.96 | 6.08 | 7.59 | 7.42 | 0.12 | 0.12 | 0.04 | 0.04 | 100.59 | 94.11 |
| 4 | Actuarial (Gains) / Losses | (1.20) | 33.76 | 20.36 | 31.30 | (2.28) | 5.15 | 0.02 | 0.05 | 0.03 | 0.01 | (0.13) | (18.51) |
| 5 | Expected return on Plan Assets | (7.52) | (10.91) | - | - | - | - | - | - | - | - | (100.59) | (94.11) |
| 6 | Total charged to P&L Account | 21.91 | 54.64 | 36.83 | 43.17 | 10.15 | 17.23 | 0.21 | 0.25 | 0.57 | 0.08 | - | - |

### (iv) Actuarial assumptions:

| | | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| 1 | Method used | Projected Unit credit | Projected Unit credit |
| 2 | Discount Rate (per annum) | 6.68% | 6.78% |
| 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):

| | | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| 1 | Discount Rate (per annum) | 6.68% | 6.78% |
| 2 | Interest Rate Guarantee | 8.50% | 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 | 7.99 | (7.59) |
| 2 | Earned Leave | 3.44 | (3.21) |
| 3 | Half Pay Leave | 3.02 | (2.87) |

**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 | (3.61) | 3.27 |
| 2 | Earned Leave | (3.25) | 3.45 |
| 3 | Half Pay Leave | (2.90) | 3.02 |

**Foot Note:**

1. The company has funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is mainly based on the information given by the insurance companies through whom the investment has been made by the fund. Gratuity liability of ₹224.98 crore (CPLY ₹204.08 crore) is unfunded as on 31st March, 2021. Other defined benefit obligations are unfunded.

## 49.1.4 Other Employee Benefit Schemes:

Provision of 1.20 crore (CPLY (₹0.02) 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 ₹ 16.09 crore (CPLY ₹14.89 crore) has been recognized in the Balance Sheet as at 31st March 2021 on account of these schemes.

## 49.1.5 Provident Fund:

12% of Basic Pay plus Dearness allowance contributed to the Provident Fund Trust of the Company. The Company does not anticipate any further obligation in the near foreseeable future having regard to the amount of the fund and return on investment as confirmed by the actuary.

### (vi) The major categories of plans assets are as follows:

₹ in Crore

| Particulars | 31st March 2021 | | | | 31st March 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Quoted ₹ | Unquoted ₹ | Total ₹ | in % | Quoted ₹ | Unquoted ₹ | Total ₹ | in % |
| **Equity instruments** | 11.96 | - | 11.96 | 0.94 | 34.22 | - | 34.22 | 2.97 |
| **Debt instruments** | 1249.61 | - | 1249.61 | 98.65 | 1103.97 | - | 1103.97 | 95.89 |
| **Asset backed securities** | - | - | - | - | - | - | - | - |
| **Investment funds** | - | - | - | - | - | - | - | - |
| **Derivatives** | - | - | - | - | - | - | - | - |
| **Cash & Cash Equivalents** | - | 5.15 | 5.15 | 0.41 | - | 13.12 | 13.12 | 1.14 |
| **Total** | **1261.57** | **5.15** | **1266.72** | **100.00** | **1138.19** | **13.12** | **1151.31** | **100.00** |

# Note 50 : Ind AS-108: Operating Segments

Ind AS-108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about product and services, geographical areas and major customers.

Company's primary business segments are

i) Own Fertilizers ( Urea, Bio Fertilizers and Bentonite Fertilizers)

ii) Fertilizers Trading (Indigenous and Imported)

iii) Other Products & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme),

and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

## 50.1.1Geographical Segment:

The operations of the company are conducted within India and there is no separate reportable geographical segment.

## 50.1.2 The disclosure of segment-wise information is as below:

₹ in Crore

| PARTICULARS | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Segment Revenue** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 8275.96 | 9111.69 |
| Fertilizer Trading | 3276.33 | 3763.89 |
| Other Products & Services | 389.35 | 316.51 |
| Less : Eliminations | 35.98 | 56.73 |
| **Total Segment Revenue** | **11905.66** | **13135.36** |
| **Segment Results** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 289.71 | 288.26 |
| Fertilizer Trading | 285.02 | 248.51 |
| Other Products & Services | 113.77 | 53.30 |
| **Total Segment Results** | **688.50** | **590.07** |
| Finance expenses | 291.23 | 405.48 |
| Unallocable Expenses (Net of unallocable income) | 53.81 | 48.45 |
| **Profit / (Loss) Before exceptional item & tax** | **343.46** | **136.14** |
| Exceptional Item* | - | 388.85 |
| **Profit / (Loss) Before Tax** | **343.46** | **(252.71)** |
| Provision for Tax | 93.83 | (81.70) |
| **Profit After Tax** | **249.63** | **(171.01)** |
| Other comprehensive income (net of taxes) | 0.87 | (25.30) |
| **Total Comprehensive Income** | **250.50** | **(196.31)** |
| **Segment Assets** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 5972.82 | 11104.85 |
| Fertilizer Trading | 785.13 | 2034.21 |
| Other Products & Services | 122.12 | 127.54 |
| Unallocable | 1563.37 | 1315.75 |
| **Segment Assets** | **8443.44** | **14582.35** |
| **Segment Liabilities** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 3866.08 | 4223.47 |
| Fertilizer Trading | 212.82 | 97.11 |
| Other Products & Services | 55.44 | 39.25 |
| Unallocable | 2137.66 | 8301.58 |
| **Segment Liabilities** | **6272.00** | **12661.41** |
| **Capital Expenditure** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 202.82 | 98.83 |
| Fertilizer Trading | - | - |
| Other Products & Services | 0.74 | 2.22 |
| Unallocable | 1.33 | 0.56 |
| **Capital Expenditure** | **204.89** | **101.61** |
| **Depreciation and Amortisation expenses** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 300.53 | 363.66 |
| Fertilizer Trading | - | - |
| Other Products & Services | 8.56 | 8.18 |
| Unallocable | 3.18 | 2.59 |
| **Depreciation and Amortisation expenses** | **312.27** | **374.43** |
| **Non-cash expenses other than Depreciation and Amortisation** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 6.04 | 2.39 |
| Fertilizer Trading | 27.80 | 15.00 |
| Other Products & Services | - | (0.23) |
| Unallocable | 0.01 | 0.02 |
| **Non-cash expenses other than Depreciation and Amortisation** | **33.85** | **17.18** |

* Exceptional item relates to minimum fixed cost subsidy of ₹ 388.85 crore which was accrued during the period 02-04-2014 to 31-03-2019 and consequent to deletion of provision of minimum fixed cost retrospectively w.e.f. 02-04-2014 vide Department of Fertilizer Policy letter dated 30-03-2020 under Modified New Pricing Scheme-III dated 02-04-2014 the said subsidy of ₹ 388.85 crore has been reversed during financial year 2019-2020

# Notes to Financial Statements for the year ended 31st March 2021

## Note 51 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 V. N. Datt,
Chairman & Managing Director (Additional Charge w.e.f. 03.06.2020) and Director (Marketing)

(ii) Shri Manoj Mishra
Chairman & Managing Director (upto 02.06.2020)

(iii) Shri Y. P. Bhola
Director (Finance)

(iv) Shri Nirlep Singh Rai
Director (Technical) (w.e.f. 01.04.2020)

(v) Shri Ashok Jha
Company Secretary

C) **Key management personnel compensation**

₹ in Crore

| | 31st March 2021 | 31st March 2020 |
|---|---|---|
| Short-term employee benefits | 2.04 | 2.18 |
| Post-employment benefits | - | - |
| Other Long-term employee benefits | 0.45 | 0.65 |
| Termination benefits | - | - |
| Share based payment | - | - |
| **Total Compensation** | **2.49** | **2.83** |

D) **Transactions with Related parties:**

(i) During the year, there were transactions of ₹147.17 crore (CPLY ₹89.18 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹ 106.10 crore (CPLY ₹67.84 crore) and others ₹41.07 crore (CPLY ₹21.34 crore). The amount recoverable from Ramagundam Fertilizers & Chemicals Limited as on 31.03.2021 is ₹ 6.44 crore (CPLY ₹3.23 crore) and amount payable to Ramagundam Fertilizers & Chemicals Limited as on 31.03.2021 is ₹ 0.16 crore (CPLY ₹Nil)

(ii) Remuneration to Key Management Personnel at (C) above is ₹2.49 crore (CPLY ₹ 2.83 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

# Notes to Financial Statements for the year ended 31st March 2021

## Note 52: 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 53

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 31st March 2021

## Note 54

As per Section 135 of the Companies Act 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

₹ in Crore

| | PARTICULARS | Current period | Previous period |
|---|---|---|---|
| A | Balance of CSR Fund carried forward from earlier year | 9.64 | 7.89 |
| B | Amount required to be spent during the year (As per Companies Act) | 3.40 | 7.50 |
| C | Total (A+B) | 13.04 | 15.39 |
| D | CSR cash expenses during the year | 6.05 | 5.75 |
| E | Provision made for CSR ongoing projects expenses for the amount to be deposited in separate Bank Account. | 5.38 | - |
| F | Provision made for unspent CSR expenditure (Other than Ongoing projects). | 1.61 | - |
| G | Closing Balance of CSR Fund (C-D-E-F) | - | 9.64 |

**Break-up of the CSR expenses including provision of Rs. 5.38 crore under major heads is as under:**

₹ in Crore

| | PARTICULARS | Amount |
|---|---|---|
| 1 | Health and Sanitation | 1.94 |
| 2 | Education & Skill Development | 3.50 |
| 3 | Promoting gender, empowering women, setting up homes | - |
| 4 | Environmental & Sustainability | 0.45 |
| 5 | Measure for the benefit of Armed Force | 0.07 |
| 6 | Training to Promote Rural Sports, paralympic sports | - |
| 7 | Rural Development projects | 5.47 |
| | **Total** | **11.43** |

₹ 5.38 crore towards unspent amount of "Ongoing Project" has been be transferred to a separate Bank Account as per the provisions of Section 135 (6) of the Companies Act, 2013

Further, ₹ 1.61 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 55 -Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders.

| | PARTICULARS | Current period | Previous period |
|---|---|---|---|
| a) | Number of non resident shareholders | - | 698 |
| b) | Number of ordinary shares held by them | - | 1664574 |
| c) | Amount of Dividend (₹ in Crore) | - | 0.13 |

# Notes to Financial Statements for the year ended 31st March 2021

## Note : 56 Fair Value Measurement

**Financial instruments by category**

₹ in Crore

| PARTICULARS | March 31, 2021 | | | March 31, 2020 | | |
|---|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised cost | FVPL | FVOCI | Amortised cost |
| **Financial Assets** | | | | | | |
| Investment | - | - | 447.65 | - | - | 341.56 |
| Loan | - | - | 8.44 | - | - | 10.00 |
| Other Financial Assets | - | - | 67.03 | - | - | 296.84 |
| Trade Receivables | - | - | 2634.09 | - | - | 7735.33 |
| Cash and Cash Equivalents | - | - | 39.33 | - | - | 19.53 |
| Other Bank Balances | - | - | 2.89 | - | - | 2.67 |
| **Total Financial Assets** | - | - | **3199.43** | - | - | **8,405.93** |
| **Financial Liabilities** | | | | | | |
| **Borrowings** | | | | | | |
| ECB Loan | - | - | - | - | - | 67.59 |
| Term Loan | - | - | 752.41 | - | - | 701.25 |
| Borrowings | - | - | 1135.11 | - | - | 7333.77 |
| Other Financial Liabilities | - | - | 441.43 | - | - | 308.39 |
| Security Deposits | - | - | 249.42 | - | - | 217.75 |
| Trade Payables | - | - | 730.17 | - | - | 896.66 |
| **Total Financial Liabilities** | - | - | **3308.54** | - | - | **9525.41** |

**1. Four 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 2021 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| **Financial Investments at FVTPL:** | | | | | |
| Investment in NFL Employees' | | | | | |
| Consumer co-operative stores | | - | - | - | - |
| Financial Investments at FVOCI: | | - | - | - | - |
| **Total Financial Assets** | | - | - | - | - |
| Financial Liabilities | | - | - | - | - |
| **Total Financial Liabilities** | | - | - | - | - |

| At 31 March 2020 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| **Financial Investments at FVTPL:** | | | | | |
| Investment in NFL Employees' | | | | | |
| Consumer co-operative stores | | - | - | - | - |
| **Financial Investments at FVOCI:** | | - | - | - | - |
| **Total Financial Assets** | | - | - | - | - |
| **Financial Liabilities** | | - | - | - | - |
| **Total Financial Liabilities** | | - | - | - | - |

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

₹ in Crore

| At 31st March 2021 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| Investment | | - | - | 447.65 | 447.65 |
| Loans | | - | - | 8.44 | 8.44 |
| Other Financial Assets | | - | - | 67.03 | 67.03 |
| Trade Receivables | | - | - | 2634.09 | 2634.09 |
| Cash and Cash Equivalents | | - | - | 39.33 | 39.33 |
| Other Bank Balances | | - | - | 2.89 | 2.89 |
| **Total Financial Assets** | | - | - | **3199.43** | **3199.43** |
| | | | | | |
| **Financial Liabilities** | | | | | |
| **Borrowings** | | | | | |
| ECB Loan | | - | - | 0.00 | 0.00 |
| Term Loan | | - | - | 752.41 | 752.41 |
| Borrowings | | - | - | 1135.11 | 1135.11 |
| Other Financial Liabilities | | - | - | 441.43 | 441.43 |
| Security Deposits | | - | - | 249.42 | 249.42 |
| Trade Payables | | - | - | 730.17 | 730.17 |
| **Total Financial Liabilities** | | | | **3308.54** | **3308.54** |

| At 31st March 2020 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| Investment | | - | - | 341.56 | 341.56 |
| Loan | | - | - | 10.00 | 10.00 |
| Other Financial Assets | | - | - | 296.84 | 296.84 |
| Trade Receivables | | - | - | 7735.33 | 7735.33 |
| Cash & Cash Equivalents | | - | - | 19.53 | 19.53 |
| Other Bank Balances | | - | - | 2.67 | 2.67 |
| **Total Financial Assets** | | - | - | **8405.93** | **8405.93** |

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Liabilities** | | | | | |
| **Borrowings** | | | | | |
| ECB Loan | | - | - | 67.59 | 67.59 |
| Term Loan | | - | - | 701.25 | 701.25 |
| Borrowings | | - | - | 7333.77 | 7333.77 |
| Other Financial Liabilities | | - | - | 308.39 | 308.39 |
| Security Deposits | | - | - | 217.75 | 217.75 |
| Trade Payables | | - | - | 896.66 | 896.66 |
| **Total Financial Liabilities** | | - | - | **9525.41** | **9525.41** |

**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, 2021 | N.A. | |
| As at 31st March, 2020 | N.A. | |

**(iv) Fair value of financial assets and liabilities measured at amortised cost**

₹ in Crore

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial Assets** | | | | |
| Investment | 447.65 | 447.65 | 341.56 | 341.56 |
| Loan | 8.44 | 8.44 | 10.00 | 10.00 |
| Other Financial Assets | 67.03 | 67.03 | 296.84 | 296.84 |
| Trade Receivables | 2634.09 | 2634.09 | 7735.33 | 7735.33 |
| Cash & Cash Equivalents | 39.33 | 39.33 | 19.53 | 19.53 |
| Other Bank Balances | 2.89 | 2.89 | 2.67 | 2.67 |
| **Total Financial Assets** | **3199.43** | **3199.43** | **8405.93** | **8405.93** |
| **Financial Liabilities** | | | | |
| **Borrowings** | | | | |
| ECB Loan | - | - | 67.59 | 67.59 |
| SBI Term Loan | 752.41 | 752.41 | 701.25 | 701.25 |
| Borrowings | 1135.11 | 1135.11 | 7333.77 | 7333.77 |
| Other Financial Liabilities | 441.43 | 441.43 | 308.39 | 308.39 |
| Security Deposits | 249.42 | 249.42 | 217.75 | 217.75 |
| Trade Payables | 730.17 | 730.17 | 896.66 | 896.66 |
| **Total Financial Liabilities** | **3308.54** | **3308.54** | **9525.41** | **9525.41** |

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 2020-21 is 7.75% (CPLY 8.50%). 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 31st March 2021

## Note No. 57 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 ₹ 2647.07 crore and ₹7745.18 crore as of March 31, 2021 and March 31, 2020, 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.

| Party Wise breakup of Trade Receivables | | | | |
|---|---|---|---|---|
| **Category** | **31.03.2021 ₹ in crore** | **% of Total Debtors** | **31.03.2020 ₹ in crore** | **% of Total Debtors** |
| Govt of India (Subsidy) | 2162.69 | 81.70 | 6990.11 | 90.25 |
| Institutional Dealers | 168.04 | 6.35 | 273.50 | 3.53 |
| Private Dealers | 316.34 | 11.95 | 481.57 | 6.22 |
| **Total Trade Receivables** | **2647.07** | **100.00** | **7745.18** | **100.00** |
| | **31.03.2021** | **% of Debtors to Total Sales** | **31.03.2020** | **% of Debtors to Total Sales** |
| **Total Sales** | **11515.97** | **22.99** | **12781.71** | **60.60** |

Note - The Total Subsidy Receivable is ₹ 2162.69 crore(CPLY ₹6990.11 crore). Loan against Subsidy received under Special Banking Arrangement amounting to ₹ Nil crore ( CPLY ₹1215.14 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 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

| | 31 March, 2021 | 31 March, 2020 |
|---|---|---|
| **Floating rate**<br>Expiring within one year (Bank Overdraft/CC Limit and other facilities) | 7,187.41 | 2,488.73 |

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 31.03.2021 | As on 31.03.2020 |
|---|---|---|---|---|
| Foreign Currency exchange contracts | Trade Exposure for import of fertilizers | - | 123.24 | 174.90 |
| | 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 31.03.2021 | As on 31.03.2020 |
|---|---|---|
| Foreign Currency Term Loan (ECB) | * | 67.59 |
| Trade Exposure for import of fertilizers | 150.88 | 57.32 |

*ECB Loan repaid in September 2020.

# Notes to Financial Statements for the year ended 31st March 2021

## Note No. 58 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

| | 31 March, 2021 | 31 March, 2020 |
|---|---|---|
| Debt | 752.41 | 768.84 |
| Total equity | 2171.44 | 1920.94 |
| **Debt to equity ratio (in times)** | **0.35** | **0.40** |

**(b) Dividends**

₹ in Crore

| | 31 March, 2021 | 31 March, 2020 |
|---|---|---|
| **Equity shares** | | |
| Interim dividend for the year ended 31 March 2021<br>(31 March 2020 – INR 46.60 crore (INR 0.95 per share)<br>per fully paid share | - | 46.60 |
| Final dividend for the year ended 31 March 2020<br>(31 March 2019 – INR 0.77) per fully paid share | - | - |

# Notes to Financial Statements for the year ended 31st March 2021

## Note No. 59 COVID - 19 Impact Analysis:

During the year ended 31st March 2021, 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 at all units and commissioning of Joint Venture Project (RFCL) due to stoppage of project activities at site is because of shortage of labour and delay in the visit of foreign experts for commissioning of these projects due to travel restrictions arising from COVID-19. Delay in execution of RFCL project, has led to time and cost overrun impacting the financial performance of the RFCL.
As per current assessment, no significant impact on carrying amount of inventories, tangible assets, 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.

## Note No. 60 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

**(N. S. Verma)**
ED (F&A)

**(Y. P. Bhola)**
Director (Finance)
DIN No.08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN No.07823778

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: 10.06.2021**

# 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 2021, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "consolidated 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 2021, the consolidated profit (including other comprehensive income), 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. 33 of accompanying consolidated financial statements regarding recognizing of one-time payment amounting to ₹ 167.55 crores towards reimbursement of conversion cost of the plant representing return on own funds for FY 2012-13 to 2017-18 as "Other Operating Revenue" under the head "Revenue from Operations".

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 | **Revenue recognition**<br>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) 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.<br>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.<br>Therefore, there is a risk of revenue being misstated on account of estimation of concession/ Import Parity Price (IPP) rates yet to be notified.<br>Process of Collection, utilization and retention of Retailer Margin. | **Principal Audit Procedures**<br>The following principal audit procedures have been performed by us in relation to subsidy income recognition:<br>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 Ministry to Government of India.<br>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.<br>C) We have reviewed directions of Department of Fertilizer, various notifications issued from time to time and management assessment in relation to retailer margin. |
| 2 | **Estimation of Provision & Contingent Liabilities**<br>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.<br>Resolution of litigations and claims proceedings may span over multiple years beyond 31 March 2021.<br>The determination of a provision or contingent liability requires significant judgement by the Company because of the inherent complexity in estimating future costs. The Company has reported Contingent liabilities amounting to ₹ 118.17 Crores in Note 47 to consolidated financial statement.<br>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 and magnitude of potential exposures is significant across the Company. Significant judgment is necessary to estimate the likelihood, timing and amount of the cash outflows, interpretations of the legal aspects, legislations and judgements previously made by the authorities. | **Principal Audit Procedures**<br>Our audit process involved understanding of identification process relating to litigations, claims and contingent liabilities.<br>We have evaluated the design and testing the operating effectiveness of controls in respect of process.<br>We have evaluated management's assessment of the likely outcome and potential exposures arising from significant contingencies subject to ongoing court and arbitration proceedings and considered the requirements for any provision as per the best estimate of the possible expenditure.<br>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. |
| 3 | **Trade receivables**<br>Trade Receivables appearing in financial statement | **Principal Audit Procedures**<br>Our audit approach was a combination of test of |

| | | |
|---|---|---|
| | 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 2021 amounting to ₹ 2634.09 crores includes subsidy receivable of ₹ 2162.69 crores receivable from Government of India.<br>Refer Note 12 to the Consolidated Financial Statements. | internal controls and substantive procedures which included the following:<br>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.<br>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).<br>b) In respect of receivables other than Subsidy receivables, management have sent request for confirmation from the parties. The response to the request were checked together, subsequent realisation check were also performed and long outstanding balances have been reviewed |
| 4 | **Property, Plant and Equipment**<br>Management judgment is utilised for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/amortization rates. These include the decision to 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. | **Principal Audit Procedures**<br>a) Testing of controls in place over the fixed assets cycle,<br>b) Evaluation of appropriateness of capitalization process performed tests to verify the capitalized costs,<br>c) Assessment of the timelines of the capitalization of the assets and assessed the derecognition criteria for assets retired from active use.<br>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:<br>a) Identification of the nature of underlying costs capitalized,<br>b) Determination of realizable value of the assets retired from active use,<br>c) Appropriateness of asset lives applied in the calculation of depreciation/ amortization,<br>d) Useful lives of assets prescribed in Schedule II of the Companies Act, 2013. |
| 5 | **Capital Work in Progress**<br>The Company is in the process of executing various energy reduction projects in Nangal, Bhatinda and Panipat plant. This is a major capitalization against which major debt has been taken from Bank(s).<br>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.<br>Please refer accounting policy no 1.2.13. | **Principal Audit Procedures**<br>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.<br>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. |

| | | |
|---|---|---|
| | During the year, the Company has made a net addition of ₹ 206.13 crores in Capital Work in Progress including expenditure during construction phase ₹ 58.49 crores towards its plants out of which ₹ 8.63 crores have been capitalized. Total CWIP as on 31 March 2021 amounts ₹ 862.43 crores. | 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. |
| *6* | **Impact of Covid-19**<br>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. However, the situation with COVID-19 is still evolving. Also, the various preventive measures taken (such as lockdown restrictions by the Government of India, travel restrictions etc.) are still in force, leading to a highly uncertain economic environment.<br><br>However, the management's assessment of the impact on the subsequent period is immaterial.<br><br>Refer Note 59 of Consolidated Financial Statements | **Principal Audit Procedures**<br>The audit procedures included but were not limited to:<br>a) Obtaining a detailed understanding of future business climate and demand potential.<br>b) Subsequent performance upto the date of signing the report.<br>c) Minutes of the Audit Committee/ Board and discussions with the appropriate Management personnel.<br>d) Possible outcomes and the reasonableness of the estimates. |

## 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 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.
- 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 ₹ 12.55 crore for the year ended 31 March 2021, 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 consolidated financial statements of the Company for the year ended 31 March 2020 were audited by the joint auditors of the Company, one of which is the predecessor audit firm, and have expressed an unmodified opinion vide their report dated 30 July, 2020 on such financial statements.
3. The following matter is given by another firm of Chartered Accountants vide their audit report dated 23 April 2021 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. Further the Board of Directors of UVL at its meeting held on 31.10.2019 resolved to seek consent of all the promoter companies for closure of UVL, for which necessary action is in process. To this extant, 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 47 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.

**For MEHRA GOEL & COMPANY**
**Chartered Accountants**
**Firm's Registration No.: 000517N**

**(Devinder Kumar Aggarwal)**
**Partner**
**Membership number: 087716**
**UDIN No. : 21087716AAAABV2278**

**For ARUN K. AGARWAL & ASSOCIATES**
**Chartered Accountants**
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**
**Partner**
**Membership number: 413012**
**UDIN No. : 21413012AAAAAY1922**

Place: Noida
Date: 10-06-2021

# 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 2021.**

**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 2021 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 2021, 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 in sofar 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. : 21087716AAAABV2278**

**For ARUN K. AGARWAL & ASSOCIATES**
**Chartered Accountants**
**Firm's Registration No.: 003917N**

**(Lokesh Garg)**
**Partner**
**Membership number: 413012**
**UDIN No. : 21413012AAAAAY1922**

Place: Noida
Date: 10-06-2021

# Consolidated Balance Sheet as at 31st March 2021

₹ in Crore

| | Note | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **(1) NON-CURRENT ASSETS** | | | |
| a) Property, Plant and Equipment | 2 | 3608.72 | 3717.37 |
| b) Right-of-Use Assets | 3 | 3.93 | 4.62 |
| c) Investment Property | 4 | 1.11 | 1.18 |
| d) Capital Work In Progress | 5 | 862.43 | 656.30 |
| e) Other Intangible Assets | 6 | 1.31 | 2.41 |
| f) Investments | 7 | 416.40 | 322.86 |
| **g) Financial Assets** | | | |
| i) Loans | 8 | 5.59 | 6.88 |
| ii) Other Financial Assets | 9 | 8.10 | 8.12 |
| g) Deferred Tax Assets (Net) | 25 | - | 27.63 |
| h) Other Non-Current Assets | 10 | 1.03 | 0.63 |
| | | **4908.62** | **4748.00** |
| **(2) CURRENT ASSETS** | | | |
| a) Inventories | 11 | 438.03 | 1276.48 |
| b) **Financial Assets** | | | |
| i) Trade Receivables | 12 | 2634.09 | 7735.33 |
| ii) Cash and Cash Equivalents | 13 | 39.33 | 19.53 |
| iii) Other Bank Balances | 14 | 2.89 | 2.67 |
| iv) Loans | 15 | 2.85 | 3.12 |
| v) Other Financial Assets | 16 | 58.93 | 288.72 |
| c) Current Tax Assets (Net) | 17 | 48.68 | 48.38 |
| d) Other Current Assets | 18 | 278.77 | 441.42 |
| | | **3503.57** | **9815.65** |
| | | **8412.19** | **14563.65** |
| **II. EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity Share Capital | 19 | 490.58 | 490.58 |
| (b) Other Equity | 20 | 1649.61 | 1411.66 |
| | | **2140.19** | **1902.24** |
| **LIABILITIES** | | | |
| **(1) NON-CURRENT LIABILITIES** | | | |
| **a) Financial Liabilities** | | | |
| i) Borrowings | 21 | 648.01 | 596.85 |
| ii) Other Financial Liabilities | 22 | 23.80 | 21.93 |
| b) Provisions | 23 | 201.47 | 204.98 |
| c) Deferred Government Grant | 24 | 2116.74 | 2332.28 |
| d) Deferred Tax Liabilities (Net) | 25 | 13.46 | - |
| e) Other Non-Current Liabilities | 26 | 8.03 | 0.75 |
| | | **3011.51** | **3156.79** |
| **(2) CURRENT LIABILITIES** | | | |
| **a) Financial Liabilities** | | | |
| i) Borrowings | 27 | 1135.11 | 7333.77 |
| ii) Trade Payables | 28 | | |
| - Micro and Small Enterprises | | 1.85 | 1.32 |
| - Other than Micro and Small Enterprises | | 728.32 | 895.34 |
| iii) Other Financial Liabilities | 29 | 771.45 | 676.20 |
| b) Provisions | 30 | 293.44 | 230.85 |
| c) Deferred Government Grant | 31 | 204.25 | 222.99 |
| d) Other Current Liabilities | 32 | 126.07 | 144.15 |
| | | **3260.49** | **9504.62** |
| | | **8412.19** | **14563.65** |

Significant accounting policies 1

The accompanying notes forms an integral par t of these financial statements

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

**(Ashok Jha)**
Company Secretary
A-14100

**(N. S. Verma)**
ED (F&A)

**(Y. P. Bhola)**
Director (Finance)
DIN No.08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN No.07823778

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: 10.06.2021**

# Consolidated Statement of Profit and Loss for the year ended 31st March 2021

₹ in Crore

| | Note | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from Operations | 33 | 11905.66 | 13135.36 |
| Other Income | 34 | 33.34 | 57.40 |
| **Total Revenue (I)** | | **11939.00** | **13192.76** |
| | | | |
| **Expenses** | | | |
| Cost of Materials Consumed | 35 | 3698.19 | 4577.13 |
| Purchase of Stock- in- Trade | 36 | 2118.70 | 2263.02 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in- Trade | 37 | 760.61 | 413.10 |
| Employee Benefits Expense | 38 | 607.34 | 599.32 |
| Power and Fuel | 39 | 2549.65 | 3105.44 |
| Freight and Handling | | 937.65 | 1018.39 |
| Repair and Maintenance | 40 | 80.22 | 85.33 |
| Finance Cost | 41 | 291.23 | 405.48 |
| Depreciation and Amortization Expense | 42 | 312.27 | 374.43 |
| Other Expenses | 43 | 239.68 | 214.98 |
| **Total Expenses (II)** | | **11595.54** | **13056.62** |
| **Profit before share of profit / (loss) of joint venture as per equity method, exceptional item and tax (III) = (I) - (II)** | | **343.46** | **136.14** |
| **Share of Profit / (loss) of Joint Venture as per Equity Method (IV)** | | (12.55) | (10.05) |
| **Profit / (Loss) before exceptional item and tax (V) = (III) + (IV)** | | **330.91** | **126.09** |
| **Exceptional Item (VI)** | | - | 388.85 |
| **Profit/(Loss) before Tax (VII)=(V)-(VI)** | | **330.91** | **(262.76)** |
| **Tax expenses:** | 45 | | |
| Current tax | | 52.85 | 8.51 |
| Deferred tax | | 41.09 | (89.05) |
| Short / (Excess) tax for earlier years | | (0.11) | (1.16) |
| **Total Tax Expense (VIII)** | | **93.83** | **(81.70)** |
| **Profit/(Loss) for the year (IX)=(VII)-(VIII)** | | **237.08** | **(181.06)** |
| | | | |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to Profit & Loss | | | |
| Remeasurement of Defined Employee Benefit obligations | | 1.17 | (33.81) |
| Income Tax relating to above items | | (0.30) | 8.51 |
| **Other Comprehensive Income (net of tax) (X)** | | 0.87 | (25.30) |
| **Total Comprehensive Income (XI) = (IX) + (X)** | | **237.95** | **(206.36)** |
| | 46 | | |
| | | | |
| **Earnings per share** | | | |
| Basic earnings per share of ₹10 each | | **4.83** | **(3.69)** |
| Diluted earnings per share of ₹10 each | | **4.83** | **(3.69)** |
| | | | |
| 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

**(N. S. Verma)**
ED (F&A)

**(Y. P. Bhola)**
Director (Finance)
DIN No.08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN No.07823778

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: 10.06.2021**

# Consolidated Statement of Cash Flows for the year ended 31st March 2021

₹ in Crore

| | | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES:** | | | |
| **Net Profit/(Loss) Before Tax** | | **330.91** | **(262.76)** |
| **Adjustments For :** | | | |
| Depreciation / Amortization | | 312.27 | 374.43 |
| Finance Charges | | 291.23 | 405.48 |
| Amortisation of Deferred Govt Grant | | (194.12) | (278.11) |
| Interest Income | | (9.11) | (3.88) |
| Profit on Sale of Fixed Assets | | (1.15) | (3.28) |
| Exchange Rate Variation (Net) | | 19.03 | 3.79 |
| Provision for Doubtful Debts/ Advances | | 4.11 | (1.87) |
| Provision for Obsolete/Surplus Stores | | 0.10 | 0.05 |
| Stores and Spares write offs | | 3.93 | 3.45 |
| Assets Written off | | 0.13 | 0.12 |
| Other Write off | | 0.03 | 0.11 |
| **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | | **757.36** | **237.53** |
| **Adjustments For :** | | | |
| Trade and Other Receivables | | 5487.64 | (625.14) |
| Inventories | | 834.39 | 305.95 |
| Trade Payables, Provisions & Others Liabilities | | (40.67) | (194.11) |
| Direct Taxes paid | | (18.06) | (43.42) |
| **NET CASH FROM OPERATING ACTIVITIES** | **"A"** | **7020.66** | **(319.19)** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of PPE (including CWIP) | | (418.70) | (759.68) |
| Investment in Joint Ventures | | (93.54) | (57.79) |
| Proceeds from disposal of PPE | | 4.88 | 4.11 |
| Interest Received | | 11.27 | 3.62 |
| **NET CASH FROM INVESTING ACTIVITIES** | **"B"** | **(496.09)** | **(809.74)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans | | (6198.66) | 1211.66 |
| Long Term Loan | | (16.43) | 427.35 |
| Interest Paid | | (287.77) | (403.95) |
| Dividend/Distribution Tax paid | | - | (101.72) |
| Payment of Lease Liabilities | | (1.91) | (1.48) |
| **NET CASH FROM FINANCING ACTIVITIES** | **"C"** | **(6504.77)** | **1131.86** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **(A+B+C)** | **19.80** | **2.93** |
| Cash And Cash Equivalents (Closing Balance) | | 39.33 | 19.53 |
| Cash And Cash Equivalents (Opening Balance) | | 19.53 | 16.60 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **19.80** | **2.93** |
| **Reconciliation of Cash and Cash Equivalents with the Balance Sheet** | | | |
| **Components of Cash and Cash Equivalents (Note - 13)** | | | |
| **Balances with banks** | | | |
| Current accounts | | 28.71 | 14.52 |
| Remittances in transit | | 10.60 | 4.99 |
| Cash on hand | | 0.02 | 0.02 |
| | **Total** | **39.33** | **19.53** |

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

**(Ashok Jha)**
Company Secretary
A-14100

**(N. S. Verma)**
ED (F&A)

**(Y. P. Bhola)**
Director (Finance)
DIN No.08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN No.07823778

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: 10.06.2021**

# Consolidated Statement of Changes in Equity

## A. Equity Share Capital

₹ in Crore

| | Notes | Amount |
|---|---|---|
| As at 1st April 2019 | 19 | 490.58 |
| Change in equity share capital during the year | | - |
| **As at 31st March 2020** | | **490.58** |
| As at 1st April 2020 | 19 | 490.58 |
| Change in equity share capital during the year | | - |
| **As at 31st March 2021** | | **490.58** |

## B. Other Equity

₹ in Crore

| Particulars | Reserve & Surplus | | | |
|---|---|---|---|---|
| | Capital Reserve | General Reserve | Retained Earning | Total |
| **Opening balance as at 1st April 2019** | **2.51** | **332.89** | **1,384.39** | **1,719.79** |
| Profit for the year | - | - | (181.06) | (181.06) |
| Comprehensive income for the year | - | - | (25.30) | (25.30) |
| **Total Comprehensive Income for the year** | - | - | **(206.36)** | **(206.36)** |
| Dividend Paid ( Including Tax on Dividend) | - | - | (101.72) | (101.72) |
| Transfer to/(from) retained earnings | - | - | - | - |
| Adjustment of Transitional Provision of Lease Asset | - | - | (0.05) | (0.05) |
| **Closing balance as at 31st March 2020** | **2.51** | **332.89** | **1,076.26** | **1,411.66** |
| **Opening balance as at 1st April 2020** | **2.51** | **332.89** | **1,076.26** | **1,411.66** |
| Profit for the year | - | - | 237.08 | 237.08 |
| Comprehensive income for the year | - | - | 0.87 | 0.87 |
| **Total Comprehensive Income for the year** | - | - | **237.95** | **237.95** |
| Dividend Paid (Including Tax on Dividend) | - | - | - | - |
| **Closing Balance as at 31st March 2021** | **2.51** | **332.89** | **1,314.21** | **1,649.61** |

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

**(Ashok Jha)**
Company Secretary
A-14100

**(N. S. Verma)**
ED (F&A)

**(Y. P. Bhola)**
Director (Finance)
DIN No.08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN No.07823778

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: 10.06.2021**

# Notes to the Consolidated Financial Statements and Significant Accounting Policies

## 1. Overview and Significant Accounting Policies

### 1.1 Overview

National Fertilizers Limited (the 'Company') is a company limited by shares, incorporated and domiciled in India. These are consolidated financial statements of National Fertilizers Limited and its Joint Ventures referred below for the year ended 31st March 2021.

a) UrvarakVidesh 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. UrvarakVidesh 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 10th June 2021.

### 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 2021 | 31 March 2020 |
| UrvarakVidesh Limited | India | 33.33% | 33.33% |
| Ramagundam Fertilizers & Chemicals Limited | India | 26.70% | 26.29% |

### 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 50 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 taxassets 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 within 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 contact 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 atamortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 56details 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 policiesto 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 uptoRs 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 31st March 2021

## Note: 2 Property, Plant and Equipment

₹ in Crore

| Description | Gross Carrying Amount as on 1st April 2020 | Additions | Deductions/ Adjustments | Gross Carrying Amount as on 31st March 2021 | Depreciation | | | | Net carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Accumulated Depreciation as on 1st April 2020 | For the year | Deductions/ Adjustments | Accumulated Depreciation upto 31st March 2021 | As at 31st March 2021 | As at 31st March 2020 |
| **LAND** | | | | | | | | | | |
| - Freehold | 12.19 | - | - | 12.19 | - | - | - | - | 12.19 | 12.19 |
| - Leasehold | 6.35 | - | - | 6.35 | 0.50 | 0.10 | - | 0.60 | 5.75 | 5.85 |
| **BUILDINGS** | | | | | | | | | | |
| - on Freehold Land | 122.75 | 7.95 | - | 130.70 | 27.01 | 4.68 | - | 31.69 | 99.01 | 95.74 |
| - on Leasehold Land | 34.61 | 0.54 | - | 35.15 | 17.54 | 1.12 | - | 18.66 | 16.49 | 17.07 |
| Leasehold Buildings | 0.28 | - | - | 0.28 | 0.25 | 0.03 | - | 0.28 | - | 0.03 |
| Plant and Machinery | 4889.18 | 183.96 | (3.47) | 5076.61 | 1342.34 | 288.89 | (6.50) | 1,637.73 | 3438.88 | 3546.84 |
| Furniture and Fixtures | 2.74 | 0.97 | (0.29) | 4.00 | 1.13 | 0.61 | (0.31) | 2.05 | 1.95 | 1.61 |
| Vehicles | 8.87 | 1.39 | 2.09 | 8.17 | 3.76 | 0.70 | 2.09 | 2.37 | 5.80 | 5.11 |
| Office Equipments | 5.29 | 1.52 | (0.37) | 7.18 | 2.37 | 1.19 | (0.41) | 3.97 | 3.21 | 2.92 |
| **OTHERS** | | | | | | | | | | |
| Electrical Installations | 20.64 | 1.01 | - | 21.65 | 13.12 | 2.22 | - | 15.34 | 6.31 | 7.52 |
| Railway Sidings | 1.10 | 0.85 | - | 1.95 | 0.97 | 0.06 | - | 1.03 | 0.92 | 0.13 |
| EDP Equipments | 48.27 | 1.79 | 0.20 | 49.86 | 37.16 | 6.63 | 0.16 | 43.63 | 6.23 | 11.11 |
| Other Equipments | 32.74 | 3.53 | 5.29 | 30.98 | 21.49 | 2.80 | 5.29 | 19.00 | 11.98 | 11.25 |
| **As at 31st March, 2021** | **5185.01** | **203.51** | **3.45** | **5385.07** | **1467.64** | **309.03** | **0.32** | **1776.35** | **3608.72** | **3717.37** |
| **As at 31st March, 2020** | **5087.34** | **101.55** | **3.88** | **5185.01** | **1098.65** | **371.57** | **2.58** | **1467.64** | **3717.37** | |

**Footnote:**

a. Title/Lease Deed for land acquired at Vijaipur (₹4.36 crore), Bathinda (₹0.15 crore), Alwar (*) are pending execution.

b. Out of total land of 2541.82 acres (the total land was inadvertently reported as 2578 acres during past years), land Measuring 325.70 acres at Nangal (₹ 0.12 crore) had been symbolically possessed by the Punjab Government on 29.10.1998 without determination of consideration. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners.

c. Ammonia Feed Stock Conversion Projects from `LSHS/FO' to `Gas' at Bathinda, Panipat & Nangal Unit under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production have been capitalised on 11th March.2013, 28th March 2013 and 18th July 2013 respectively. Accordingly, Property, Plant & Equipment (Gross) include assets amounting to ₹ 3909.25 crore (CPLY ₹ 3949.99 crore) represented by capital grant as disclosed in Note: 24 & 31 relating to Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹ 2315.45 crore (CPLY ₹ 2546.62 crore) as on 31.03.2021.

d. In terms of exemption granted under Ind AS 101, the company has opted to treat exchange difference arising from translation of long term foreign currency monetary items as addition/deletion to Property, Plant & Equipment. Accordingly, an exchange loss/(gain) of ₹ (1.75 crore) crore (CPLY loss of ₹ 8.31 crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2021. The unamortized amount of exchange difference as on 31.03.2021 is ₹ 63.51 crore (CPLY ₹ 68.87 crore).

* The value of Land at Alwar is ₹ 1, hence figure not given.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 3 Right-of-Use Assets

₹ in Crore

| Description | Gross Carrying Amount as on 1st April 2020 | Transitional Impact of Ind AS 116 | Additions | Deductions/ Adjustments | Gross Carrying Amount as on 31st March 2021 | Depreciation | | | | Net carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Accumulated Depreciation as on 1st April 2020 | For the year | Deductions/ Adjustments | Accumulated Depreciation upto 31st March 2021 | As at 31st March 2021 | As at 31st March 2020 |
| Vehicles | 6.25 | - | 1.30 | 0.06 | 7.49 | 1.63 | 1.99 | 0.06 | 3.56 | 3.93 | 4.62 |
| **As at 31st March, 2021** | **6.25** | - | **1.30** | **0.06** | **7.49** | **1.63** | **1.99** | **0.06** | **3.56** | **3.93** | **4.62** |
| **As at 31st March, 2020** | - | **6.25** | - | - | **6.25** | - | **1.63** | - | **1.63** | **4.62** | |

**Amount recognised in Statement of Profit and Loss Account**

₹ in Crore

| Particulars | FY 2020-21 | FY 2019-20 |
|---|---|---|
| Depreciation charged for the Right- of- Use Asset | 1.99 | 1.63 |
| Interest Expense | 0.39 | 0.44 |

The Total Cash Outflow for leases for the year ended March 31, 2021 was ₹ 2.30 crore (CPLY ₹ 1.92 crore)

**The following is the movement in lease liabilities during the year ended March 31, 2021**

₹ in Crore

| Particulars | FY 2020-21 | FY 2019-20 |
|---|---|---|
| Opening Balance | 4.82 | 6.30 |
| Additions during the period | 1.30 | - |
| Finance Cost accrued during the period | 0.39 | 0.44 |
| Less : Payment of Lease Liability | 2.30 | 1.92 |
| **Closing Balance** | **4.21** | **4.82** |
| Lease Liability - Current (Note No. - 29) | 3.34 | 1.67 |
| Lease Liability - Non Current (Note No. - 22) | 0.87 | 3.15 |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 4 Investment Property

₹ in Crore

| Description | Gross Carrying Amount as on 1st April 2020 | Additions | Deductions/ Adjustments | Gross Carrying Amount as on 31st March 2021 | Depreciation | | | | Net carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Accumulated Depreciation as on 1st April 2020 | For the year | Deductions/ Adjustments | Accumulated Depreciation upto 31st March 2021 | As at 31st March 2021 | As at 31st March 2020 |
| **Building** | | | | | | | | | | |
| Scope Building – New Delhi | 1.18 | - | - | 1.18 | 0.18 | 0.04 | - | 0.22 | 0.96 | 1.00 |
| Paryavas Bhawan – Bhopal | 0.30 | - | - | 0.30 | 0.17 | 0.03 | - | 0.20 | 0.10 | 0.13 |
| Bajaj Bhawan - Mumbai | 0.05 | - | - | 0.05 | - | - | - | - | 0.05 | 0.05 |
| **As at 31st March, 2021** | **1.53** | - | - | **1.53** | **0.35** | **0.07** | - | **0.42** | **1.11** | **1.18** |
| **As at 31st March, 2020** | **1.53** | - | - | **1.53** | **0.28** | **0.07** | - | **0.35** | **1.18** | |

(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 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Rental Income derived from investment properties.** | **12.41** | **12.74** |
| Less : Direct operating expenses (including repairs and maintenance) generating rental income | 0.30 | 0.35 |
| Less : Direct operating expenses (including repairs and maintenance) that did not generate rental income | 0.01 | 0.01 |
| **Profit arising from investment properties before depreciation and indirect expense.** | **12.10** | **12.38** |
| Less: Depreciation | 0.07 | 0.07 |
| **Profit arising from investment properties before indirect expense.** | **12.03** | **12.31** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 5 Capital Work-In-Progress

₹ in Crore

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Building | 12.31 | 6.83 |
| Plant and Machinery | 664.57 | 582.94 |
| Capital Stores | 65.29 | 17.87 |
| Others | 22.22 | 0.48 |
| Expenditure During Construction Period | 98.04 | 48.18 |
| **Details of Expenditure During Construction Period** | **862.43** | **656.30** |
| **Opening Balance** | **48.18** | **15.00** |
| **Add: Expenditure during the year:** | | |
| Employees' Remuneration & Benefits | 0.98 | 1.69 |
| Power & fuel | 0.70 | 0.29 |
| Project Management fee | 0.50 | 2.83 |
| Other Expenses | 3.82 | (3.14) |
| Finance cost | 45.21 | 27.04 |
| Trial Run Expense: | | |
| Gas | 6.05 | 2.99 |
| Power | 1.03 | 1.48 |
| Salary & Wages | 0.20 | - |
| **Total** | **58.49** | **33.18** |
| **Total Expenditure** | **106.67** | **48.18** |
| **Less: Transfer to Property, Plant & Equipment** | 8.63 | - |
| **Closing Balance** | **98.04** | **48.18** |

## Note: 6 Other Intangible Assets

₹ in Crore

| | Gross Block | | | | Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| Description | Gross Carrying Amount as on 1st April 2020 | Additions | Deductions/ Adjustments | Gross Carrying Amount as on 31st March 2021 | Accumulated Depreciation as on 1st April 2020 | For the year | Deductions/ Adjustments | Accumulated Depreciation upto 31st March 2021 | As at 31st March 2021 | As at 31st March 2020 |
| Computer Software | 0.98 | 0.08 | 0.05 | 1.01 | 0.80 | 0.16 | 0.05 | 0.91 | 0.10 | 0.18 |
| Licence and Know-how | 26.18 | - | - | 26.18 | 23.95 | 1.02 | - | 24.97 | 1.21 | 2.23 |
| **As at 31st March, 2021** | **27.16** | **0.08** | **0.05** | **27.19** | **24.75** | **1.18** | **0.05** | **25.88** | **1.31** | **2.41** |
| **As at 31st March, 2020** | **26.75** | **0.06** | **(0.35)** | **27.16** | **23.24** | **1.16** | **(0.35)** | **24.75** | **2.41** | |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 7 Investments

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Investment in joint venture (Unquoted) #** | | |
| 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 | 0.03 |
| Accumulated Losses in Joint Venture | (0.01) | - |
| Share of Loss in Joint Venture | - | (0.01) |
| (A) | 0.01 | 0.02 |
| 44,76,28,200 Equity Shares (CPLY 34,15,28,200 Equity Shares) with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)$ | 447.63 | 341.53 |
| Accumulated Losses in Joint Venture | (18.69) | (8.65) |
| Share of Loss in Joint Venture | (12.55) | (10.04) |
| (B) | 416.39 | 322.84 |
| **Total (A + B)** | **416.40** | **322.86** |
| **Investment in Equity Instruments of Co-operative Societies (Unquoted)*** | | |
| 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) | * | * |
| | **416.40** | **322.86** |

* 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 | |
|---|---|---|---|
| | | 31st March 2021 | 31st March 2020 |
| Urvarak Videsh Limited | India | 33.33 | 33.33 |
| Ramagundam Fertilizers & Chemicals Limited | India | 26.00 | 26.00 |

$ Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited and Fertilizer Corporation of India has been incorporated on 17.02.2015 for setting up of Fertilizer Unit at Ramagundam, Telangana under New Investment Policy, 2012. RFCL has declared commercial operation on 22.03.2021. The annual urea capacity of plant is 12.71 Lakhs MT.

** 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 on 04.11.2015.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 8 Loans

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Secured, considered good** | | |
| Loans to employees | 5.58 | 6.85 |
| **Unsecured, considered good** | | |
| Loans to employees | 0.01 | 0.03 |
| | **5.59** | **6.88** |

## Note : 9 Other Financial Assets

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Security Deposits | - | 0.02 |
| Margin Money against Bank Guarantees (more than one year) | 8.10 | 8.10 |
| | **8.10** | **8.12** |

## Note :10 Other Non-Current Assets

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Unsecured, considered good** | | |
| Others | 1.03 | 0.63 |
| | **1.03** | **0.63** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 11 Inventories

₹ in Crore

| | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| Raw materials | 1.07 | | 0.39 | |
| Add: In transit | 0.36 | 1.43 | 0.09 | 0.48 |
| Work in Progress | | 16.43 | | 25.31 |
| Finished goods | 57.76 | | 362.48 | |
| Add: In transit | 40.22 | 97.98 | 98.87 | 461.35 |
| Traded goods | 109.86 | | 484.91 | |
| Add: In transit | 0.46 | 110.32 | 13.78 | 498.69 |
| Stores and spares | 193.16 | | 273.26 | |
| Add: In transit | 3.40 | | 1.45 | |
| Less: Provision for Obsolescence | 1.83 | 194.73 | 1.73 | 272.98 |
| Packing Materials | 15.12 | | 16.53 | |
| Add: In transit | 2.02 | 17.14 | 1.14 | 17.67 |
| | | **438.03** | | **1276.48** |

Inventories have been valued at lower of cost or net realizable value considering Note No.1.2.19 of Accounting Policy.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 12 Trade Receivables

₹ in Crore

| | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| **Trade Receivables outstanding for a period more than six months from the date they are due for payment** | | | | |
| Subsidy (Government of India)# | 46.02 | | 1204.19 | |
| Others | 14.63 | 60.65 | 12.90 | 1217.09 |
| **Trade Receivables less than six months** | | | | |
| Subsidy (Government of India)# | 2116.67 | | 5785.92 | |
| Others | 469.75 | 2586.42 | 742.17 | 6528.09 |
| Provision for doubtful receivables | | (12.98) | | (9.85) |
| | | **2634.09** | | **7735.33** |
| **Aggregate of trade receivables:** | | | | |
| Unsecured, considered good (including secured debts backed by bank guarantees ₹ 1.74 crore, (CPLY ₹1.61 crore) | | 2634.09 | | 7735.33 |
| Unsecured, considered doubtful | | 12.98 | | 9.85 |
| Provision for doubtful receivables | | (12.98) | | (9.85) |
| | | **2634.09** | | **7735.33** |

# The Total Subsidy Receivable is Rs. 2162.69 crore (CPLY ₹6990.11 crore) which is nett off Subsidy received as loan under Special Banking Arrangement amounting to Rs Nil (CPLY ₹ 1215.14 crore) and the same is appearing in Note No. 27 - Borrowing.

The procedure for release of subsidy has been revised by DoF with the introduction of Direct Benefit Transfer (DBT) Scheme for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea was released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of Urea and P&K fertilizer totalling 10.80 lakh MT through POS device to beneficiaries as on 31.03.2021, subsidy of ₹ 1276.70 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 12.57 lakh MT and subsidy ₹1353.54 crore).

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 13 Cash and Cash Equivalents

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Balances with banks** | | |
| Current accounts | 28.71 | 14.52 |
| Remittances in transit | 10.60 | 4.99 |
| **Cash on hand** | 0.02 | 0.02 |
| | **39.33** | **19.53** |

## Note: 14 Other Bank Balances

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Margin Money against Bank Guarantees | 2.68 | 2.52 |
| Unclaimed dividend account | 0.21 | 0.15 |
| | **2.89** | **2.67** |

## Note : 15 Loans

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Secured, considered good** | | |
| Loans to employees | 1.18 | 1.39 |
| **Unsecured, considered good** | | |
| Loans to employees | 1.67 | 1.73 |
| | **2.85** | **3.12** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 16 Other Financial Assets

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Security Deposits | 24.22 | 23.47 |
| Capital Grant recoverable from Government of India (GOI)$ | - | 203.77 |
| Interest Subsidy recoverable from Government of India | - | 2.23 |
| Claims recoverable | 30.67 | 55.88 |
| Interest Accrued but not due on Deposits | 4.44 | 3.68 |
| | **59.33** | **289.03** |
| Unsecured, considered good from above | 58.93 | 288.72 |
| Unsecured, considered doubtful from above | 0.40 | 0.31 |
| Provision for doubtful advances* | (0.40) | (0.31) |
| | **58.93** | **288.72** |
| *** Details of Provisions for doubtful advance** | | |
| Claims recoverable | 0.40 | 0.31 |
| **Total** | **0.40** | **0.31** |

$ Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia feed stock conversion project from `LSHS/FO' to `Gas' as disclosed in Note 24 & 31.

## Note : 17 Current Tax Assets (Net)

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Tax refunds | 48.68 | 17.54 |
| Advance Income Tax | - | 30.84 |
| | **48.68** | **48.38** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 18 Other Current Assets

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Unsecured, considered good unless otherwise stated** | | |
| **Advances** | | |
| Contractors | 6.82 | 25.48 |
| Suppliers $ # | 214.74 | 325.13 |
| Employees | 2.33 | 2.02 |
| Recoverable/Balances with customs and excise authorities | 2.33 | 2.33 |
| GST Input Credit* | 155.31 | 172.78 |
| Non Current Asset Held for Sale@ | 1.98 | 2.71 |
| Others | 63.92 | 72.66 |
| | **447.43** | **603.11** |
| Unsecured, considered good from above | 278.77 | 441.42 |
| Unsecured, considered doubtful from above | 168.66 | 161.69 |
| Provision for doubtful advances^ | (39.02) | (32.05) |
| Provision for doubtful advances appropriated from reserve^ | (129.64) | (129.64) |
| | **278.77** | **441.42** |
| **^ Details of Provisions for doubtful advances** | | |
| Contractors | 0.19 | 0.51 |
| Suppliers | 137.02 | 137.01 |
| GST Input Credit | 30.27 | 23.75 |
| Others | 1.18 | 0.42 |
| **Total** | **168.66** | **161.69** |

\# Includes an advance of ₹130.69 crore (CPLY ₹ 130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹129.64 crore (after recovery of ₹ 1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

$ Includes amount recoverable on account of Gas Pool Account amounting to ₹ 56.35 crore (CPLY ₹ 179.43 crore)

* Company has filed total refund claim of GST amounting to Rs. 81.73 crores upto FY 2020-21, since inception of GST regime, under inverted tax structure in respect of imported traded fertilizers. Against this, refund of Rs. 63.81 crore have been received and balance refund of Rs. 0.03 crore sanctioned upto the FY 2020-21 is pending for release. The refund application of Rs.15.00 crore is in appeal. Further appeal against the order of lower authorities for Rs. 2.89 crore shall be filed upon constitution of GST Tribunal.

**@ Details of Non-Current Asset Held for Sale**

₹ in Crore

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Plant & Machinery | 1.98 | 2.71 |

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 31st March 2021

## Note : 19 Equity Share Capital

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Authorized** | 1000.00 | 1000.00 |
| 100,00,00,000 Equity Shares (CPLY 100,00,00,000 Equity Shares) of ₹ 10 each | | |
| **Issued, Subscribed and Paid -up** | | |
| 49,05,78,400 Equity Shares (CPLY 49,05,78,400 Equity Shares) of ₹ 10 each fully paid up | 490.58 | 490.58 |
| | **490.58** | **490.58** |

**a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period.**

| Particulars | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|
| | No. of Shares | Amount (₹ In crore) | No. of Shares | Amount (₹ In crore) |
| Opening Balance | 490578400 | 490.58 | 490578400 | 490.58 |
| Increase during the year | - | - | - | - |
| **Closing Balance** | **490578400** | **490.58** | **490578400** | **490.58** |

There has been no movement in the Issued, Subscribed and Paid -up capital of the Company during the year.

**b. Terms/Rights attached to equity shares**

The Company has only one class of equity share having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends. 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 2021 | | 31st March 2020 | |
|---|---|---|---|---|
| | No. | % | No. | % |
| **Equity Shares of ₹ 10 each fully paid** | | | | |
| 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 Consolidated Financial Statements for the year ended 31st March 2021

## Note : 20 Other Equity

₹ in Crore

| | | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| **Capital Reserve** | | | |
| Balance at the beginning of the year | | 2.51 | 2.51 |
| Balance at the end of the year | **A** | **2.51** | **2.51** |
| **General Reserve** | | | |
| Balance at the beginning of the year | | 332.89 | 332.89 |
| Balance at the end of the year | **B** | **332.89** | **332.89** |
| **Retained Earnings in Statement of Profit and Loss** | | | |
| Balance at the beginning of the year | | 1076.26 | 1384.39 |
| Less: Dividend Paid | | - | 101.72 |
| Less: Adjustment of Transitional Provisions of Right-of-Use Asset | | - | 0.05 |
| | | 1076.26 | 1282.62 |
| Profit/(Loss) for the year transferred from Statement of Profit and Loss | | 237.08 | (181.06) |
| Profit/(Loss) for the year transferred from Other Comprehensive Income | | 0.87 | (25.30) |
| **Balance at the end of the year** | **C** | **1314.21** | **1076.26** |
| | **Total (A+B+C)** | **1649.61** | **1411.66** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 21 Borrowings

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Term Loans** | | |
| Rupee Term Loan ( Secured)# | 648.01 | 596.85 |
| | **648.01** | **596.85** |

# 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 ₹ 752.41 crore is outstanding as on 31.03.2021 out of which installment due for payment upto 31st March 2022 amounting to ₹ 104.40 crore is dislcosed on Note: 29 - Other Financial Liability.

Repayment of sanctioned term loan would fall due for repayment in 40 quarterly instalments of ₹ 26.10 crore each starting from June 2020 and ending in March 2030. The rate of interest on the term loan is 1 year MCLR plus spread of 0.15%. During the year, for the period upto 30th Dec 2020, interest rate was 8.05 % p.a. and from 31st Dec 2020 onwards, interest rate was 7.10 % p.a. During the period, the amount of interest of ₹ 46.50 crore (CPLY - ₹ 24.33 crore) has been capitalised.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 22 Other Financial Liabilities

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Security Deposits | 6.52 | 4.20 |
| Lease Liability | 0.87 | 3.15 |
| Others# | 16.41 | 14.58 |
| | **23.80** | **21.93** |

# Includes gross amount of ₹ 23.07 crore (CPLY ₹21.22 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 : 23 Provisions

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Provision for employee benefits *^ | 201.47 | 204.98 |
| | **201.47** | **204.98** |
| *** Item wise breakup of Provisions for employee benefits** | | |
| Earned Leave | 88.25 | 92.25 |
| Half Pay Leave | 97.87 | 98.82 |
| Post Retirement Settlement Benefits | 1.58 | 1.58 |
| Long Service Award | 0.74 | 0.40 |
| Social Security Benefits | 4.99 | 4.94 |
| Employees' Family Economic Rehabilitation Scheme | 8.04 | 6.99 |
| | **201.47** | **204.98** |

^ Short term Provision for Employee Benefits of ₹ 258.46 crore is disclosed in Note 30.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 24 Deferred Government Grant

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Opening Balance# | | |
| Non Current | 2332.28 | 2614.96 |
| Current | 222.99 | 184.06 |
| Add: Addition/Adjustment during the year (AFCP)* | (40.74) | 0.34 |
| Add: Addition/Adjustment during the year (Others) | 0.58 | 34.02 |
| Less : Govt Grant recognised in Statement of Profit & loss Account (Note No. 33) | 194.12 | 278.11 |
| Less : Transferred Deferred Government Grant Current (Note 31) | 204.25 | 222.99 |
| | **2116.74** | **2332.28** |

# 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 current financial year.

* 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 31st March 2021

## Note:25 Deferred Tax Assets / Liability (net)

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Deferred Tax Liability (A)** | | |
| Property, Plant & Equipment: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/amortization charged in Statement of Profit and Loss. | 153.59 | 157.25 |
| **(A)** | 153.59 | 157.25 |
| **Deferred Tax Assets (B)** | | |
| Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes. | 140.13 | 132.08 |
| Losses carried forward | - | 52.80 |
| **(B)** | 140.13 | 184.88 |
| **Net deferred tax liability (A-B)** | **13.46** | **(27.63)** |

**Movement in deferred tax components**

₹ in Crore

| | At April 1, 2020 | Charged or (credited) to profit or loss | At March 31, 2021 |
|---|---|---|---|
| Expenses allowed on cash basis | 132.08 | (8.05) | 140.13 |
| Losses carried forward | 52.80 | 52.80 | - |
| Property, Plant & Equipment impact | (157.25) | (3.66) | (153.59) |
| **Total** | **27.63** | **41.09** | **(13.46)** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 26 Other Non Current Liabilities

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Others | 8.03 | 0.75 |
| | **8.03** | **0.75** |

## Note : 27 Borrowings

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Secured** | | |
| Cash credit from banks* | 0.02 | 55.40 |
| Working Capital Demand Loan# | 1108.00 | 1200.00 |
| **Unsecured** | | |
| Commercial Paper | - | 3100.00 |
| Short Term loans from Banks$ | 27.09 | 2978.37 |
| | **1135.11** | **7333.77** |

* Cash credit from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation of inventories, book debts and other current assets of the Company.

\# Working Capital Demand Loans from Banks are secured by pari-pasu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.

$ Includes borrowings of ₹ Nil crore (CPLY ₹ 1215.14 crore) under Special Banking Arrangement.

## Note : 28 Trade Payables

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Micro and Small Enterprises* | 1.85 | 1.32 |
| Other than Micro and Small Enterprises$ | 728.32 | 895.34 |
| | **730.17** | **896.66** |

* Interest amount due to MSMED parties during the year is not due/accrued/paid or payable.

$ Includes amount of ₹ 492.10 crore (CPLY ₹666.10 crore) on account of Gas supplies.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 29 Other Financial Liabilities

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Current maturities of long term borrowings** | | |
| Foreign Currency Loan * | - | 67.59 |
| Rupee Term Loan# | 104.40 | 104.40 |
| Creditors for Capital Works | 117.44 | 126.42 |
| Security Deposits | 242.90 | 213.55 |
| Liability for employee benefits / remuneration | 44.26 | 49.10 |
| Unclaimed dividend | 0.21 | 0.15 |
| Unspent amount of CSR yet to be transferred to specified fund account | 1.61 | - |
| Lease Liability | 3.34 | 1.67 |
| Others$ | 257.29 | 113.32 |
| | **771.45** | **676.20** |

# Details in respect of Interest and terms of repayment of Rupee Term Loan are disclosed in Note : 21 Borrowings.

* Foreign Currency External Commercial Borrowing (ECB) loan from Bank, has been used for energy saving and urea capacity augmentation projects at Vijaipur complex and was secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

  The ECB was earlier drawn from SBI, NY at rate of interest of 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility. ECB has been refinanced through DBS Bank, Singapore on 06.01.2016.

  The rate of interest of refinanced ECB from DBS, Singapore is 3 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan has commenced from FY 2016-17. Foreign Currency External Commercial Borrowing (ECB) loan from DBS Bank was secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

  The final repayment of ECB loan of ₹ 67.59 crore was made in September 2020.

$ Includes amount of ₹ 1.45 crore (CPLY ₹0.79 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 30 Provisions

₹ in Crore

| | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| Provisions for employee benefits*^ | | 258.46 | | 230.85 |
| **Provision for Corporate Tax** | | | | |
| Provision for tax | 53.14 | | - | |
| Advance Tax / TDS | (18.16) | 34.98 | - | - |
| | | **293.44** | | **230.85** |
| *** Item wise breakup of provisions for employee benefits:** | | | | |
| Gratuity | | 224.98 | | 204.08 |
| Earned Leave | | 13.53 | | 10.38 |
| Half Pay Leave | | 16.47 | | 13.13 |
| Post Retirement Settlement Benefits | | 0.22 | | 0.19 |
| Long Service Award | | 0.20 | | 0.11 |
| Social Security Benefits | | 0.78 | | 0.89 |
| Employees' Family Economic Rehabilitation Scheme | | 2.28 | | 2.07 |
| | | **258.46** | | **230.85** |

^ Long term Provision for Employee Benefits of ₹201.47 crore is disclosed in Note 23.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 31 Deferred Government Grant

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Deferred Government Grant | | |
| AFCP*# | 203.83 | 219.50 |
| Others | 0.42 | 3.49 |
| | **204.25** | **222.99** |

# 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'.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

Non Current Deferred Governement Grant is disclosed in Note No. 24.

## Note: 32 Other Current Liabilities

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Advances from customers | 34.20 | 32.71 |
| Statutory Dues | 89.57 | 111.44 |
| Provision for Interest on Income tax | 2.30 | - |
| | **126.07** | **144.15** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 33 Revenue from operations

₹ in Crore

| | | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|
| **A) Sale of Goods** | | | |
| Finished goods | | 2362.69 | 2105.52 |
| Traded goods | | 2312.76 | 2564.83 |
| | (a) | **4675.45** | **4670.35** |
| Subsidy from Government of India: | | | |
| **Finished goods (Urea)-Subsidy** | | | |
| Price subsidy | | 5403.93 | 6532.76 |
| Freight subsidy | | 391.09 | 365.75 |
| | | **5795.02** | **6898.51** |
| **Traded goods (Di Ammonium Phosphate) Subsidy** | | | |
| Price subsidy | | 520.98 | 711.75 |
| Freight subsidy | | 75.88 | 119.92 |
| | | **596.86** | **831.67** |
| **Traded goods (Compost) Subsidy** | | | |
| Price subsidy | | 3.26 | 3.75 |
| Freight subsidy | | - | - |
| | | **3.26** | **3.75** |
| **Traded goods (Muriate of Potash) Subsidy** | | | |
| Price subsidy | | 63.23 | 47.60 |
| Freight subsidy | | 12.48 | 14.44 |
| | | **75.71** | **62.04** |
| **Traded goods (NPK) Subsidy** | | | |
| Price subsidy | | 46.72 | 44.72 |
| Freight subsidy | | 4.19 | 8.48 |
| | | **50.91** | **53.20** |
| **Traded goods (Ammonium Phosphate Sulphate) Subsidy** | | | |
| Price subsidy | | 103.54 | 27.84 |
| Freight subsidy | | 14.24 | 6.79 |
| | | **117.78** | **34.63** |
| **Traded goods (IMP UREA - Govt A/c) Subsidy** | | | |
| Freight subsidy | | 162.07 | 207.88 |
| | | **162.07** | **207.88** |
| **Traded goods (NPK 10:26:26)*Subsidy** | | | |
| Price subsidy | | 35.17 | 16.11 |
| Freight subsidy | | 3.74 | 3.57 |
| | | **38.91** | **19.68** |
| **Total subsidy$** | (b) | **6840.52** | **8111.36** |
| **Revenue from operations (gross) (a)+(b)** | **(A)** | **11515.97** | **12781.71** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Details of goods sold** | | |
| **Finished goods (including subsidy)** | | |
| Urea | 7863.05 | 8810.36 |
| Industrial Products | 197.60 | 165.72 |
| Ammonia Sales | 45.73 | 4.73 |
| Bio Fertilizers | 1.83 | 2.05 |
| Bentonite Sulphur | 49.51 | 21.17 |
| | **8157.72** | **9004.03** |
| **Traded goods (including subsidy)** | | |
| Seeds | 61.17 | 47.17 |
| Compost | 9.06 | 10.64 |
| Di Ammonium Phosphate (Imported) | 1645.70 | 2361.65 |
| Agro Chemicals | 20.75 | 8.19 |
| Muriate of Potash (MOP) | 238.37 | 185.54 |
| NPK (12:32:16) | 164.45 | 164.72 |
| NPK (10:26:26) | 128.61 | 61.16 |
| Ammonium Phosphate Sulphate (APS) | 364.53 | 104.02 |
| Imported Urea - Govt A/c | 707.14 | 827.08 |
| SSP Powder | 9.66 | 3.47 |
| SSP Plain | 5.59 | 1.93 |
| Calcium Nitrate 100 % Water Soluble Fertilizer | - | 0.55 |
| NPK (19:19:19) 100 % Water Soluble Fertilizer | 0.22 | 1.56 |
| Water Soluble Fertilizers (Domestic) | 2.88 | - |
| RFCL Urea | 0.12 | - |
| | **3358.25** | **3777.68** |
| | **11515.97** | **12781.71** |
| $ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year | | |
| Price Subsidy (Urea) | 0.36 | 4.26 |
| Freight Subsidy (Urea) | 5.47 | 0.37 |
| | **5.83** | **4.63** |

The procedure for release of subsidy has been revised by DoF with the introduction of Direct Benefit Transfer (DBT) Scheme in a phased manner for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea was released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of urea and P&K fertilizer totalling 10.80 lakh MT through POS device to beneficiaries as on 31.03.2021, subsidy of ₹ 1276.70 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 12.57 lakh MT and subsidy ₹1353.54 crore).

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **B) Sale of Services** | | |
| Training & Recruitment for other organisation | 0.04 | 4.70 |
| **(B)** | **0.04** | **4.70** |

₹ in Crore

| | Year Ended 31st March 2021 | | Year Ended 31st March 2020 | |
|---|---|---|---|---|
| **C) Other Operating Revenue** | | | | |
| i) Amortisation of Deferred Govt Grant* | | | | |
| AFCP | 190.43 | | 247.63 | |
| Others | 3.69 | 194.12 | 30.48 | 278.11 |
| ii) Return on own funds (AFCP)# | | 167.55 | | - |
| iii) Forfeiture of Security Deposits etc | | 0.10 | | 0.06 |
| iv) Liquidated Damages recovered from Contractor / Supplier | | 8.75 | | 7.98 |
| v) Recovery of Dispatch Money | | 1.86 | | 2.22 |
| vi Sale of Scrap | | 2.76 | | 6.57 |
| vii) Hire Charges of Equipment | | 0.07 | | 0.17 |
| viii) Recoveries on delayed payment on credit sales | | 14.44 | | 12.27 |
| ix) Insurance Claims | | - | | 41.57 |
| **(C)** | | **389.65** | | **348.95** |
| **Total Revenue from Operations (A+B+C)** | | **11905.66** | | **13135.36** |

* Deferred Govt Grant of ₹ 194.12 crore (CPLY ₹ 278.11 crore) recognised on a systematic basis over the useful life of the AFCP and Other Assets. The corresponding depreciation is appearing in Note No. 42.

\# 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 current financial year.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 34 Other Income

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **A) Interest Income on Financial Assets measured at amortised cost** | | |
| i) Term Deposits | 2.08 | 1.71 |
| ii) Loan to employees | 0.29 | 0.37 |
| iii) Unwinding of Interest accrued on Deposits | 5.48 | 0.47 |
| iv) Others | 1.26 | 1.33 |
| **(A)** | **9.11** | **3.88** |
| **B) Interest income on Income Tax Refund** | - | 10.55 |
| **(B)** | **-** | **10.55** |
| **C) Non Operating Income** | | |
| i) Profit on Sale of Assets | 1.15 | 3.28 |
| ii) Rent | 17.77 | 18.86 |
| iii) Provision no Longer required Written Back | - | 6.73 |
| iv) Others | 5.31 | 14.10 |
| **(C)** | **24.23** | **42.97** |
| **(A+B+C)** | **33.34** | **57.40** |

## Note: 35 Cost of material consumed

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Raw Material (A)** | | |
| Inventory at the beginning of the year | 0.47 | 1.58 |
| Purchases | 3471.92 | 4336.41 |
| | **3472.39** | **4337.99** |
| Less: Inventory at the end of the year | (1.42) | (0.47) |
| Cost of raw material consumed | **3470.97** | **4337.52** |
| **Packing material (B)** | 178.40 | 183.55 |
| **Stores and spares ( C)** | 48.82 | 56.06 |
| **Cost of material consumed (A+B+C)** | **3698.19** | **4577.13** |
| **Itemwise break up of raw material consumed** | | |
| Natural Gas | 3457.60 | 4326.33 |
| Others | 13.37 | 11.19 |
| | **3470.97** | **4337.52** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note 36 Purchase of Stock- in- Trade

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Traded goods purchased** | | |
| **Imported** | | |
| Di Ammonium Phosphate (DAP) | 1067.00 | 1282.16 |
| Ammonium Phosphate Sulphate (APS) | 274.05 | 109.51 |
| Muriate of Potash (MOP) | 191.81 | 239.43 |
| NPK (12:32:16) | 62.12 | 71.22 |
| NPK (10:26:26) | 69.63 | 86.28 |
| NPK (19:19:19) 100 % Water Soluble Fertilizer | - | 1.36 |
| Calcium Nitrate 100 % Water Soluble Fertilizer | - | 0.37 |
| **Indigenous** | | |
| Imported Urea - Govt A/c | 371.21 | 415.09 |
| Agro Chemicals | 15.53 | 7.06 |
| Seeds | 42.95 | 36.24 |
| Compost | 7.42 | 9.20 |
| SSP Powder | 9.33 | 3.26 |
| SSP Plain | 5.10 | 1.84 |
| Water Soluble Fertilizer (Domestic) | 2.40 | - |
| RFCL Urea | 0.15 | - |
| | **2118.70** | **2263.02** |

## Note: 37 Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in-Trade

₹ in Crore

| | | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|
| **Opening inventories** | | | |
| Work in Progress | | 25.31 | 32.58 |
| Finished goods | | 461.35 | 225.13 |
| Traded goods | | 498.69 | 1140.74 |
| | (A) | **985.35** | **1398.45** |
| **Closing inventories** | | | |
| Work in Progress | | 16.43 | 25.31 |
| Finished goods | | 97.98 | 461.35 |
| Traded goods | | 110.33 | 498.69 |
| | (B) | **224.74** | **985.35** |
| **Net (Increase)/decrease in inventories** | (A-B) | **760.61** | **413.10** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 38 Employee Benefits Expense

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Salaries, Wages and Bonus | 484.80 | 488.99 |
| Contribution to Provident and Other Funds | 51.00 | 54.92 |
| Gratuity Expenses | 23.10 | 20.88 |
| Welfare expenses# | 48.44 | 34.53 |
| | **607.34** | **599.32** |

# Includes payment of ₹ 3.10 crore (CPLY ₹2.90 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

## Note: 39 Power and Fuel

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Purchased power | 134.69 | 128.41 |
| Coal | 626.25 | 652.86 |
| Natural gas | 1770.24 | 2305.50 |
| Cess on Electricity | 18.47 | 18.67 |
| | **2549.65** | **3105.44** |

## Note: 40 Repair and Maintenance

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Plant and machinery | 64.11 | 65.33 |
| Buildings | 7.68 | 9.99 |
| Others | 8.43 | 10.01 |
| | **80.22** | **85.33** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 41 Finance Costs

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Interest :** | | |
| Cash credit | 11.28 | 7.31 |
| Commercial Papers | 210.68 | 305.70 |
| Short term loans | 37.15 | 66.23 |
| Rupee Term Loan | 10.39 | 12.85 |
| Unwinding of Interest accrued on Deposits | 12.55 | 0.10 |
| Others | 6.50 | 8.86 |
| **Other Borrowing Cost** | 2.68 | 4.43 |
| | **291.23** | **405.48** |

## Note: 42 Depreciation and Amortization Expense

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Depreciation / Amortization on tangible assets* | 309.03 | 371.57 |
| Depreciation on Investment Property | 0.07 | 0.07 |
| Depreciation on Right to Use Asset | 1.99 | 1.63 |
| Amortization of intangible assets | 1.18 | 1.16 |
| | **312.27** | **374.43** |

* Depreciation includes ₹ 194.12 crore (CPLY ₹ 278.11 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 33.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 43 Other Expenses

₹ in Crore

| | Year Ended 31st March 2021 | | Year Ended 31st March 2020 | |
|---|---|---|---|---|
| Rent | | 0.56 | | 0.76 |
| Rent for Godown | | 11.46 | | 16.85 |
| Rates and taxes | | 3.00 | | 2.63 |
| Insurance | | 26.08 | | 14.02 |
| **Auditors' remuneration:** | | | | |
| Audit Fee | 0.28 | | 0.25 | |
| Tax Audit Fee | 0.08 | | 0.07 | |
| Certification and other fee | 0.29 | | 0.28 | |
| Out of pocket expenses | 0.01 | 0.66 | 0.01 | 0.61 |
| Cost Audit Fee | | 0.03 | | 0.03 |
| Security Expenses | | 61.02 | | 58.92 |
| Printing and Stationery | | 0.94 | | 1.35 |
| Advertisement, Publicity and Sales Promotion | | 2.44 | | 2.78 |
| Directors' Fees | | 0.07 | | 0.17 |
| Telephone and Postage | | 1.83 | | 1.80 |
| Travelling | | 20.71 | | 25.83 |
| Water Charges | | 24.30 | | 24.32 |
| **Provision for:** | | | | |
| Doubtful Advances & Debts | 4.11 | | (1.87) | |
| Un-utilised GST Input Credit | 6.52 | | 11.53 | |
| Others | 0.10 | 10.73 | 0.05 | 9.71 |
| **Write Off:** | | | | |
| Stores and spares | 3.93 | | 3.45 | |
| Fixed Assets | 0.13 | | 0.12 | |
| Others | 0.03 | 4.09 | 0.11 | 3.68 |
| Legal Expenses | | 0.61 | | 0.84 |
| Bank Charges | | 3.11 | | 3.73 |
| Demurrage and Wharfage | | 1.04 | | 2.46 |
| Exchange rate variation (net) | | 19.03 | | 3.79 |
| CSR Expenditure (refer note 54) | | 13.04 | | 5.75 |
| Miscellaneous expenses | | 34.93 | | 34.95 |
| | | **239.68** | | **214.98** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 44 Exceptional Item

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Reversal of Minimum Fixed Cost Subsidy | – | 388.85 |
| | – | **388.85** |

Exceptional item relates to minimum fixed cost subsidy of ₹ 388.85 crore which accrued during the period 02-04-2014 to 31-03-2019 and consequent to deletion of provision of minimum fixed cost retrospectively w.e.f. 02-04-2014 vide Department of Fertilizer Policy letter dated 30-03-2020 under Modified New Pricing Scheme-III dated 02-04-2014, the said subsidy of ₹388.85 crore has been reversed during the financial year ended 31.03.2020.

## Note : 45 Income Tax Expense

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Current Tax** | | |
| Current Tax on Profits for the year | 53.15 | - |
| Adjustments for Current Tax of prior periods | (0.11) | (1.16) |
| **Total Current tax expense (A)** | **53.04** | **(1.16)** |
| **Deferred Tax** | | |
| Decrease / (increase) in deferred tax assets | 44.75 | (26.01) |
| (Decrease) / increase in deferred tax liabilities | (3.66) | (63.04) |
| **Total Deferred Tax Expense / (benefits) (B)** | **41.09** | **(89.05)** |
| **A+B** | **94.13** | **(90.21)** |
| **Income Tax Relating to Other Comprehensive Income** | (0.30) | 8.51 |
| **Income Tax Expense** | **93.83** | **(81.70)** |

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Reconciliation of the tax expense and the accounting profit multiplied by tax rate** | | |
| **Profit before tax** | **343.46** | **(252.71)** |
| **Tax at the enacted rate of 25.168%** | **86.44** | **(63.60)** |
| **Add :** | | |
| **Tax effect of amount not deductible (taxable) while calculating taxable income** | | |
| Add :CSR Exp | 3.28 | 1.45 |
| Add : Interest on Income Tax | 0.58 | - |
| Add: Payment To Special Welfare Fund Not Allowable | 0.01 | 0.01 |
| Others | 3.52 | (19.56) |
| **Total Income Tax Expense** | **93.83** | **(81.70)** |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note: 46 Earning per Share

₹ in Crore

| | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Profit/(Loss) after Tax (₹ in Crore) | 237.08 | (181.06) |
| Number of Equity shares | 490578400 | 490578400 |
| Face value per share (₹) | 10 | 10 |
| Basic / Diluted earnings per share (₹) | 4.83 | (3.69) |

The Company has not issued any security which will have the effect of diluting earnings on equity.

## Note 47 : Contingent Liabilities

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Claims against the Company not acknowledged as debts** | | |
| **a. Pending Appellate/Judicial decisions:** | | |
| Income tax | 33.08 | 31.17 |
| Excise, customs and service tax | 20.19 | 18.24 |
| Value Added Tax | 0.98 | 0.67 |
| Land compensation/development claims | 1.19 | 1.21 |
| Arbitration and civil cases | 60.85 | 53.93 |
| b. Other claims | 1.88 | 0.84 |
| c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable | - | - |
| | **118.17** | **106.06** |

## Note 48: Capital and Other Commitments

₹ in Crore

| | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:** | | |
| (i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances). | 150.49 | 188.35 |
| (ii) Unutilized amount of Letter of Credit | 248.18 | 189.28 |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## 49.1 Ind AS-19: Employee Benefits

## 49.1.1General description of defined benefit schemes:

| | |
|---|---|
| **Gratuity** | Payable on separation @ 15 days pay for each completed year of service subject to maximum of Rs 20 lakh to eligible employees who render continuous service of 5 years or more. |
| **Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}** | Payable on separation to eligible employees who have accumulated earned leave and half pay leave. During the service period encashment of accumulated earned leave is allowed in a financial year leaving minimum balance leave of 10 days. |
| **Long Service Award (LSA)** | Payable to employees on completion of specified years of service. |
| **Post Retirement Settlement Benefits (PRSB)** | Post Retirement Settlement Benefits (PRSB) for settlement at home town for employees and dependents |
| **Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:** | |
| **Social Security Benefits (SSB)** | Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹9.00 lakhs with minimum benefits of ₹1.00 lakhs). |
| **Employees' Family Economic Rehabilitation Scheme (EFERS)** | Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation. |

## 49.1.2 Provident Fund:

The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹ 35.70 crore (CPLY ₹ 44.36 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, 2021.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

## 49.1. 3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ in Crore

| | | Gratuity | | EL | | HPL | | PRSB | | LSA | | PF | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 20-21 | 19-20 | 20-21 | 19-20 | 20-21 | 19-20 | 20-21 | 19-20 | 20-21 | 19-20 | 20-21 | 19-20 |
| **(i) Reconciliation of present value of defined benefit obligations and plan assets:** | | | | | | | | | | | | | |
| 1 | Present value of projected benefit obligations at beginning of the year | 314.96 | 299.29 | 102.63 | 82.87 | 111.95 | 101.10 | 1.77 | 1.66 | 0.50 | 0.51 | 1187.19 | 1078.89 |
| 2 | Acquisition adjustment | 0.21 | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Service Cost | 9.27 | 9.83 | 9.51 | 5.79 | 4.84 | 4.66 | 0.07 | 0.08 | 0.05 | 0.03 | 35.70 | 44.36 |
| 4 | Past Service Cost | - | - | - | - | - | - | - | - | 0.45 | - | - | - |
| 5 | Interest Cost | 21.36 | 21.96 | 6.96 | 6.08 | 7.59 | 7.42 | 0.12 | 0.12 | 0.04 | 0.04 | 100.59 | 94.11 |
| 6 | Actuarial (Gains) / Losses | 0.03 | 30.60 | 20.36 | 31.30 | (2.28) | 5.15 | 0.02 | 0.05 | 0.03 | 0.01 | (0.13) | (18.51) |
| 7 | Benefits Paid | (37.24) | (46.72) | (37.68) | (23.41) | (7.76) | (6.38) | (0.18) | (0.14) | (0.13) | (0.09) | (121.35) | (96.66) |
| 8 | Plan Participant's Contribution | - | - | - | - | - | - | - | - | - | - | 75.77 | 81.77 |
| 9 | Transfer in | - | - | - | - | - | - | - | - | - | - | 0.92 | 3.23 |
| 10 | Present value of projected benefit obligations at close of the year [1 to 9] | 308.59 | 314.96 | 101.78 | 102.63 | 114.34 | 111.95 | 1.80 | 1.77 | 0.94 | 0.50 | 1278.69 | 1187.19 |
| 11 | Fair Value of Plan assets at close of the year | (83.61) | (110.88) | - | - | - | | | | | | 1289.10 | (1221.00) |
| 12 | Net Liability recognized in Balance Sheet at close of the year [10-11] | 224.98 | 204.08 | 101.78 | 102.63 | 114.34 | 111.95 | 1.80 | 1.77 | 0.94 | 0.50 | - | - |
| **(ii) Reconciliation of fair value of assets and obligations [Refer Foot Note 1 below]:** | | | | | | | | | | | | | |
| 1 | Fair value of plan assets at beginning of the year | 110.88 | 148.64 | - | - | - | - | - | - | - | - | 1221.00 | 1249.26 |
| | Opening Adjustment as per balance sheet | | - | - | - | - | - | - | - | - | - | - | (158.40) |
| 2 | Acquisition adjustment | 0.21 | - | - | - | - | - | - | - | - | - | 76.69 | 85.00 |
| 3 | Expected Return on plan assets | 7.52 | 10.91 | - | - | - | - | - | - | - | - | 100.59 | 94.11 |
| 4 | Actual Company's contribution | - | - | - | - | - | - | - | - | - | - | 35.70 | 44.36 |
| 5 | Actuarial Gains/(Losses) | 1.23 | (3.16) | - | - | - | - | - | - | - | - | (23.53) | 3.33 |
| 6 | Benefits Payments | (36.23) | (45.51) | - | - | - | - | - | - | - | - | (121.35) | (96.66) |
| 7 | Past service Cost | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Fair value of plan assets at close of the year (1 to 7 ) | 83.61 | 110.88 | - | - | - | - | - | - | - | - | 1289.10 | 1221.00 |
| 9 | Present value of defined benefit obligation | 308.59 | 314.96 | - | - | - | - | - | - | - | - | 1278.69 | 1187.19 |
| 10 | Net liability recognized in the Balance Sheet at close of the year [9-8] | 224.98 | 204.08 | - | - | - | - | - | - | - | - | - | - |
| **(iii) Expenses recognized in the Statement of Profit & Loss:** | | | | | | | | | | | | | |
| 1 | Service Cost | 9.27 | 9.83 | 9.51 | 5.79 | 4.84 | 4.66 | 0.07 | 0.08 | 0.05 | 0.03 | 35.70 | 44.36 |
| 2 | Past Service Cost | - | - | - | - | - | - | - | - | 0.45 | - | - | - |
| 3 | Interest Cost | 21.36 | 21.96 | 6.96 | 6.08 | 7.59 | 7.42 | 0.12 | 0.12 | 0.04 | 0.04 | 100.59 | 94.11 |
| 4 | Actuarial (Gains) / Losses | (1.20) | 33.76 | 20.36 | 31.30 | (2.28) | 5.15 | 0.02 | 0.05 | 0.03 | 0.01 | (0.13) | (18.51) |
| 5 | Expected return on Plan Assets | (7.52) | (10.91) | - | - | - | - | - | - | - | - | (100.59) | (94.11) |
| 6 | Total charged to P&L Account | 21.91 | 54.64 | 36.83 | 43.17 | 10.15 | 17.23 | 0.21 | 0.25 | 0.57 | 0.08 | - | - |

### (iv) Actuarial assumptions:

| | | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| 1 | Method used | Projected Unit credit | Projected Unit credit |
| 2 | Discount Rate (per annum) | 6.68% | 6.78% |
| 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):

| | | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| 1 | Discount Rate (per annum) | 6.68% | 6.78% |
| 2 | Interest Rate Guarantee | 8.50% | 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 | 7.99 | (7.59) |
| 2 | Earned Leave | 3.44 | (3.21) |
| 3 | Half Pay Leave | 3.02 | (2.87) |

**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 | (3.61) | 3.27 |
| 2 | Earned Leave | (3.25) | 3.45 |
| 3 | Half Pay Leave | (2.90) | 3.02 |

**Foot Note:**

1. The company has funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is mainly based on the information given by the insurance companies through whom the investment has been made by the fund. Gratuity liability of ₹ 224.98 crore (CPLY ₹204.08 crore) is unfunded as on 31st March, 2021. Other defined benefit obligations are unfunded.

## 49.1.4 Other Employee Benefit Schemes:

Provision of 1.20 crore (CPLY (₹ 0.02) 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 ₹ 16.09 crore (CPLY ₹14.89 crore) has been recognized in the Balance Sheet as at 31st March 2021 on account of these schemes.

## 49.1.5 Provident Fund:

12% of Basic Pay plus Dearness allowance contributed to the Provident Fund Trust of the Company. The Company does not anticipate any further obligation in the near foreseeable future having regard to the amount of the fund and return on investment as confirmed by the actuary.

### (vi) The major categories of plans assets are as follows:

₹ in Crore

| Particulars | 31st March 2021 | | | | 31st March 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Quoted ₹ | Unquoted ₹ | Total ₹ | in % | Quoted ₹ | Unquoted ₹ | Total ₹ | in % |
| **Equity instruments** | 11.96 | - | 11.96 | 0.94 | 34.22 | - | 34.22 | 2.97 |
| **Debt instruments** | 1249.61 | - | 1249.61 | 98.65 | 1103.97 | - | 1103.97 | 95.89 |
| **Asset backed securities** | - | - | - | - | - | - | - | - |
| **Investment funds** | - | - | - | - | - | - | - | - |
| **Derivatives** | - | - | - | - | - | - | - | - |
| **Cash & Cash Equivalents** | - | 5.15 | 5.15 | 0.41 | - | 13.12 | 13.12 | 1.14 |
| **Total** | **1261.57** | **5.15** | **1266.72** | **100.00** | **1138.19** | **13.12** | **1151.31** | **100.00** |

## Note 50 : Ind AS-108: Operating Segments

Ind AS-108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about product and services, geographical areas and major customers.

Company's primary business segments are

i) Own Fertilizers ( Urea, Bio Fertilizers and Bentonite Fertilizers)

ii) Fertilizers Trading (Indigenous and Imported)

iii) Other Products & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme),

and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

## 50.1.1 Geographical Segment:

The operations of the company are conducted within India and there is no separate reportable geographical segment.

## 50.1.2 The disclosure of segment-wise information is as below:

₹ in Crore

| PARTICULARS | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Segment Revenue** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 8275.96 | 9111.69 |
| Fertilizer Trading | 3276.33 | 3763.89 |
| Other Products & Services | 389.35 | 316.51 |
| Less : Eliminations | 35.98 | 56.73 |
| **Total Segment Revenue** | **11905.66** | **13135.36** |
| **Segment Results** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 289.71 | 288.26 |
| Fertilizer Trading | 285.02 | 248.51 |
| Other Products & Services | 113.77 | 53.30 |
| **Total Segment Results** | **688.50** | **590.07** |
| Finance expenses | 291.23 | 405.48 |
| Unallocable Expenses (Net of unallocable income) | 66.36 | 58.50 |
| **Profit / (Loss) Before exceptional item & tax** | **330.91** | **126.09** |
| Exceptional Item* | - | 388.85 |
| **Profit / (Loss) Before Tax** | **330.91** | **(262.76)** |
| Provision for Tax | 93.83 | (81.70) |
| **Profit After Tax** | **237.08** | **(181.06)** |
| Other comprehensive income (net of taxes) | 0.87 | (25.30) |
| **Total Comprehensive Income** | **237.95** | **(206.36)** |
| **Segment Assets** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 5972.82 | 11104.85 |
| Fertilizer Trading | 785.13 | 2034.21 |
| Other Products & Services | 122.12 | 127.54 |
| Unallocable | 1532.12 | 1297.05 |
| **Segment Assets** | **8412.19** | **14563.65** |
| **Segment Liabilities** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 3866.08 | 4223.47 |
| Fertilizer Trading | 212.82 | 97.11 |
| Other Products & Services | 55.44 | 39.25 |
| Unallocable | 2137.66 | 8301.58 |
| **Segment Liabilities** | **6272.00** | **12661.41** |
| **Capital Expenditure** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 202.82 | 98.83 |
| Fertilizer Trading | - | - |
| Other Products & Services | 0.74 | 2.22 |
| Unallocable | 1.33 | 0.56 |
| **Capital Expenditure** | **204.89** | **101.61** |
| **Depreciation and Amortisation expenses** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 300.53 | 363.66 |
| Fertilizer Trading | - | - |
| Other Products & Services | 8.56 | 8.18 |
| Unallocable | 3.18 | 2.59 |
| **Depreciation and Amortisation expenses** | **312.27** | **374.43** |
| **Non-cash expenses other than Depreciation and Amortisation** | | |
| Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers) | 6.04 | 2.39 |
| Fertilizer Trading | 27.80 | 15.00 |
| Other Products & Services | - | (0.23) |
| Unallocable | 0.01 | 0.02 |
| **Non-cash expenses other than Depreciation and Amortisation** | **33.85** | **17.18** |

* Exceptional item relates to minimum fixed cost subsidy of ₹ 388.85 crore which was accrued during the period 02-04-2014 to 31-03-2019 and consequent to deletion of provision of minimum fixed cost retrospectively w.e.f. 02-04-2014 vide Department of Fertilizer Policy letter dated 30-03-2020 under Modified New Pricing Scheme-III dated 02-04-2014 the said subsidy of ₹ 388.85 crore has been reversed during the financial year 2019-20.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note 51 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 V. N. Datt,
Chairman & Managing Director (Additional Charge w.e.f. 03.06.2020) and Director (Marketing)

(ii) Shri Manoj Mishra
Chairman & Managing Director (upto 02.06.2020)

(iii) Shri Y. P. Bhola
Director (Finance)

(iv) Shri Nirlep Singh Rai
Director (Technical) (w.e.f. 01.04.2020)

(v) Shri Ashok Jha
Company Secretary

C) **Key management personnel compensation**

₹ in Crore

| | 31st March 2021 | 31st March 2020 |
|---|---|---|
| Short-term employee benefits | 2.04 | 2.18 |
| Post-employment benefits | - | - |
| Other Long-term employee benefits | 0.45 | 0.65 |
| Termination benefits | - | - |
| Share based payment | - | - |
| **Total Compensation** | **2.49** | **2.83** |

D) **Transactions with Related parties:**

(i) During the year, there were transactions of ₹147.17 crore (CPLY ₹89.18 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹ 106.10 crore (CPLY ₹67.84 crore) and others ₹41.07 crore (CPLY ₹21.34 crore). The amount recoverable from Ramagundam Fertilizers & Chemicals Limited as on 31.03.2021 is ₹ 6.44 crore (CPLY ₹3.23 crore) and amount payable to Ramagundam Fertilizers & Chemicals Limited as on 31.03.2021 is ₹ 0.16 crore (CPLY ₹Nil)

(ii) Remuneration to Key Management Personnel at (C) above is ₹2.49 crore (CPLY ₹ 2.83 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note 52: 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 53

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 31st March 2021

## Note 54

As per Section 135 of the Companies Act 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

₹ in Crore

| | PARTICULARS | Current period | Previous period |
|---|---|---|---|
| A | **Balance of CSR Fund carried forward from earlier year** | **9.64** | **7.89** |
| B | Amount required to be spent during the year (As per Companies Act) | 3.40 | 7.50 |
| C | **Total (A+B)** | 13.04 | 15.39 |
| D | CSR cash expenses during the year | 6.05 | 5.75 |
| E | Provision made for CSR ongoing projects expenses for the amount to be deposited in separate Bank Account. | 5.38 | - |
| F | Provision made for unspent CSR expenditure (Other than Ongoing projects). | 1.61 | - |
| G | **Closing Balance of CSR Fund (C-D-E-F)** | - | **9.64** |

**Break-up of the CSR expenses including provision of Rs. 5.38 crore under major heads is as under:**

₹ in Crore

| | PARTICULARS | Amount |
|---|---|---|
| 1 | Health and Sanitation | 1.94 |
| 2 | Education & Skill Development | 3.50 |
| 3 | Promoting gender, empowering women, setting up homes | - |
| 4 | Environmental & Sustainability | 0.45 |
| 5 | Measure for the benefit of Armed Force | 0.07 |
| 6 | Training to Promote Rural Sports, paralympic sports | - |
| 7 | Rural Development projects | 5.47 |
| | **Total** | **11.43** |

₹ 5.38 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, ₹ 1.61 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 55 -Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders.

| | | Current period | Previous period |
|---|---|---|---|
| a) | Number of non resident shareholders | - | 698 |
| b) | Number of ordinary shares held by them | - | 1664574 |
| c) | Amount of Dividend (₹ in Crore) | - | 0.13 |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note : 56 Fair Value Measurement

**Financial Instruments by Category**

₹ in Crore

| PARTICULARS | March 31, 2021 | | | March 31, 2020 | | |
|---|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised cost | FVPL | FVOCI | Amortised cost |
| **Financial Assets** | | | | | | |
| Loan | - | - | 8.44 | - | - | 10.00 |
| Other Financial Assets | - | - | 67.03 | - | - | 296.84 |
| Trade Receivables | - | - | 2634.09 | - | - | 7735.33 |
| Cash and Cash Equivalents | - | - | 39.33 | - | - | 19.53 |
| Other Bank Balances | - | - | 2.89 | - | - | 2.67 |
| **Total Financial Assets** | **-** | **-** | **2751.78** | **-** | **-** | **8064.37** |
| **Financial Liabilities** | | | | | | |
| **Borrowings** | | | | | | |
| ECB Loan | - | - | - | - | - | 67.59 |
| Term Loan | - | - | 752.41 | - | - | 701.25 |
| Borrowings | - | - | 1135.11 | - | - | 7333.77 |
| Other Financial Liabilities | - | - | 441.43 | - | - | 308.39 |
| Security Deposits | - | - | 249.42 | - | - | 217.75 |
| Trade Payables | - | - | 730.17 | - | - | 896.66 |
| **Total Financial Liabilities** | **-** | **-** | **3308.54** | **-** | **-** | **9525.41** |

**(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 2021 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| ***Financial Investments at FVTPL:*** | | | | | |
| Investment in NFL Employees' | | | | | |
| Consumer co-operative stores | | - | - | - | - |
| ***Financial Investments at FVOCI:*** | | - | - | - | - |
| **Total Financial Assets** | | - | - | - | - |
| **Financial Liabilities** | | - | - | - | - |
| **Total Financial Liabilities** | | - | - | - | - |

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **At 31 March 2020** | | | | | |
| **Financial Assets** | | | | | |
| ***Financial Investments at FVTPL:*** | | - | - | - | - |
| Investment in NFL Employees' Consumer co-operative stores | | - | - | - | - |
| ***Financial Investments at FVOCI:*** | | | | | |
| **Total Financial Assets** | | - | - | - | - |
| Financial Liabilities | | | | | |
| **Total Financial Liabilities** | | - | - | - | - |

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

₹ in Crore

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **At 31st March 2021** | | | | | |
| **Financial Assets** | | | | | |
| Loans | | - | - | 8.44 | **8.44** |
| Other Financial Assets | | - | - | 67.03 | **67.03** |
| Trade Receivables | | - | - | 2634.09 | **2634.09** |
| Cash and Cash Equivalents | | - | - | 39.33 | **39.33** |
| Other Bank Balances | | - | - | 2.89 | **2.89** |
| **Total Financial Assets** | | - | - | **2751.78** | **2751.78** |
| | | | | | |
| **Financial Liabilities** | | | | | |
| **Borrowings** | | | | | |
| ECB Loan | | - | - | - | - |
| Term Loan | | - | - | 752.41 | **752.41** |
| Borrowings | | - | - | 1135.11 | **1135.11** |
| Other Financial Liabilities | | - | - | 441.43 | **441.43** |
| Security Deposits | | - | - | 249.42 | **249.42** |
| Trade Payables | | | | 730.17 | **730.17** |
| **Total Financial Liabilities** | | - | - | **3308.54** | **3308.54** |

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **At 31st March 2020** | | | | | |
| **Financial Assets** | | | | | |
| Loan | | - | - | 10.00 | **10.00** |
| Other Financial Assets | | - | - | 296.84 | **296.84** |
| Trade Receivables | | - | - | 7735.33 | **7735.33** |
| Cash & Cash Equivalents | | - | - | 19.53 | **19.53** |
| Other Bank Balances | | - | - | 2.67 | **2.67** |
| **Total Financial Assets** | | - | - | **8064.37** | **8064.37** |

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Liabilities** | | | | | |
| **Borrowings** | | | | | |
| ECB Loan | | - | - | 67.59 | **67.59** |
| Term Loan | | - | - | 701.25 | **701.25** |
| Borrowings | | - | - | 7333.77 | **7333.77** |
| Other Financial Liabilities | | - | - | 308.39 | **308.39** |
| Security Deposits | | - | - | 217.75 | **217.75** |
| Trade Payables | | - | - | 896.66 | **896.66** |
| **Total Financial Liabilities** | | - | - | **9525.41** | **9525.41** |

**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, 2021 | N.A. | - |
| As at 31st March, 2020 | N.A. | - |

**(iv) Fair value of financial assets and liabilities measured at amortised cost**

₹ in Crore

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial Assets** | | | | |
| Loan | 8.44 | 8.44 | 10.00 | 10.00 |
| Other Financial Assets | 67.03 | 67.03 | 296.84 | 296.84 |
| Trade Receivables | 2634.09 | 2634.09 | 7735.33 | 7735.33 |
| Cash & Cash Equivalents | 39.33 | 39.33 | 19.53 | 19.53 |
| Other Bank Balances | 2.89 | 2.89 | 2.67 | 2.67 |
| **Total Financial Assets** | **2751.78** | **2751.78** | **8064.37** | **8064.37** |
| **Financial Liabilities** | | | | |
| **Borrowings** | | | | |
| ECB Loan | - | - | 67.59 | 67.59 |
| SBI Term Loan | 752.41 | 752.41 | 701.25 | 701.25 |
| Borrowings | 1135.11 | 1135.11 | 7333.77 | 7333.77 |
| Other Financial Liabilities | 441.43 | 441.43 | 308.39 | 308.39 |
| Security Deposits | 249.42 | 249.42 | 217.75 | 217.75 |
| Trade Payables | 730.17 | 730.17 | 896.66 | 896.66 |
| **Total Financial Liabilities** | **3308.54** | **3308.54** | **9525.41** | **9525.41** |

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 2020-21 is 7.75% (CPLY 8.50%). They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note No. 57 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 ₹ 2647.07 crore and ₹7745.18 crore as of March 31, 2021 and March 31, 2020, 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.

| Party Wise breakup of Trade Receivables | | | | |
|---|---|---|---|---|
| **Category** | **31.03.2021 Rs in crore** | **% of Total Debtors** | **31.03.2020 Rs in crore** | **% of Total Debtors** |
| Govt of India (Subsidy) | 2162.69 | 81.70 | 6990.11 | 90.25 |
| Institutional Dealers | 168.04 | 6.35 | 273.50 | 3.53 |
| Private Dealers | 316.34 | 11.95 | 481.57 | 6.22 |
| **Total Trade Receivables** | **2647.07** | **100.00** | **7745.18** | **100.00** |
| | 31.03.2021 | % of Debtors to Total Sales | 31.03.2020 | % of Debtors to Total Sales |
| **Total Sales** | **11515.97** | **22.99** | **12781.71** | **60.60** |

Note - The Total Subsidy Receivable is ₹ 2162.69 crore(CPLY ₹6990.11 crore). Loan against Subsidy received under Special Banking Arrangement amounting to ₹ Nil crore ( CPLY ₹1215.14 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 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

| | 31 March, 2021 | 31 March, 2020 |
|---|---|---|
| **Floating rate**<br>Expiring within one year (Bank Overdraft/CC Limit and other facilities) | 7,187.41 | 2,488.73 |

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 31.03.2021 | As on 31.03.2020 |
|---|---|---|---|---|
| Foreign Currency exchange contracts | Trade Exposure for import of fertilizers | | 123.24 | 174.90 |
| | 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 31.03.2021 | As on 31.03.2020 |
|---|---|---|
| Foreign Currency Term Loan (ECB) | * | 67.59 |
| Trade Exposure for import of fertilizers | 150.88 | 57.32 |

*ECB Loan repaid in September 2020.

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note No. 58 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 | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Debt | 752.41 | 768.84 |
| Total equity | 2171.44 | 1920.94 |
| **Debt to equity ratio (in times)** | **0.35** | **0.40** |

**(b) Dividends**

₹ in Crore

| | 31.03.2021 | 31.03.2020 |
|---|---|---|
| **Equity shares** | | |
| Interim dividend for the year ended 31 March 2021<br>(31 March 2020 – INR 46.60 crore (INR 0.95 per share)<br>per fully paid share | - | 46.60 |
| Final dividend for the year ended 31 March 2020<br>(31 March 2019 – INR 0.77) per fully paid share | - | - |

# Notes to Consolidated Financial Statements for the year ended 31st March 2021

## Note No. 59 COVID - 19 Impact Analysis:

During the year ended 31st March 2021, 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 at all units and commissioning of Joint Venture Project (RFCL) due to stoppage of project activities at site is because of shortage of labour and delay in the visit of foreign experts for commissioning of these projects due to travel restrictions arising from COVID-19. Delay in execution of RFCL project, has led to time and cost overrun impacting the financial performance of the RFCL.

As per current assessment, no significant impact on carrying amount of inventories, tangible assets, 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.

## Note No. 60 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

**(N. S. Verma)**
ED (F&A)

**(Y.P. Bhola)**
Director (Finance)
DIN No. 08551454

**(Virendra Nath Datt)**
Chairman & Managing Director
DIN No.07823778

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: 10.06.2021**

# NOTES

# NOTES

# COVID TESTING & VACCINATION DRIVE

NANGAL UNIT

VIJAIPUR UNIT

PANIPAT UNIT

BATHINDA UNIT

ZO CHANDIGARH

# CSR ACTIVITIES

The company installed & commissioned 04 nos. Medical Oxygen Generator Plants at Bhopal, Lucknow, Gorakhpur & Indore to strengthen the Covid Care facilities

Sh. V. N. Datt, C&MD and Sr. Officials inaugurating the modernization work in the Government School, Khamachon village, Punjab

Senior NFL Officials handing over two Advance Life Support (ALS) Ambulances at District Basti and District Sultanpur in Uttar Pradesh

The company provided 05 nos. Fowler Beds to Civil Hospital Nangal under CSR

NFL installed 5 Nos. Smart Classrooms under CSR in Mahant Gurbanta Das School for Deaf & Dumb, Bathinda

# CSR ACTIVITIES

NFL Officials handing over Cold Chain Equipments in Chandigarh to aid Government's Covid-19 Vaccination programme

NFL installed E-Samarth (smart classes) in 25 Government schools of Panipat, Haryana

NFL installed 325 Nos. Solar Street Lights in nearby villages in Nangal, Punjab

Glimpse of Apprentices getting hands on training in workshop at Company's Plants under CSR

Senior NFL Officials during the distribution of Desks & Benches in Government Primary School, Bathinda

# IN THE SERVICE OF FARMERS

A view of Field day conducted at Village Mohanpur, Distt. Deoghar, (Jharkhand) explaining importance of Crop Rotation to the farmers

Dealers achieving excellent product sales were awarded at a Dealers' conference held in Goa

NFL Officials participating in Kisan Mela & Agro Exhibition organized at Pantnagar (Uttrakhand)

Soil Health Cards were distributed to the farmers of Kakaraparru Village, West Godavari Distt. (Andhra Pradesh) during a programme

Area Office Indore participated in the event Mirch Mahotsav for farmers in Distt. Khargone (Madhya Pradesh)

Glimpse of one day residential farmers training programme conducted at NFL Kisan Suvidha Kendra (KSK) Kareli Distt., Narsinghpur (M.P.)

# PLANT VISITS

# PLANT VISIT OF HON'BLE MINISTER

Shri Mansukh Mandaviya, Hon'ble Minister of Chemicals & Fertilizers and Health & Family Welfare being given Guard of Honour by CISF personnel upon visit to Panipat plant

Hon'ble Minister of Chemicals & Fertilizers inspecting the equipments inside the new Mobile Soil Testing labs. C&MD, Director (Tech) are also present on the occasion

Shri Mansukh Mandaviya, Hon'ble Minister of Chemicals & Fertilizers inspecting the crops at R&D Farm during his visit to Nangal Unit

# MEETING WITH HON'BLE MINISTERS

Shri V. N. Datt, C&MD, NFL greeting Shri Mansukh Mandaviya, Hon'ble Minister of Chemicals & Fertilizers and Health & Family Welfare upon taking charge of the Ministry

Shri V. N. Datt, C&MD, NFL greeting Shri Bhagwanth Khuba, Hon'ble Minister of State for Chemicals & Fertilizers and New & Renewable Energy upon taking charge of the ministry

Hon'ble Minister of Chemicals & Fertilizers being welcomed by Zonal Manager (Hyderabad) during his visit to RFCL plant

# NEW VENTURE

Shri Mansukh Mandaviya, Hon'ble Minister of Chemicals & Fertilizers and Health & Family Welfare and Shri Bhagwanth Khuba, Hon'ble Minister of State for Chemicals & Fertilizers and New & Renewable Energy (Centre) chairing the meeting with Secretary (Fertilizers), Sr. officials of NFL (Left) and IFFCO (Right) during the MoU signing ceremony between NFL & IFFCO for 'transfer of technology' of Nano Urea Liquid fertilizer

Senior officials of NFL (Left) and IFFCO (Right) exchanging the MoU documents for 'transfer of technology' of Nano Urea Liquid fertilizer in the presence of Shri Mansukh Mandaviya, Hon'ble Minister of Chemicals & Fertilizers and Health & Family Welfare and Shri Bhagwanth Khuba, Hon'ble Minister of State for Chemicals & Fertilizers and New & Renewable Energy and Secretary (Fertilizers)

एन एफ एल
NFL

**National Fertilizers Limited**
(A Government of India Undertaking)
CIN: L74899DL1974GOI007417

Regd. Office:
Scope Complex, Core-III, 7, Institutional Area,
Lodhi Road, New Delhi - 110003
Corporate Office:
A-11, Sector-24, NOIDA-201301