नेशनल फर्टिलाइज़र्स लिमिटेड
(भारत सरकार का उपक्रम)
कॉरपोरेट कार्यालय : ए-11, सैक्टर-24, नोएडा - 201301
जिला गौतम बुद्ध नगर (उ.प्र.),
दूरभाष : 0120 2412294, 2412445, फैक्स : 0120-2412397

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

NFL/SEC/SE/ 869 **Date: 07.09.2018**

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

Sub: Annual Report alongwith Notice of 44th Annual General Meeting.

Dear Sir,

Please find enclosed herewith soft copy of the Annual Report alongwith Notice of 44th Annual General Meeting of the Company for the Financial Year 2017-18, sent to shareholders.

This is submitted for your intimation and records.

Thanking you,

Yours faithfully,
For National Fertilizers Limited

R. Kumar

(Raj Kumar)
Company Secretary

44th Annual Report 2017-18

एन एफ एल
NFL

Achieving Quantum Jump

नेशनल फर्टिलाइज़र्स लिमिटेड
National Fertilizers Limited

दृष्टि

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

Vision

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

ध्येय

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

Mission

A dynamic organization 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 maximizing returns to stakeholders

एन.एफ.एलः किसानों का मित्र, राष्ट्र का गौरव

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Management Team

BOARD LEVEL

Shri Manoj Mishra
Chairman & Managing Director

Shri Rajiv Kumar Chandiok
Director (Finance)

Shri Devinder Singh Ahuja
Director (Technical)

CORPORATE OFFICE (S/Shri)

Vigilance	D. K. Tewatia, IFS	Chief Vigilance Officer
Projects	S. K. Jindal	Executive Director
Finance & Accounts - C.O.	N.S. Verma	Executive Director
	Ashutosh Arora	General Manager
Internal Audit,Law, MS & Company Secretariat	R. K. Gogia	Executive Director
	A. K. Agarwal	General Manager (MS)
Materials	J. P. Sachdeva	Chief General Manager
Marketing		
- Industrial Products, Imports, Domestic Trading, Agriculture Services & CSR	N.K. Sharma	Chief General Manager
	Anil Motsara	General Manager
- Sales & Distribution and FMS	Sohan Lal	Chief General Manager
- Finance & Accounts	Y. P. Bhola	Chief General Manager
Information Technology	S. M. Vashisht	Chief General Manager
Human Resource	Dinesh Sood	General Manager
Technical	K.K. Goel	General Manager
SEPC	S. C. Upadhyay	General Manager

UNIT HEADS (S/Shri)

Nirlep Singh Rai
CGM, Nangal Unit

A. K. Jain
GM I/c, Bathinda Unit

Sunil Arora
CGM, Panipat Unit

S. K. Shukla
CGM, Vijaipur Unit

Neeraj Sanadhya
GM (O&M)

Jagdeep Shah Singh
GM (O&M)

Sanjeev Mehta
GM (O&M)

S. N. Sinha
GM (O&M)

Raj Kumar
COMPANY SECRETARY
A -11914

AUDITORS
HSDG & Associates
Chartered Accountants, New Delhi
Chandiok and Guliani
Chartered Accountants, New Delhi

REGISTRAR & TRANSFER AGENTS
MAS Services Limited
T-34, IInd Floor, Okhla Industrial Area-II,
New Delhi-110020

Board of Directors

Shri Manoj Mishra
Chairman & Managing Director

Shri Rajiv Kumar Chandiok
Director (Finance)

Shri Devinder Singh Ahuja
Director (Technical)

Smt. Meenakshi Gupta
Additional Secretary and
Financial Adviser, DoF

Shri Dharam Pal
Additional Secretary, DoF

Smt. Bhavnaben Kardambhai Dave
Independent Director

Shri Anil Verma
Independent Director

Dr. Ramesh Kumar Agarwal
Independent Director

Dr. (Smt.) Kalpana Saini
Independent Director

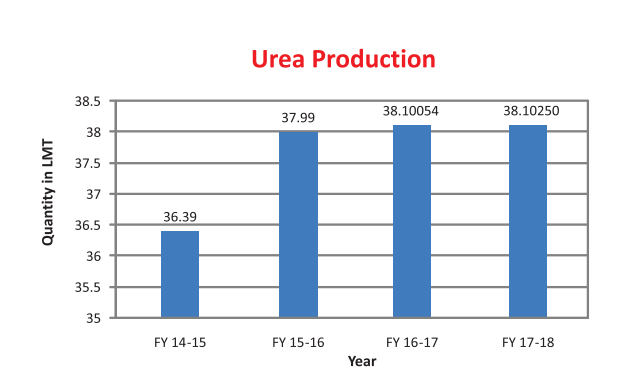
Performance Highlights

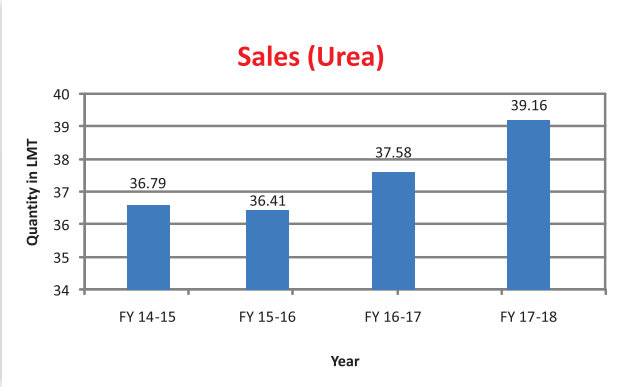
Ever best achievements during the FY 2017-18

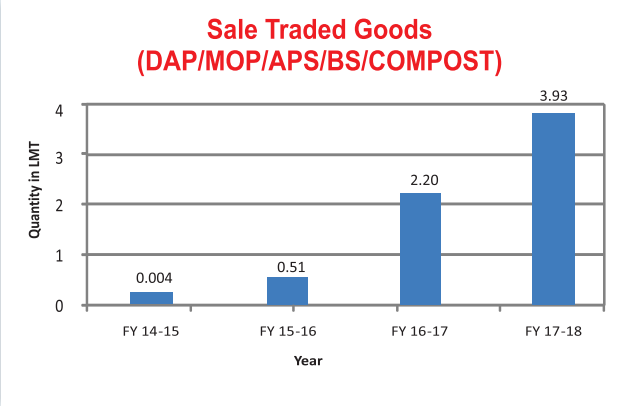
1 Production of Urea: 38.10 LMT
2 Sale of Urea: 39.16 LMT
3 Import of DAP/MOP/APS/NPK/BS: 4.59 LMT
4 Sale of DAP/MOP/APS/NPK/BS/Compost: 3.93 LMT
5 Sale of all fertilizers: 43.09 LMT
6 Turnover ₹ 8928.29 crore
7 Turnover from Non-urea products: 15%
8 Ever lowest energy consumption at Nangal, Panipat, Bathinda and Vijaipur I units.

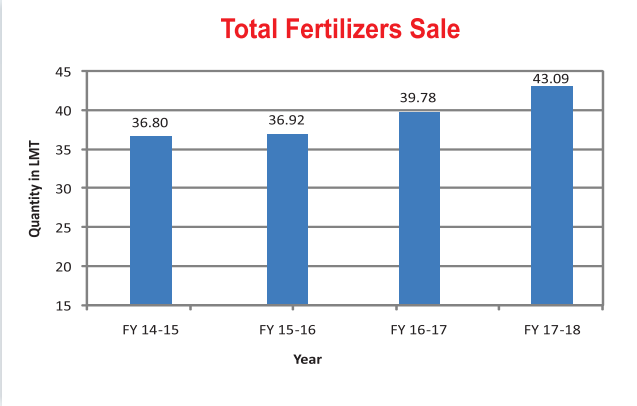
Ever best achievements during last 15 years:-

1 PBT of ₹ 334.83 crore
2 PAT of ₹ 212.77 crore
3 EPS of ₹ 4.34/- (equity share of ₹ 10 each)

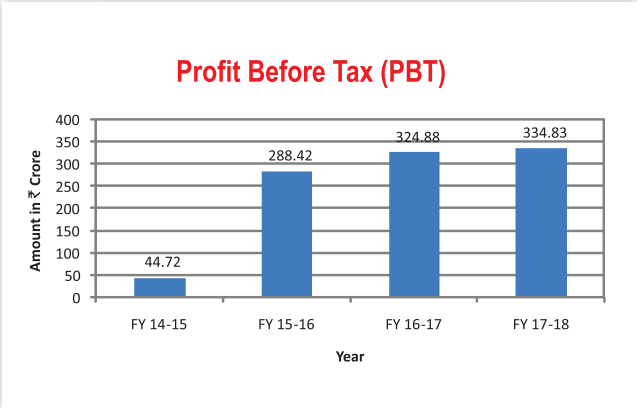


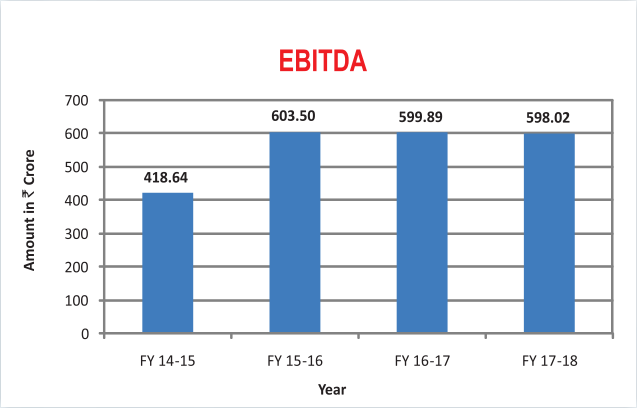


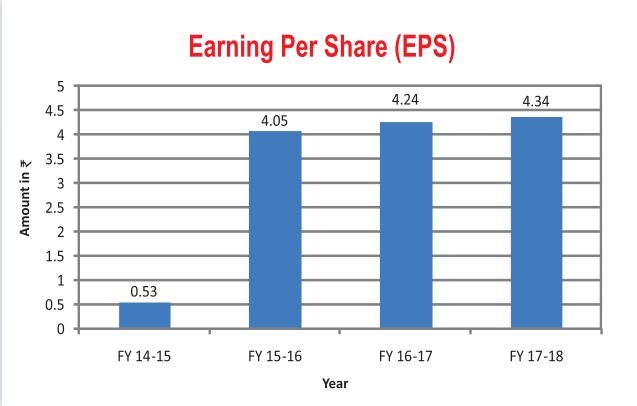

Sale Traded Goods
(DAP/MOP/APS/BS/COMPOST)
Quantity in LMT
0
1
2
3
4
0.004
0.51
2.20
3.93
FY 14-15
FY 15-16
FY 16-17
FY 17-18
Year


Total Fertilizers Sale
Quantity in LMT
15
20
25
30
35
40
45
36.80
36.92
39.78
43.09
FY 14-15
FY 15-16
FY 16-17
FY 17-18
Year

Total Turnover (Urea, Traded Goods, IP etc.)
Amount in ₹ Crore
4000
5000
6000
7000
8000
9000
10000
8519.69
7793.91
7643.36
8928.29
FY 14-15
FY 15-16
FY 16-17
FY 17-18
Year


Profit Before Tax (PBT)
Amount in ₹ Crore
0
50
100
150
200
250
300
350
400
44.72
288.42
324.88
334.83
FY 14-15
FY 15-16
FY 16-17
FY 17-18
Year


EBITDA
Amount in ₹ Crore
0
100
200
300
400
500
600
700
418.64
603.50
599.89
598.02
FY 14-15
FY 15-16
FY 16-17
FY 17-18
Year


Earning Per Share (EPS)
Amount in ₹
0
0.5
1
1.5
2
2.5
3
3.5
4
4.5
5
0.53
4.05
4.24
4.34
FY 14-15
FY 15-16
FY 16-17
FY 17-18
Year

Chairman's Message

Dear Shareholders,

Over the last three years since 2015-16, NFL has tried to reinvent itself in terms of its priorities with twin objective of helping the farmers getting all products and services under one roof and creating increased value for our shareholders with these efforts.

During a Corporate Introspection in the year 2015, it was realised that to thrive, even to survive, company must be able to rapidly transform itself or to be contended with a linear growth with its traditional approach. Accordingly, the business priorities were carefully chosen and executed through a combination of core renewals. As a result of this paradigm shift, your company successfully increased its non-urea business from 1 % in 2014-15 to 15 % in 2017-18 with an expanded product line which includes Urea, DAP, MoP, NPK, APS, Bentonite Sulphur, Compost, Bio Fertilizers, Seeds and Agro Chemicals besides increased sale of various types of Industrial products.

Your Company performed commendably against the backdrop of a challenging fertilizer industry scenario. The primary fertilizers sale in country saw a growth of around 2% in 2017-18, due to low systemic inventory maintained by the fertilizer companies in view of pan-India implementation of Direct Benefit Transfer (DBT). The overall sales for Urea and Non-urea fertilizers have grown at a rate of 2%, after a 7% decline witnessed in 2016-17. With nationwide implementation of Direct Benefit Transfer (DBT), the working capital cycle of the industry was also disturbed due to the shift in subsidy payment from point of dispatch to point of sale to farmers. The build-up of input tax credits under GST also lead to increase in working capital requirement of the industry owing to different rate of taxation on fertilizers and taxation on inputs. The innovative effort of the Government to pack the urea in 45 Kg. bag in place of earlier 50 Kg. bag in the light of increased effectiveness of Neem Coated Urea is likely to bring down urea consumption. The consumption of organic fertilizers like compost will take off with inclination of the Government to promote its use.

Though the year gone by was marked by challenges on several fronts, your company has maintained its best-ever performance even in 2017-18, the third successive year in a row. The company recorded its best-ever production by prilling more than 38 Lakh MT Urea with 118% capacity utilization. Other than best production, your company crossed 43 Lakh MT fertilizer sale figure for the first time this year.

To increase its market share in fertilizers with the aim of strengthening top and bottom line, your company imported significant volume of fertilizers like DAP, MoP, NPK, APS, Bentonite Sulphur to the tune of 4.59 Lakh MT, an increase of more than 100% over the previous year. Your company also imported 4.01 Lakh MT of urea on Govt. account during 2017-18. With the starting of own production of Bentonite Sulphur plant at our Panipat Unit, your company has added another product in its basket in 2017-18. These efforts finally paid off as growth in the overall business was well supported by the robust growth witnessed in the new segments and your company recorded its best-ever turnover of Rs. 8,928 crore in

2017-18, an increase of 16.8% over the previous year.

Riding on the highest-ever sale of urea and traded fertilizers, your company witnessed improved profitability and PBT went up to Rs. 335 crore in 2017-18, the best-ever in last fifteen years. This is after keeping the provisions of Rs. 246 crore for pay revision and increase in the gratuity ceiling. The non-urea segment has significantly helped the company in increasing the profitability as the income from this segment has risen tenfold from just 1.5% in 2014-15 to 15 % in 2017-18.

Your company is focusing on segments other than fertilizers considering them as future growth catalysts. The Company is scaling up its seed production under Seed Multiplication Programme (SMP) to provide certified quality seeds to farmers under its brand name. The company has increased its seed sowing area tenfold to 2100 hectares in 2017-18 from 198 hectares in 2015-16. The company has also developed a 16 acre dedicated R&D farm at Nangal Unit which exclusively produces best quality foundation seeds from breeder seeds by ensuring best isolation techniques to avoid any varietal impurities. Your company also sees potential in its Agro chemicals Business as sale of Rs. 10 crore was recorded in this segment in 2017-18 against Rs. 50 Lakh in 2016-17.

Our strategy is to maintain our strengths in Urea production and marketing while growing the Imports and Agri Business. We are investing in some of the projects for growth and sustainability. To meet the strict energy norms applicable from 2020-21, your company is already in the process of implementing energy saving schemes at all its plants with a total investment of Rs. 1000 crore.

As you are aware, your company is setting up a new urea plant at Ramagundam through a JV Company, RFCL. The unique feature of this project is that it is being set up with the lowest project cost in the country for similar capacity. The project has picked up pace and hectic construction activities are going on. Though there would be delay of few months due to delay in procurement of few critical equipments and a major delay in commissioning of gas pipeline. Your company has, however, started strengthening its marketing network in southern states with an objective to prepare itself to market Ramagundam urea. Your company is also extending its HR expertise to RFCL by supplying experienced technical manpower from NFL in addition to recruitment and training of fresh manpower of RFCL under a Manpower Management Agreement, which will also generate revenue for the company in next five years for these services. Your company is also earning revenue by leveraging its HRD infrastructure in plants for long term technical training to the manpower of leading fertilizer companies from outside India. To bring improvement and transparency in various business processes, your company is implementing ERP based Integrated Software Solution.

Your company is also re-aligning its working and priorities to achieve rapid socio-economic transformation of the country in line with the Country's “Vision 2022”. The company has undertaken an elaborate exercise for redefining its role and functioning and has finalized an action plan for the same. Your Company is aspiring to be amongst Top 100 Companies of India by the year 2022 based on its growth projections.

In this eventful journey of your company in the midst of volatile business environment, I express my gratitude for your continued support and unshaken faith in our endeavours.

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

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

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

With best regards,

Sincerely,

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Registered Offfice :
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date : 3rd August, 2018

Performance at a Glance

Financial Highlights

Particulars	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
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	34.92	32.31	32.31	32.31	32.31
Production (Urea) (Lakh MT)	38.10	38.10	37.99	36.39	36.36	32.11	34.01	33.80	33.30	33.44
Capacity Utilisation (Urea) (%) of RAC	117.9	117.9	117.6	112.6	112.5	99.4	105.3	104.6	103.1	103.5
Sales (Urea) (Lakh MT)	39.16	37.58	36.41	36.79	36.87	31.62	33.89	33.59	33.78	33.77
Sales (Traded Goods)										
Di - Ammonium Phosphate (MT)	327753	213871	50747	-	-	-	-	-	-	-
Bentonite Sulphur (MT)	108	3356	1481	866	1931	381	436	1481	1481	-
Zinc Sulphate (MT)	-	-	-	-	249	-	-	-	-	-
Compost (MT)	11695	2660	-	-	-	9594	1144	646	630	936
Muriate of Potash (MOP) (MT)	27463	-	-	-	-	-	-	-	-	-
Ammonium Phosphate Sulphate (APS) (MT)	26435	-	-	-	-	-	-	-	-	-
Seeds (Quintal)	53290	43754	60912	44062	76706	112493	109837	55014	34682	16323

(₹ in Crores)

Sales - Finished Goods (including Urea, IP & Bio Fertilizers) (a)	2271	2218	2129	2044	1936	1670	1919	1841	1662	1680
Sales - Traded Goods (b)	723	467	235	15	33	30	23	32	33	3
Subsidy (c)	5934	4958	5430	6461	6048	5020	5363	3918	3396	3444
TURNOVER (Net) (incl. Subsidy) (d=a+b+c)	**8928**	**7643**	**7794**	**8520**	**8017**	**6720**	**7305**	**5791**	**5091**	**5127**
Other Income (e)	96	45	47	37	26	27	37	44	57	80
Total Expenses (f)	**8426**	**7088**	**7237**	**8138**	**7871**	**6730**	**7000**	**5533**	**4783**	**4914**
Earnings before depreciation, interest and tax (EBIDTA) (g=d+e-f)	598	600	604	419	172	17	342	302	365	293
Interest and Finance Charges (h)	190	190	228	301	204	130	67	9	11	41
Depreciation (i)	73	85	87	73	129	118	91	89	94	96
Profit/(Loss) before Tax (j=g-h-i)	**335**	**325**	**289**	**45**	**-161**	**-231**	**184**	**204**	**260**	**156**
Tax Expenses (k)	122	117	90	19	-71	-60	57	65	88	58
Profit/(Loss) after Tax (l=j-k)	**213**	**208**	**199**	**26**	**-90**	**-171**	**127**	**139**	**172**	**98**
Other Comprehensive Income (m)	(2)	(1)	(7)	-	-	-	-	-	-	-
Total Comprehensive Income (Net of tax) (l+m)	211	207	192	-	-	-	-	-	-	-
Gross Block	7667	7376	7287	7227	7182	5717	2958	2930	2924	2906
Net Fixed Assets	4080	4059	4259	4487	4682	3501	550	599	666	734
Current Assets, Loans and Advances	5193	5779	6810	7241	6743	4285	3206	2244	2082	1524
Current Liabilities and Provisions	4458	4355	5323	5888	6041	1430	1600	998	794	885
Working Capital	735	1424	1487	1353	702	2855	1606	1246	1288	639
Long Term Borrowings	171	981	1828	2643	3518	3912	1601	191	-	-
Short Term Borrowings	2890	3154	4296	5002	4040	1703	1384	422	403	265

Key Indicators

Particulars	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Net Worth (Paid up Capital*+ Reserve & Surplus)	1987	1827	1691	1509	1494	1584	1754	1672	1582	1471
Capital Employed (Net Fixed Assets + Working Capital-Deferred Govt. Grant)	1901	2520	2585	2467	1847	3911	2156	1845	1954	1373
EBITDA/ Turnover (%)	6.70	7.85	7.75	4.91	2.15	0.25	4.68	5.21	7.17	5.71
Receivable (in days)	160	204	225	215	211	171	121	101	66	66
Inventory (in days) - Finished Goods	15	17	15	3	7	12	6	4	2	7
Return on Net Worth (%)	10.71	11.40	11.77	1.77	-	-	7.24	8.31	10.87	6.66
Return on Capital Employed (%)	11.19	8.26	7.44	1.07	-	-	5.88	7.51	8.78	7.10
Earning per Share of ₹10 (₹)	4.34	4.24	4.05	0.53	-	-	2.58	2.82	3.50	1.99
Debt/Equity Ratio	1.54 : 1	#2.26 : 1	#3.62 : 1	#5.07 : 1	#5.06 : 1	#3.55 : 1	1.70 : 1	0.37 : 1	0.25 : 1	0.18 : 1
Current Ratio	1.16 :1	1.33 :1	1.28 :1	1.27 :1	1.12 :1	3.00 :1	2.00 :1	2.25 :1	2.62 :1	1.72 :1
Value Added per Employee (₹. In Lakhs)	91	70	55	39	32	24	26	23	23	20
Dividend (₹. In Crores)	-	41.70	59.36	8.34	-	-	38.27	41.70	51.51	29.43
Dividend as % of Net Worth	-	2.28	3.51	0.56	-	-	2.18	2.49	3.26	2.00
Dividend as % of Profit after tax (PAT)	-	20.11	30.87	31.78	-	-	30.20	30.11	30.03	30.20
Profit (PAT) per employees (₹. In Lakhs)	6.20	5.92	5.35	0.69	(2.21)	(3.99)	2.81	2.96	3.61	2.01
Interest Coverage Ratio (No. of Times)	3.15	3.16	2.65	1.39	0.84	0.13	5.10	33.56	33.18	7.15
Debt Service Coverage Ratio (No. of Times)	2.35	2.06	2.13	0.94	0.66	0.62	4.72	36.40	2.31	0.00
Book Value per share (₹)	40.51	37.23	34.46	30.19	30.45	32.28	35.76	34.09	32.25	29.98
Price Earning Ratio **	12.43	18.08	6.99	67.97	-	-	30.27	40.86	25.51	23.76
Employees (Nos.) at the end of Financial Year	3430	3517	3595	3798	4068	4291	4515	4699	4760	4868

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 prevailing price of share at the end of financial year.

Board's Report

To,

Dear Members,

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 44th 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 2017-18 and the Auditors' Reports and comments on the accounts by the Comptroller & Auditor General of India (C&AG).

During the year 2017-18, Company achieved a turnover of ₹ 8928.29 crore as against ₹ 7643.36 crore achieved during the previous year. The turnover was higher by ₹ 1284.93 crore mainly due to higher sale of urea (by 1.58 LMT) and traded fertilizers (by 1.73 LMT) and rise in gas prices by 20.15%. Company has achieved Profit Before Tax of ₹ 334.83 crore as compared to ₹ 324.88 crore of the previous year.

Energy consumption at all units was within energy norms fixed by GOI under New Urea Policy 2015. Nangal, Panipat and Bathinda Units achieved ever lowest energy consumption during 2017-18.

The energy consumption per MT of Urea at NFL plants during 2017-18 was as follows :

Gcal/MT/Urea

Units	Pre-set Norms (w.e.f. 01.06.2015)	Actual Energy	
		2017-18	2016-17
Nangal	7.095	6.819	7.012
Panipat	7.614	6.761	7.112
Bathinda	7.479	6.859	6.924
Vijaipur I	5.904	5.753	5.784
Vijaipur II	5.569	5.372	5.364

Financial Highlights

Your Company's key financial parameters during the year 2017-18 and important financial highlights are as under:-

₹ in crore

S. No.	Particulars	2017-18	2016-17
1.	Sale of urea in (LMT)	39.16	37.58
2.	Sale quantity Other Fertilizers (LMT)	3.93	2.20
3.	Sale of urea	2096.60	2026.94
4.	Subsidy on urea	5528.63	4721.39
5.	Total Sales of urea (3+4)	**7625.23**	**6748.33**
6.	Sale of other products including subsidy	1303.06	895.03
7.	Sales Turnover (5+6)	**8928.29**	**7643.36**
8.	Other Income	96.34	44.59
9.	Total Revenue (7+8)	**9024.63**	**7687.95**
10.	Total Expenses	8426.61	7088.06
11.	Earnings Before Interest, Depreciation and Taxes (EBIDTA)	598.02	599.89
12.	Interest	189.89	189.84
13.	Depreciation	73.30	85.17
14.	Profit Before Tax (PBT) (11-12-13)	**334.83**	**324.88**
15.	Provision for tax	122.06	116.72
16.	Profit After Tax (PAT) (14-15)	**212.77**	**208.16**
17.	Other Comprehensive Income (Net of Tax)	(1.82)	(0.83)
18.	Total Comprehensive Income (16-17)	**210.95**	**207.33**

RESERVES

Capital Reserve

The balance as at 31st March, 2018 amounted to ₹ 2.51 crore, which is at the same level as was in the previous year.

Corporate Social Responsibility

CSR Reserve stood at ₹ 3.88 crore as on 31.03.2018 as compared to ₹ 2.50 crore on 31.03.2017, an increase of ₹ 1.38 crore is on account of less amount utilized for CSR projects/activities.

General Reserve

No amount was transferred during the year to General Reserve from the surplus. The General Reserve as on 31.03.2018 stood at ₹ 332.89 crore at same level as was on 31.03.2017.

Surplus

The balance retained in the surplus as at 31st March, 2018 is ₹ 1157.54 crore as compared to ₹ 998.16 crore for the previous year. No provision has been made for dividend and Dividend Distribution Tax during the year.

Dividend

Board has not recommended payment of dividend for the year 2017-18 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 2017-18 has engaged as best ever period in the 44 years history of the Company. Be it best ever production, best ever sales, best ever energy consumption or best ever turnover. The profit is also best ever over previous 15 years. The Company is in its best form these days and ready to push ahead with more vigour to achieve greater heights. Company has recorded ever best urea production of 38.10 lakh MT with a capacity utilization of 117.9% that accounts for 15.9% share in overall urea production in the country, that was the culmination of consistent operation of plants and favourable urea policy of the GOI. Company has also achieved a record sale of 43.09 lakh MT of fertilizers during 2017-18.

The finest financial performance of the Company could be possible through energy efficient operation of the plants and several strategic initiatives undertaken in last two years such as import of fertilizers on large scale, commencement of seeds multiplication programme to produce and sale of certified seeds, trading of new molecules of agro chemicals, seeds and compost under Company's own brand. The Company also commissioned Bentonite Sulphur Plant at Panipat Unit during 2017-18.

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

Material changes and commitments

No material changes and commitments have occurred between the date of the Balance Sheet and the date of the Board 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 a part of Board Responsibility Report attached to this Report.

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

b) Brief description of business segments and geographic segments;

Segment Results

In the light of present diversified business activities vis-à-vis IND AS 108 on Segment Reporting following operating segments have been considered for Segment Reporting for the Annual Accounts for the FY 2017-18:

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

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

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

c) External environment and economic outlook

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

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

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

Capital Structure

Preference and Equity Shares

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

Equity Shares with Differential Rights

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

Employees Stock Option

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

Shares to Trustees for benefit of employees

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

Other securities which carries right of conversion into equity shares

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

Details of Deposits

The Company has not accepted any deposits during the year.

Credit Rating

During FY 2017-18, the credit rating of the company was maintained with two credit agencies as under:

	ICRA	India Ratings and Research
Instruments	**Credit Rating**	**Credit Rating**
Long Term Fund based working capital facilities:		
Cash Credit	[ICRA] AA (Stable)	IND AA/Stable
Term Loan	[ICRA] AA (Stable)	IND AA/Stable
ECB	[ICRA] AA (Stable)	IND AA/Stable
Short Term Non-fund based working capital facilities:		
LC/BG	[ICRA] A1+	IND A1+
Commercial Paper	[ICRA] A1+	IND A1+

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

Buy Back of Securities

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

Sweat Equity

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

Disinvestment of GOI Equity

To comply with SEBI norms disinvestment of 15% GoI equity was carried out on 26th & 27th July, 2017 through Offer for Sale route thereby reducing GOI shareholding to 74.91%.

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 earnings by way of trade margins during the year were 'NIL'. The foreign exchange outgo by way of imports and other expenses amounted to ₹ 958.60 crore.

Borrowings

Long Term Loans

Long term borrowings as on 31st March, 2018 stood at ₹ 170.28 crore. The outstanding Rupee Term Loan was 'NIL' and External Commercial Borrowings (ECBs) stood at USD 26.23 million.

Short Term Loans

Short Term borrowings of ₹ 2890.43 crore (previous year ₹ 3153.73 crore) as on 31st March, 2018 were outstanding.

Debt Equity Ratio

Debt equity ratio as on 31st March, 2018 has reduced to 1.54:1 as compared to 2.26:1 of previous year due to repayment of long term loans.

Urea

The Company has achieved the **ever highest Urea production of 3810250 MT** with an overall capacity utilization of 117.9% during 2017-18 against previous best production of 3810054 MT achieved during 2016-17 (CPLY).

On the sales front, the company has achieved **ever best sale of fertilizers of 43.09 LMT** which includes sale of 39.16 LMT of Urea, 3.82 LMT of imported Fertilizers & 0.11 LMT of Compost surpassing previous best of 39.78 LMT during 2016-17 which includes sale of 37.58 LMT of Urea, 2.17 LMT of imported fertilizers & 0.03 LMT of compost.

Industrial Products

Company registered a record sale of Nitric Acid of 69403 MT during 2017-18 surpassing previous best of 67949 MT during 2016-17. The company also recorded ever best sale of Ammonium Nitrate to the tune of 11299 MT over the last five years surpassing 8969 MT during 2016-17.

In terms of revenue generation from production and sale of Industrial products, the company achieved sale of Industrial Products (IP) comprising of Nitric Acid, Sodium Nitrate & Sodium Nitrite, technical surplus ammonia etc. to the tune of ₹ 164 crore against CPLY of ₹ 188 crore.

Bio-fertilizers

The company sold 496 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹ 1.43 crore as against 545 MT of ₹ 2.39 crore during CPLY.

Import & sale of Fertilizers

There has been a growth of over 76% in fertilizers import business of the company during 2017-18. The company sold 3.82 LMT of imported fertilizers including DAP, MoP, APS and Complex (NPK) worth ₹ 1102 crore during 2017-18 as against 2.17 LMT of imported fertilizers worth ₹ 659 crore during 2016-17.

Apart from the above, NFL also imported 4.01 LMT of Urea in government account from Iran during 2017-18 as State Trading Enterprise (STE).

Domestic Trading of Agro Products

The company has earned a total revenue of ₹ 26.92 crore from the trading of various agro products such as seeds, pesticides & compost during the year against ₹ 16.51 crore during CPLY.

Sale Composition

Item	% of total revenue		% Increase / (Decrease)
	2017-18	2016-17	
Urea	85	88	(3.41)
Non-Urea	15	12	25

Owing to shift in strategy of the company, the business composition of the company has undergone visible change. Urea (main product) contribution of 95% in the overall revenue of the company during 2015-16, has reduced to 85% while contribution of non-Urea business has increased to 15% during 2017-18.

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 2017-18, 58 Dealer's/Retailer's Orientation Programmes were conducted and more than 5000 dealers/ retailers were facilitated by upgrading their knowledge regarding fertilizer/agro products and improved crop practices so that latest information can be disseminated to farmers at point of purchase. Information on Bio-fertilizers and City Compost has also been given in each and every training 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. 57 Farmer Training programmes were organized during 2017-18 and more than 3500 farmers got benefited. Through these educational programmes, farmers were sensitized to issues related to soil fertility status including deficiency of various nutrients, their remedy to increase fertilizer use efficiency and maximize yields. The farmers have also been educated on benefits of long term usage of Bio-fertilizers and City Compost through these programmes.

Agriculture Universities, Research Stations, Krishi Vigyan Kendras (KVKs) are the knowledge centers for latest farming techniques, new and high yielding crop varieties, innovative technologies in agriculture and allied agriculture sectors etc. During the year, an opportunity was given to the farmers to practically visit the above places by organizing farmers visit to nearby Agriculture University/Research Station/ KVK. More than 500 farmers got benefitted through 8 programmes during the year 2017-18.

During the year, 2017-18, 89 and 85 demonstrations had been laid out at farmers' fields to demonstrate long term benefits of use of Bio-fertilizers and City Compost, respectively on crop growth and yield as compared to farmer's own practices. The demonstrations are being continued on the same locations and the same pattern during the year 2018-19 so that long term benefits of use of Bio-fertilizers and City Compost can be shown to the farmers.

Your Company is playing a vital role in supporting farmers by undertaking soil analysis for macro and micro nutrients through its 6 Static and 4 Mobile Soil Testing Labs (MSTLs) in various states. Based on the analysis, farmers are advised on soil fertility management through rational use of manure, fertilizers and other inputs to make agriculture more productive and sustainable. During the year, more than 26,000 soil samples were collected analyzed for macro and micro nutrients and recommendations were given to the farmers. To strengthen the soil testing services, Company has plans to purchase 05 new Mobile Soil Testing Labs for the States of UP, MP, Haryana and Telangana.

During the year 2017-18, your Company continued its endeavour to render soil testing services at 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. 26 such campaigns were organized in the States of Punjab, Haryana, Rajasthan, HP, J&K, UP, Bihar and Jharkhand and more than 19000 farmers got benefitted by these programmes.

Agricultural Exhibitions and Krishi Melas aim to bring stake holders from all disciplines of Agriculture like farming, livestock, dairy, import and export, poultry and horticulture sectors under one roof and provide opportunity to demonstrate their products, exchange their views and share ideas for the growth, sustainability and development of these vital sectors of our economy. Participation in agro exhibitions and University Kisan Melas is a very effective way to communicate directly with the farmers and also to interact with the scientists and experts from various agricultural fields. During the year 2017-18, your Company participated in 36 Krishi Melas/Agriculture Exhibitions organized by leading Agriculture Universities, Agriculture Departments etc. in the States of Punjab, Haryana, UP, Uttarakhand, Bihar, MP, Rajasthan and J&K.

As per guidelines of Department of Fertilizers (DoF) and with the objective to provide all the agricultural inputs and services to the farmers under one roof along with soil testing and advisory services, 100 Kisan Suvidha Kendras (KSKs) were opened by your Company all across its marketing territory. Through these KSKs more than 10 thousand soil samples were collected, analyzed through Company's Static and Mobile Soil Testing Labs and reports were given to the farmers. More than 80000 leaflets on NFL products and various crops were also distributed to farmers through programmes organized in these KSKs.

Projects

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

Management Discussion & Analysis Report

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

Business Responsibility Report

As required under Regulation 34 of SEBI (LODR) Regulations, 2015, the Business Responsibility Report of the Company for the financial year ended March 31st, 2018 is appended as **Annexure -2** to this Report. Business Responsibility Policy is available on the website of the company at www.nationalfertilizers.com.

Stakeholders' relationship:

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

Customers' relationship:

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

Corporate Governance

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

The statutory auditors of the Company have examined and certified Company's compliance with respect to conditions enumerated in SEBI (LODR) Regulations, 2015 (erstwhile Clause 49 of the Listing Agreement) and DPE guidelines on Corporate Governance. Statutory Auditors Certificate on Corporate Governance and explanations of the Management to Statutory Auditors' observations forms part of this report as **Annexure-4**.

Visits of Parliamentary Committees during 2017-18

The following Parliamentary Committees visited and interacted with the Company during the year 2017-18:

1) Study visit of Parliamentary Committee on welfare of SC & ST in Mangalore on 17-05-2017.
2) Meeting of Consultative committee of Members of Parliament attached to the Ministry of Chemicals & Fertilizers (C&F) regarding Nutrients Based Subsidy Scheme and its impact at Parliament House Annexe, New Delhi on 17-05-2017.
3) Study visit of the Parliamentary Standing Committee on C&F regarding implementation of NUP-2015 in Manali on 10-06-2017.
4) Study visit of the Parliamentary Standing Committee on C&F regarding policy on Uniform Freight Subsidy in Shimla on 13-06-2017.
5) Study visit of the Committee on Subordinate Legislation on Development & Promotion of Clean Technology and Waste Reduction in Lucknow on 01-09-2017.
6) Study visit of the Committee on Paper Laid on the Table (COPLOT), Rajya Sabha on laying of Annual Reports & Audited Accounts in Shirdi on 13-09-2017.
7) Meeting of the Standing Committee on C&F on Freight Subsidy Policy at Parliament House Annexe, New Delhi on 25-10-2017.
8) Meeting of the Standing Committee on C&F on Examination of Demand of Grants for the year 2018-19 (Demands of Fertilizers) at Parliament House Annexe, on 22-02-2018

Material Orders of Regulators

Nitric Acid Plant at Nangal was commissioned in 1961, which is based on old technology. For reduction of NO_x emissions, Company has already installed NOx abatement plant in 1994. With installation of NO_x abatement plant in 1994, NO_x emissions have been significantly reduced to around 500-600 mg/Nm^3.

MoEF&CC vide Notification dated 29.12.2017 regarding Prescribed Values amendment in the Environment (Protection) Act, 1986, emission standards (Oxides of Nitrogen as NO_2) for Nitric Acid Plant has been reduced to 400 mg/Nm^3 from earlier limit of 1820 mg/Nm^3. Action has been initiated to implement necessary modification in the plants to meet the new emission norms.

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/Nodal Officer/ Transparency Officer are displayed on the Company's website. During the year, 431 applications were received and the information was provided to the applicants within the prescribed time frame of 30 days.

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 behaviour, actual or suspected fraud or violation of Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of whistle blowers. The policy is reviewed periodically. No employee or other stakeholders were denied access to the Audit Committee. Whistle Blower Policy is available on the website of the company at www.nationalfertilizers.com.

Integrity Pact

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

Vigilance

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

Efforts have been made during 2017-18 to fulfil the pending compliances regarding earlier reported cases of irregularities in NFL and to pursue these cases towards logical conclusion.

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

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

During the year 2017-18, three vigilance cases were disposed-off and there were four pending cases as on 31.03.2018. The pending cases relate to alleged irregularities in appointment of dealers, acceptance of sub-standard HDPE bags, execution of annual rate contract for electrical, maintenance at Panipat, etc.

MoU

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

Based on financial performance and achievement of other parameters laid down, your Company is likely to be rated "Excellent" as per the Memorandum of Understanding (MoU), signed with the Government of India for the financial year 2017-18. Company signed MoU for 2018-19 with DoF on 04.06.2018 which is the 28th year of the Company under MoU system.

Awards & Accolades received during 2017-18

1. "Golden Trophy-Sarvashreshtha Suraksha Puraskar" to Panipat Unit from National Safety Council (NSC), Mumbai for the year 2016 on 20-04-2017.
2. "Golden Peacock Award for Energy Efficiency" to Panipat Unit from Institute of Directors (IOD) during 19th World Congress on Environment Management at Hyderabad on 07-07-2017.
3. "Raj Bhasha Shield 2016-17 for Best Office" to Bathinda Unit from "Nagar Raj Bhasha Karyanvayan Samiti" Bathinda.
4. First prize (Shield) for outstanding work in Official Language to NFL, Corporate Office, Noida.
5. National Safety Award "First Prize" and "Second Prize" to Panipat Unit from Ministry of Labour & Employment, GoI for the year 2015 in the category of Chemicals & Chemical factories for Minimum average recurrence rate and accident free year 2015.
6. "Greentech Safety Silver award 2017" to Vijaipur Unit from Greentech foundation, New Delhi, in a function held in Goa on 14-15 December 2017.
7. "FAI Technical Innovation award-2017, Runner up trophy" to Vijaipur Unit. This is the fourth consecutive year, Vijaipur Unit received this award (Once winner & three times runner up).
8. "National Energy Conservation Award 2017 (First prize) in fertilizer sector" to Panipat Unit for the third time (second time in a row) from Bureau of Energy Efficiency (BEE) under the Ministry of Power, Govt. of India. Panipat Unit also won award for "Highest achiever in energy savings" in PAT cycle-I.
9. "CA distinguished Achiever Award" to Shri Rajiv Kumar Chandiok, Director (Finance) for his exceptional performance and achievements in the area of Financial Management in NFL.
10. "Governance Now PSU award" to NFL for Pivotal Role in Nation Building.
11. First prize by Punjab State Safety council for the year 2016 to Bathinda Unit for largest reduction in accident frequency Rate in Chemical Industry for more than 5 Lakh man-hours.
12. Second prize by Punjab State Safety council for the year 2017 to Bathinda Unit for largest reduction in accident frequency Rate in Chemical Industry for more than 5 Lakh man-hours.
13. "Visionary Leadership" award to Shri Manoj Mishra, C&MD, by FORE Top Ranker for his visionary leadership provided to NFL that resulted in best ever results of the company in 2016-17.

Initiatives under Corporate Social Responsibility

The company is implementing various developmental activities under its Corporate Social Responsibility (CSR). The company has undertaken various projects in the areas of healthcare, Skill Development Training, sanitation, environment, education etc. During the year 2017-18, the company has spent ₹ 2.97 crore on CSR activities.

In the year, company also undertook a distinguished project of sponsoring para players through Paralympic Committee of Delhi (PCD). Under this programme, 15 para sportspersons were sponsored for one year which included coaching, kit, travel and diet for these players. The project has

already started yielding favourable results as two of the sponsored NFL's players Usman Devan & Ram Kumar made India proud by winning Gold medals in athletics in Asian Youth Para Games held at Dubai in 2017. Another para player Deepender Singh has won silver medal in 50 Mtrs. Backstroke and Bronze Medal in 50 Mtrs. Freestyle under National Para Swimming Championship 2017.

Company's CSR programmes also included construction of conventional toilets and Bio-Toilets in government schools, installation of Solar roof top panels in schools, installation of solar lights in many districts, cancer awareness & screening camps, water harvesting, soil management and training programmes in stitching, tailoring, mobile repairing etc.

An Impact Assessment Study of CSR projects undertaken during the last three years from 2014-15 to 2016-17 has been conducted by M/s Human Development Society. As per report, Company has successfully undertaken CSR projects to attain the desired outcome which had supported beneficiaries to lead a quality life. A detailed report on the Corporate Social Responsibility is given in the **Annexure-5** to the report.

Research and Development

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

NFL in association with Indian Agricultural Research Institute (IARI) undertook R&D project for development of applicator for UAN application. Design of UAN applicator for Basal, Foliar and Fertigation system had been developed by IARI. Field trials conducted on Paddy crop, Wheat crop and Vegetables were successful. Last trial for paddy crop had been conducted in June – Nov, 2017. For undertaking last wheat crop trial wheat sowing has been completed in the month of Dec, 2017. Draft report has been received from IARI in July, 2018 and final report will be received by August, 2018. Total cost of the R&D project is ₹ 89.66 lakh.

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

ICAR-National dairy Research institute (NDRI), Southern Regional Station, Bengaluru, in March, 2018 have submitted a research project proposal titled "Cow dung processing and its conversion to bio- fortified fertilizer with enhanced functionality. Pilot Study will evaluate conversion & bio-fortification of cow dung for production of quality bio-fertilizer and optimize conversion process of bio-fertilizer to a suitable form for longer storage and distribution.

Company has accorded approval for sponsoring the Pilot Study at ICAR – NDRI, southern regional station, Bengaluru for project titled "Cow dung processing" and its conversion to bio- fortified fertilizer with enhanced functionality" with budget estimates of ₹ 129.74 Lakh spread over a period of three years

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

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

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

Safety, Environment and Sustainable Development

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

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

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

Joint Venture /Associates Companies

Details of Joint Venture / Associates Companies pursuant 129(3) of the Companies Act, 2013 the statement containing the salient features of the financial statement of the associate company/joint venture company is included the consolidated financial statements as **Annexure-9** hereto.

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

During the year 2017-18, Company has not acquired or formed any new subsidiary, associate or joint venture. Similarly no subsidiary, associate or joint ventures have been ceased by way of sale of shares, amalgamation, winding up etc.

Related Party Disclosures

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

Capital Expenditure (CAPEX)

The achievement in CAPEX is ₹ 327 crore in the year 2017-18.

Risk Management

NFL is a chemical fertilizer industry that is operated in a hazardous environment and faces many risks including those related to health, safety and environment in addition to general business and financial risks. Company recognizes the importance of Risk Management and has a well-defined Risk Management Policy in place.

To mitigate various risks identified under Company's comprehensive Risk Management Policy, a periodical review of the risks, procedures and strategies is undertaken on quarterly basis. Risks are analyzed at the highest level by a Board level Audit Committee and efforts are made in planned manner to obviate the risks either fully or to minimize their impact.

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

During the year under review, none of employees of the Company had drawn remuneration in excess of the limits prescribed under section 134(3)(c) of the Companies Act, 2013 read with Companies (Appointment of Managerial Personnel) Rules, 2014.

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 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. The requisite information for the year 2017-18 is annexed as **Annexure-11** to this report.

Human Resource Management

The Company has a manpower strength of 3430 employees as on 31.03.2018, which comprises of 1684 Executives and 1746 Non-Executives. Company promotes the employment of women and at present 200 women employees are on its roll, which is 5.83% of the total work force.

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.

One complaint of sexual harassment was received in the year 2017-18 and the same has been disposed off. As on the date of this Report, no complaint is pending for disposal.

Four programmes with regard to gender sensitization and prevention of sexual harassment of women at workplace were organized at the Units and Corporate Office.

To make the woman employees aware of their rights, International Women's day was celebrated on 8th March, 2018 in all Units and Corporate Office, Noida. Various programmes on the occasion were organized at Units & Head Office.

Implementation of Official Language Policy

Company is making all efforts for the propagation and implementation of Official Language policy of the Government of India. The quarterly meeting of Official Language Implementation Committee (OLIC) is regularly held in all the Units/Offices of the Company under the chairmanship of Head of the Unit/Office to review the progress of official language. In all, 32 Meetings of OLIC were held during the year.

To promote Official Language 'Hindi' 32 Hindi workshops were organized during the year in which 776 employees have actively participated. Hindi Pakhwada was organized in all the Units/Offices of the Company to mark the Rajbhasha Diwas. During the year, 61 Programmes/Competitions were held in order to promote Hindi and 1282 employees participated in them. 77 employees were awarded cash prizes under the 'Cash Incentive Scheme' for doing their official work in Hindi.

During the year 2017-18 Corporate Office, NOIDA has been awarded Third Prize, Rajbhasha Shield by Official Language Advisory Committee 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. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for such programmes conducted by external agencies. During 2017-18, 3262 man-days training (in-house as well as external training programmes) was imparted to SC/ST employees. A statement showing representation of employees belonging to Scheduled Caste / Scheduled Tribes / Other Backward Classes / Persons with disabilities is appended as **Annexure-12** to this report.

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. Constant adoption of IT in its working has facilitated different business processes in the Company.

By hosting & implementing web-based Marketing Management & Information System module across the marketing network, company had brought all field level activities like rake receipt/disposal, warehousing, sales & all kinds of accounting activities on digital platform. This has brought in greater transparency in all kinds of marketing and accounting transactions & has cut down the lead time to a great extent thereby reducing delays in closing of accounts. All other business applications have also been implemented in on-line mode.

Company has also adopted initiatives taken by Deptt. of Fertilizers (DoF) for monitoring movement and sales of the fertilizers from fertilizer manufacturer/importers to fertilizer wholesalers and from wholesalers to retailers across the country. Recently as per DoF's directive, company has procured POS (Point of Sale) machines for retailers & successfully deployed them. Several training programmes for retailers were organized in association with state agriculture departments for implementing POS machines and for starting system of retail sale to farmers through AADHAR authentication on these POS machines. This has brought fertilizer retailers & farmer community on the digital platform. This initiative would certainly facilitate Government`s vision of DBT (Direct benefit transfer) to farmer.

In order to achieve the vision of Digital India / Digital Payments India, a series of training programme were organized throughout various Units/ Offices of the company to familiarize and educate the employees, contract workers etc. with the concept of digital payments and demonstration were also given on usage of various payment apps and wallets. In addition, company has also encouraged digital payments at various shops in its townships and has undertaken steps to ensure that POS is installed in the shops, guest house & hospital of townships. At the company level all payments are being released / received through digital means. The company had already adopted e-procurement and e-tendering for procurement process. The company has also taken initiatives in inculcating e-payments in tendering procedures.

NFL had also implemented e-meetings software for paperless board meetings & Audit committee meetings whereby board agendas & relevant information is available to board of directors on their portable devices in digital form.

Company has state of the art Video Conferencing at all its Plants, Zonal Offices & Corporate Office. In order to have optimum utilization of WAN links & Internet leased lines, Link Load balancers are provided at all locations of the company. In order to mitigate cyber threats, intrusion prevention & ransom ware attacks UTM based security appliances are installed. Company has also revamped its data centre to provide multiple redundancies to maximize uptime of business applications.

AUDITORS

Statutory Auditors

The Statutory Audit of your Company was conducted by Chartered Accountants firms M/s. HDSG & Associates and M/s. Chandiok & Guliani, Joint Auditors appointed by Comptroller & Auditor General of India (C&AG). Auditors' Report on the Financial Statements including consolidated financial statements of the Company for the financial year 2017-18 is attached.

Statutory Audit Fee for the financial year 2018-19 is proposed at ₹ 25 Lakh plus GST and reimbursement of actual TA and out of pocket expenses.

Explanation in response to Auditor's Qualification

Statutory Auditors of the Company have issued an Audit Report with Unmodified opinion on Audited Financial Results of the Company (Standalone & Consolidated) for the quarter and year ended 31st March, 2018.

Comments of C&AG

The review of Financial Statements including consolidated Financial Statements for the year ended 31st March, 2018 had been carried out by the

Comptroller and Auditor General of India (C&AG) under Section 143(5) of the Companies Act, 2013. Review of C&AG and Management Replies to C&AG comments forms part of this report.

Cost Auditors

As prescribed under Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, the cost accounting records are being maintained by all the Units of the Company. Cost Audit for 2017-18 was carried out by Cost Auditors M/s. K.G. Goyal & Associates, M/s. K.L. Jaisingh & Co., M/s. Subhadra Dutta & Associates & M/s. Ravi Sahni & Co. as prescribed under the Companies Act, 2013 and Rules framed thereunder. M/s. Ravi Sahni & Co. acted as the Lead Cost Auditor. Consolidated Cost Audit Report for the financial year 2016-17 was filed with MCA on 25.10.2017.

Internal Auditors

Company has an internal Audit Department headed by Executive Director. To carry out Non-Technical Audit, your Company has appointed eight Chartered Accountant firms: M/s. K K Soni & Co., M/s. Ajay Chawla & Associates, M/s. G. Deep & Co., M/s. Aaryaa & Associates, M/s. S. P. Chopra & Co., M/s. S. Goyal & Associates, M/s. Thakur Vaidyanath Aiyar & Co. and M/s. S. Tandon & Associates. Technical Audit was carried out in-House.

Secretarial Auditors

Tenure of M/s Agarwal S. & Associates, Practicing Company Secretaries was extended for undertaking Secretarial Audit for the year 2017-18 in terms of Section 204 of Companies Act, 2013 and Rules made there under. Secretarial Audit Report for the year 2017-18 and Management's explanation to Secretarial Auditor's observations are annexed as **Annexure-13** to this Report.

Compliance with Secretarial Standards

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

Audit Committee

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

Nomination & Remuneration Committee and Remuneration Policy

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

Stakeholders Relationship Committee

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

Corporate Social Responsibility and Sustainable Development Committee

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

Company's policy on Director's appointment and remuneration

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

Board & Committee Meetings

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

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

The extract of Annual Return as provided under sub-section (3) of Section 92 in Form MGT-9 is annexed hereto as **Annexure-14.**

Investor Education and Protection Fund

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

During the year 2017-18, ₹ 97,258.00 have been transferred to Investor Education and Protection Fund on account of unpaid/unclaimed dividend on 31.10.2017. Further, pursuant to Section 124(6) of the Companies Act, 2013 and Rules notified thereunder, Company has transferred 11,887 shares, against which dividend remained unclaimed/unpaid for consecutive period of seven years, to the demat account of IEPF. The details of the dividend and shares transferred to IEPF Account are available at the website of the Company www.nationalfertilizers.com.

Listing

Company's equity Shares are listed at National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). As required under SEBI (LODR) Regulations, 2015. Company has entered into new Listing Agreement with NSE and 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 2017-18.

Service to Shareholders

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

Code of Conduct

Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2018. 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 2017-18.

Details of the sickness of the Company

Not applicable

Implementation of Goods and Services Tax (GST)

As per the Govt. of India notification on GST law, the Company has migrated to Goods and Services Tax with effect from 1st July, 2017.

Management

Key Managerial Personnel (KMP)

In compliance with provisions of Section 203 of the Companies Act, 2013, Board of Directors have appointed the following Key Managerial Personnel (KMP) :-

Shri Manoj Mishra, Chairman and Managing Director.

Shri Rajiv Kumar Chandiok, Director (Finance) and Chief Financial Officer.

Shri Devinder Singh Ahuja, Director (Technical).

Shri Raj Kumar, Company Secretary.

Board of Directors

Changes in Composition

There has been no change in the Composition of Directors since last AGM. 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 Rajiv Kumar Chandiok Director (Finance) and Ms. Meenakshi Gupta, Part-time Government Nominee Director will retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

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

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

Re-appointment of Independent Directors

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

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 Director have been given in the Corporate Governance Report.

Directors' Responsibility Statement

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

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

b) the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2017-18 and of the profit of the Company for that period;

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

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

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

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

Acknowledgements

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

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

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

Registered Office:
Scope Complex, Core-III,
7 Institutional Area, Lodhi Road,
New Delhi-110003.
Date : 3rd August, 2018

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure -1

Management Discussion and Analysis (MDA)

State of Indian Economy, Agriculture and Manufacturing Sector

The Indian economy is gaining momentum after necessary steps taken by the Indian government like NPA resolution, banks recapitalization, and push towards affordable housing and inducing funds for enhancing the income of farmers to address the problem of rural distress. A number of reforms undertaken by current government recently like implementation of GST, bankruptcy & insolvency code etc. towards ease of doing business is also helping to attract foreign investment in the country. However, rising oil prices is of a concern as it may create inflationary pressure in the economy and also widen trade deficit.

As per Asian Development Bank (ADB), India's economic growth is likely to pick up to 7.3 per cent during 2018-19 on the back of improved rural consumption and a modest rise in private investment while the debilitating effects of demonetization and Goods and Services Tax (GST) implementation dissipate. As per credit rating agency CRISIL also, after two sub-par years, interjected by demonetization and rollout of goods and services tax (GST), growth is seen recuperating to a respectable 7.5 per cent next fiscal.

Union Budget for 2018-19 was also focused primarily on turning around the rural distress through diversification of farm activity to areas like floriculture, animal husbandry, fisheries and dairy farming and insulating farm income from crop price fluctuations to some extent.

Fertilizer Industry Structure & Developments

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

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

Apart from domestic production, GoI is also importing Urea through three canalizing agencies viz. MMTC, STC and M/s IPL while import of DAP, MoP and other complex Fertilizers is de-canalized. During 2017-18, NFL & RCF were also allowed to import Urea in government account for a period of three months.

The country, during the year has produced Urea production of 24.0 Million tons and imported 6.0 million tons to meet the total consumption of 30 million tons of Urea in the country. Under vision 2022 of New India, all out efforts are being made to revive the closed Urea plants in the country in a time bound manner to make the country self-reliant in Urea by 2022.

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

The availability position of Urea in the market remained quite comfortable and probably no shortage of Urea was felt by the farmers during last three years in a row. With an aim to cut down the consumption of Urea, GoI has recently introduced a policy on rationalizing the size of the Urea bags and introduced 45 kg bag of Urea replacing existing 50 kg bag from 1st May 2018.

The government has rolled out DBT system for fertilizer subsidy across all states w.e.f. 1.3.2018. Under the fertilizer DBT system, 100% subsidy on various fertilizer grades is being released to the fertilizer companies, on the basis of actual sales made by the retailers to the beneficiaries. This would ensure timely and adequate supply of fertilizers to the farmers, reduce leakage and also reduce the government's subsidy burden, releasing resources to plough back into agriculture in a way that can help a greater number of poor farmers. Under DBT scheme, subsidy on Fertilizers would be transferred directly to the manufacturers on sale of fertilizers through Point of Sale Machines at retailers' level.

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

Many challenges being faced by Fertilizer Industry which need to be addressed include delay in payment of subsidy due to inadequate subsidy budget of the GoI for Fertilizers, over regulations and procedural delays, unviable investment by Industry on energy saving schemes to meet the stiff energy norms fixed under New Urea Policy (NUP-2015) without any dispensation from GoI, Implementation of DBT which may further

aggravate the problem of working capital due to change of subsidy payment from supply to sale. Lack of availability of domestic gas, increasing trend in the price of RLNG and lower price of Urea in international market is also adversely impacting the profitability of the Urea manufactures.

The fertilizer industry is highly vulnerable to the adverse climatic conditions as year 2015-16 had witnessed deficient rainfall during two consecutive seasons which badly impacted the fertilizer industry during 2016-17 due to carrying forward of higher inventory of fertilizers and selling expenses. However, Rainfall during 2017-18 remained normal and also expected to be normal during 2018-19 according to the meteorological predictions.

As a result of the above challenges, further investment in the sector is not coming up especially from private companies despite Government's "Make in India" initiative. Bringing Urea in to NBS policy regime and de-canalization of import of Urea could be some positive steps in this direction.

Opportunities & Threats

Opportunities

- ✓ Leverage of existing marketing network for undertaking trading and other businesses.
- ✓ Opportunity for New Investments abroad in NPK.
- ✓ Scaling up of production & sale of certified seeds.
- ✓ Scope for Increase in capacity utilization of Nitric Acid & Ammonium Nitrate Plants at Nangal.
- ✓ Manufacturing of Customized, Fortified, Water Soluble & Liquid Fertilizers for balanced fertilization.
- ✓ Manufacturing of Agro Chemicals.
- ✓ Marketing of Urea produced by RFCL/ HURL.
- ✓ Manufacturing Di-Nitrogen Tetroxide for ISRO.

Threats

- ✓ Lower international price of Urea restricting additional production.
- ✓ Inadequate subsidy budget of the Government.
- ✓ Increased Government regulations & procedures.
- ✓ Strict energy norms w.e.f. 2020-21 under NUP-2015.
- ✓ Inadequate availability of domestic natural gas.
- ✓ Adverse demand supply scenario of Fertilizers due to adverse agro Climatic condition.
- ✓ Volatility in prices of Industrial Products.
- ✓ Decontrol of Urea.

Segment wise or product wise performance

Urea

The Company has achieved the **ever highest Urea production of 3810250 MT** with an overall capacity utilization of 117.9% during 2017-18 against previous best production of 3810054 MT achieved during 2016-17 (CPLY).

On the sales front, the company has achieved ever best sale of Fertilizers of **43.09 Lakh MT** which includes sale of 39.16 LMT of Urea, 3.82 LMT of imported Fertilizers & 0.11 LMT of Compost surpassing previous best of 39.78 LMT during 2016-17 which includes sale of 37.58 LMT of Urea, 2.17 LMT of imported Fertilizers & 0.03 LMT of Compost.

Industrial Products

During 2017-18, the company exhibited ever best sales performance of Industrial Products (IP) comprising of Nitric Acid, Ammonium Nitrate, Sodium Nitrate and Sodium Nitrite & Technical Surplus Ammonia. The company registered a record sale of Nitric Acid of 69403 MT during 2017-18 surpassing previous best of 67949 MT during 2016-17. The company also recorded ever best production of Ammonium Nitrate to the tune of 11299 MT over the last five years surpassing 8989 MT during 2016-17.

In terms of revenue generation from production and sale of Industrial products, the company achieved sale of Industrial Products (IP) comprising of Nitric Acid, Sodium Nitrate & Sodium Nitrite etc. & Technical surplus Ammonia to the tune of ₹164 crore against CPLY of ₹188 crore. Sale value was lower due to lower price realization from sale of Nitric Acid due to availability of imported Nitric Acid at cheaper rates.

Bio-fertilizers

The company sold 496 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹1.43 crore as against 545 MT of ₹ 2.39 crore during CPLY.

Import & sale of Fertilizers

There has been a growth of over 76% in fertilizers import business of the company during 2017-18. The company sold 3.82 LMT of imported fertilizers including DAP, MoP, APS and Complex (NPK) worth ₹1102 crore during 2017-18 as against 2.17 LMT of imported fertilizers worth ₹ 659 crore during 2016-17.

Apart from the above, NFL also imported 4.01 LMT of Urea in government account from Iran during 2017-18 as State Trading Enterprise (STE).

Domestic Trading of Agro Products

The company has registered a total revenue of ₹ 26.92 crore towards trading of various agro products such as seeds, pesticides & compost during the year against ₹ 16.51 crore during CPLY.

Sale Composition

Item	% of total revenue		% Increase / (Decrease)
	2017-18	2016-17	
Urea	85	88	(3.41)
Non-Urea	15	12	25

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 95% in the overall revenue of the company during 2015-16, Urea contribution has reduced to 85% while contribution of non-Urea business has increased to 15% during 2017-18.

Projects completed / underway

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

NFL, in association with EIL and FCIL have formed a Joint Venture (JV) Company as Ramagundam Fertilizers & Chemicals Limited (RFCL) to revive the old FCIL plant at Ramagundam with annual installed capacity of 12.71 LMT of Urea and with a total estimated project cost of ₹ 5254 crore. The foundation stone laying ceremony of the Ramagundam Plant was held on 07.08.2016 through the hands of Hon'ble Prime Minister.

JV Company was formed with initial equity participation of 26% each of NFL and EIL and 11% of FCIL. Later on Government of Telangana was inducted for 11% equity. For remaining untied equity portion, process of inducting HTAS consortium for equity participation of 11.7% and GAIL for 14.3% is under finalization by RFCL.

NFL and RFCL has entered into Manpower Management Consultancy (MMC) agreement on 24th November 2017. As per agreement, recruitment of manpower for RFCL (fresh as well as experienced) is under progress by NFL. As and when required, experienced employees of NFL are being deployed in RFCL on secondment basis. In addition to this, NFL shall be leveraging its existing marketing network to sell 100% Urea to be produced by this JV Company. The project is expected to be completed by June 2019. Construction work at the project site is in advance stage of completion.

Bentonite Sulphur Plant at Panipat Unit

In order to meet the demand of Bentonite Sulphur to address the issue of Sulphur deficiency in soil and to improve the top & bottom line, company has commissioned a Bentonite Sulphur plant of 25000 MTPA Capacity in December 2017 at Panipat Unit. After commissioning, 718 MT of Bentonite Sulphur was produced during 2017-18, out of that 254 MT dispatched & sold.

Muriate of Potash plant in Little Rann of Kutch

In spite of best effort, the company could not collect the mixed salt raw material of desired specifications and therefore further action on production of MoP through pilot plant of M/s. CSMCRI, Bhavnagar could not be taken up and therefore this project had to be shelved by the company.

Setting-up of Di-Nitrogen Tetroxide (N_2O_4) Production Plant on Build-Own-Operate-Supply (BOOS) model for supply to M/s ISRO

In a tendering process by Indian Space Research Organization (ISRO) for establishing the Di-Nitrogen Tetroxide Production Plant (NPP) for supply of the product to them, NFL had emerged as L1 bidder. After receipt of Letter of Intent (LOI) from ISRO, a Memorandum of Understanding (MOU) was signed between NFL and ISRO on 04.05.2017.

Subsequently, three day deliberations were held at NFL CO Noida in May 2017 to finalize the terms of Tri-Partite Agreement (TPA) wherein officials from NFL, ISRO and M/s. ROSOBORONEXPORT Russia (Technology provider) participated. Certain commercial issues remained

un-settled in the meeting. Further, to finalize and conclude the TPA, a joint Team of NFL, ISRO and Department of Space (DOS) visited Russia in 1st week of April, 2018. Most of the pending issues have been settled during the deliberations. However, in view of the limitations in financing channel, ISRO/DOS has been requested to explore alternate technology provider.

Integrated Energy Saving Projects

The stringent energy norms which were to be implemented w.e.f. 01.04.2018 under New Urea Policy-2015 have been extended for further period of 2 years i.e. till 31st March 2020 with a penalty of 2% & 5% for financial years 2018-19 and 2019-20 respectively. The penalty is equivalent to percentage energy difference between existing NUP Energy norms and Target Energy norms of NUP-2015.

To meet revised energy norms at Panipat, Bathinda & Nangal, work has been awarded on 01.02.2018 to M/s Thermax for installation of GTG-HRSG. The total revised project cost has been worked out as ₹ 674.56 crore against estimated project capital cost of ₹ 696.74 crore. The above shall bring down the energy consumption of Urea to less than 6.4 Gcal/MT of Urea. Zero date of project is 01.02.2018 and projects are scheduled to be completed by 30.11.2019.

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

To meet revised energy norms at Vijaipur-I, following schemes are being implemented to bring down the energy consumption by 0.20 Gcal/MT Urea at an estimated cost of ₹ 158.83 crore.

1. Revamp of Synthesis gas Compressor and turbine of Ammonia –I plant
2. Switchover from Process condensate stripping process from low pressure to medium Pressure in Ammonia-I

Future Projects

Setting-up of DAP / NPK plant through JV route at Bathinda

In order to widen its products portfolio and to diversify from Urea manufacturing, NFL intends to set-up a DAP / NPK plant of 1250 MTPD capacity at Bathinda in collaboration with HMEL. HMEL is a joint venture company of HPCL and Mittal Energy Limited, having 48.8% stake each along with 2.4% stake by Financial Institutions. Before going further on the project, for feasibility study of the project, PDIL has been selected for preparation of Techno-Economic Feasibility Report. Based on the feasibility report of PDIL, future action shall be planned.

Industrial Safety, Ecology & Pollution Control

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 the Units. In addition to that the employees have also access to specialized medical services wherever required. Employees also undergo periodic medical examinations.

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

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

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

To safeguard the plants from emergencies like Fire, Explosion and Toxic gas release, "On site Emergency Disaster Plan" and "Off-site Emergency plan" are available at Units. These plans aim to train people act efficiently and confidently in emergency with minimum damage to humans and assets. The procedures are regularly reviewed and updated by carrying out surprise mock drills. Performance of each mock drill is evaluated and reviewed to bring improvements in the systems. Visits of Local Authorities and central agencies such as National Disaster Management Authority are regularly conducted in order to remain updated on safety related issues in all the plants. All the units are having their "Disaster Management Quick Response Team" to address the incidents that may occur outside the factory area for transportation of Liquid Ammonia and Chlorine Gas.

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

Afforestation has been adopted in all the Units to improve the environment surrounding the Units. A total of about 20,000 tree saplings were planted in and around various Units leaving a cleaner and greener earth for future generation. The cumulative plantation since commencement is about 8 lakhs for all the units.

To increase the sub soil water level, all the units are under process of installation of Rain Water Harvesting system. During the year, 5 rain water harvesting systems were installed in Units. This would help in conservation of water, increase underground water table and also increase greenery in the surroundings.

Outlook

The company has embarked on the action plan finalized in line with socio-economic transformation of the country under Vision 2022 in this context, by adopting various business strategies as under:

- ✓ Maximization of Urea production in energy efficient manner.
- ✓ Production of new products like Bentonite Sulphur, Agro Chemicals, DAP, Water soluble Fertilizer, Seeds etc.
- ✓ Production and sale of quality & certified seeds in own brand name through seeds multiplication program.
- ✓ Import and sale of Fertilizers like Urea, DAP, MoP and complex fertilizers.
- ✓ Domestic trading of Agro Products like Pesticides, Weedicides, Compost, Seeds etc.
- ✓ Maximization of production of Industrial Products including Ammonium Nitrate.
- ✓ Marketing of Ramagundam Urea.
- ✓ Manpower Management Consultancy for Ramagundam plant.
- ✓ Dividend from Ramagundam JV.
- ✓ Production of N2O4 for ISRO under BOOS model.
- ✓ Setting up a Fertilizer Plant abroad in a joint venture mode & under buy back arrangement
- ✓ Leasing out idle assets of the company.
- ✓ Rationalization of existing manpower and new recruitment of manpower to meet the short fall arising out of massive retirements and future growth of the company.

Risk & Concerns

The major risk & concerns of NFL are outlined below:

- ✓ Dependence on subsidy. Higher Interest cost due to delay in receipt of subsidy.
- ✓ Low operating margins in Urea due to tight regulations.
- ✓ Bathinda, Nangal and Panipat being old Plants consuming high energy.
- ✓ Dependence of Nangal Unit on external power.
- ✓ Poor coal quality.

Risk Management Policy

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

Internal Control Systems and their adequacy

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

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

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

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

Financial Performance

During the year, Company achieved turnover of ₹ 8928.29 crore (including subsidy of ₹ 5934.55 crore) compared to ₹ 7643.36 crore of the CPLY (including subsidy of ₹ 4958.15 crore). Sales turnover is mainly higher due to higher sale quantity of Urea by 1.58 lakh MT, traded Fertilizer by 1.73 lakh MT and increase in average gas price to USD 9.66/MMBTU during the FY 2017-18 as compared to USD 8.04/MMBTU during CPLY i.e. increase of 20.15%.

Company earned profit before tax of ₹ 334.83 crore (CPLY ₹ 324.88crore) and profit after tax of ₹ 212.77 crore (CPLY ₹ 208.16 crore). The increase in profit is mainly attributed to increase in contribution from Urea due to higher sale of Urea beyond re-assessed capacity, increase in profit from traded goods, increase in contribution from Industrial products, saving in energy consumption, decrease in depreciation charges etc. There has been an adverse impact on the profitability of the company during the year mainly due to increase in salary wages mainly due to provision for pay revision and provision for actual liability for EL/HPL.

The short-term borrowings of the company as at 31st March, 2018, stood at ₹ 2890.43 crore including cash credit utilization, short-term loans, working capital demand loan etc. (₹ 3153.73 crore as at 31st March, 2017). The short-term borrowings are lower as compared to CPLY due to better realization of subsidy as compared to CPLY and decrease in working capital requirement.

Analysis of the Financial Performance of the Company:

(a) Turnover

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Sales Turnover (Gross)	8928.29	7643.36	16.81

Sales turnover is higher mainly due to higher sale quantity of Urea by 1.58 lakh MT, traded Fertilizers (by 1.73 lakh MT) and increase in average gas price to USD 9.66/MMBTU during the FY 2017-18 as compared to USD 8.04/MMBTU during CPLY i.e. increase of 20.15%.

(b) Consumption of Raw Materials

Particulars	FY 2017-18	FY 2016-17	Change (%)
Raw Materials Consumed	3220.14	2824.67	14.00

The increase cost of raw Material is due to increase in average gas price to USD 9.66/MMBTU during the FY 2017-18 as compared to USD 8.04/MMBTU during CPLY i.e. increase of 20.15%.

₹ in crore

(c) Finance Cost

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Finance Cost	189.89	189.84	0.03

(d) Repairs & Maintenance

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Repairs and Maintenance	76.94	82.19	(6.39)

(e) Employees Benefits

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Employee Remuneration & Benefits	725.13	488.08	48.57

Employee cost has increased mainly due to adhoc provision for pay revision and provision for actuarial liability of gratuity, EL/HPL.

(f) Power and Fuel

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Power and Fuel	2399.49	2213.12	8.42

The increase in power and fuel expenditure is mainly due to increase in prices of gas as mentioned earlier.

(g) Freight and Handling

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Freight and Handling	607.36	544.79	11.49

Freight and handling expenditure has increased due to higher dispatches of imported fertilizers i.e. DAP, MOP, APS. Further, freight (mainly pass through) on Urea has increased due to higher dispatches, dispatches to distant destinations and change in system of re-imbursement of freight to dealers from per MT fixed to Per MT normative basis (as reimbursed by DoF).

(h) Other Expenses

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Other Expenses	174.84	172.08	1.60

Other expenses have increased as compared to CPLY mainly due to impact of increase in CISF salaries

(i) Interest Earned

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Loan to Employees, Term deposit etc.	17.10	15.88	7.68

Reason for Variation

Increase in interest charged on delayed payments from dealers.

(j) Other non-operating Income

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Other Income (rent, profit on sale of assets, scrap, misc. income etc.)	79.24	28.71	176.00

Reason for Variation

Increase is attributable to, sale of redundant plant of AFCP, Commission on sale of import of Urea and Liquidity Damages.

Financial Status

(a) Fixed Assets

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Tangible Assets	4073.68	4046.67	0.67
Intangible Assets	5.85	11.86	(50.67)
Capital work in progress	64.26	50.57	27.07
Total	**4143.79**	**4109.10**	**0.84**

(b) Non-current Investment

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Investments (Net of Provisions)	218.72	125.47	74.32

Reason for Variation:
Increase due to increase in equity investment of Ramagundam Fertilizers & Chemicals Limited.

(c) Inventories

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Raw Materials	3.91	1.38	183.33
Stores and Spares (Incl. packing material)	142.63	186.93	(23.70)
Semi-finished / finished products	379.40	386.84	(1.92)
Total	**525.94**	**575.15**	**(8.56)**

Reason for Variation:
Stock of Urea has decreased by 1.05 Lakh MT as compared to 31st March 2017.

(d) Trade Receivables

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Gross Debtors – FICC	3696.25	4044.92	(8.62)
- Others	239.03	233.47	2.38
Less: Provision for Doubtful Debts	(10.90)	(10.96)	(0.55)
Net Debtors	**3924.38**	**4267.43**	**(8.04)**

Reason for Variation:
Subsidy receivable from FICC has decreased mainly due to higher receipt of Subsidy as compared to CPLY. Trade receivable from market have increased due to higher sale of DAP /MOP & APS.

(e) Current Assets – Other Financial Assets

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Other Financial Assets	233.18	667.56	(65.07)

Reason for Variation:
Other Financial Assets includes Capital Subsidy receivable from GOI for Ammonia Feed Stock Changeover Project (AFCP) has decreased due to capital subsidy received during the year.

(f) Current Liabilities

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Short Term Borrowings	2890.43	3153.73	(8.35)
Trade Payables	491.08	405.44	21.12
Other Financial Liabilities	588.49	1212.89	(51.48)
Provisions	223.62	109.71	103.83
Total	**4193.62**	**4881.77**	**(14.10)**

Reason for Variation:

Short Term Borrowings have decreased due to higher subsidy received from GOI, Trade payable has increased due to traded goods. The decrease in other financial liability due to repayment of term loan of AFCP. Provision has increased due to increase of Actuarial liability due to pay revision.

(g) Non-current Liabilities

₹ in crore

Particulars	FY 2017-18	FY 2016-17	Change (%)
Long Term Borrowings	170.28	980.88	(82.64)

Reason for Variation:

Decrease in Long Term Borrowings is due to repayment of Rupee Term Loan and External Commercial Borrowing for financing the project of changeover of Feed Stock at Nangal, Bathinda and Panipat Units and Energy saving scheme and capacity enhancement at Vijaipur.

Human Resource Management

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

The Company's manpower strength was 3430 employees as on 31.3.2018, which comprised of 1684 Executives and 1746 Non-Executives. Company promotes the employment of women and at present 200 women employees are on its roll, which is 5.83% of the total work force.

To improve skills and instil behavioural and personality development traits in all supervisory staff and managerial cadre, NFL organised number of training programmes (in-house as well as external) on contemporary subjects during the year. The training programmes were identified through Performance Management System by synchronizing organizational needs with individual needs. The Company also organized specially designed training programmes for developing women employees in various areas of expertise. In these diverse programmes, 13406 man-days training was imparted to employees and 679 man-days training to women employees. i.e. 3.8 man-days training was imparted per employee.

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

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

The industrial relations at all Units/ Offices of NFL during 2017-18 remained cordial.

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

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
Scope Complex, Core-III,
7 Institutional Area, Lodhi Road, New Delhi-110003.
Date : 3rd August, 2018

Annexure-2

BUSINESS RESPONSIBILITY REPORT

Preamble

National Fertilizers Limited (NFL) ("the Company") is a schedule A and Miniratna (Category-I) public sector Company. 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

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 and Nitrite from its Nangal Unit and undertakes import & sale of other fertilizers like DAP, MoP, NPKS, Bentonite Sulphur along with domestic trading of various agro-inputs like certified seeds, agrochemicals, city compost through its existing vast dealer's network under single window concept. The company has also been producing and selling its own certified Seeds under Seed Multiplication Program (SMP) which was commenced in the year 2015-16.

Section B

Financial details of the Company for 2017-18

1.	**Authorized Capital**	₹ 1000 crore
2.	**Equity**	₹ 490.58 crore
3.	**GoI Share**	74.71 %
4.	**Net Worth**	₹ 1987crore
5.	**Capital Employed**	₹ 1901crore
6.	**Total Revenue**	₹ 9025 crore
7.	**Profit Before Tax (PBT)**	₹ 335 crore
8.	**Profit After Tax (PAT)**	₹ 213 crore
9.	**Spending on CSR Expenditure**	₹ 2.97 crore

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 2017-18. This JV Company of NFL fully endorses the BR Principles. However, the initiatives and programs on social and environment issues are decided and undertaken by the independent Board of the JV Company. Further, the company expects and encourages its suppliers / dealers to conduct their business in a responsible manner.

Section D:

Business Responsibility (BR) Information

Governance related to BR:

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

Name: Shri Rakesh Kumar Gogia

Designation: Executive Director (MS/IA/LAW/CS)

Email-id: rgogia@nfl.co.in

Business Responsibility head:

DIN: 06408953

Name: Shri Manoj Mishra

Designation: Chairman & Managing Director

Telephone Number: 0120-2412383

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

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

About the BR Report

Business Responsibility report of the company for 2017-18 is in accordance with SEBI requirements. A soft copy of this report is also available on the company's website www.nationalfertilizers.com under the link Investor Desk/ Policies and Codes/ Business Responsibility Policy.

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

Sr.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for (each Principle as stated in NVG)		Y				Y*			
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Yes								
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	NFL's Business Responsibility Policy is based on National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business as released by Ministry of Corporate Affairs, Government of India.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	C&MD has approved / signed the policy as authorized by the Board.								
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes								
6.	Indicate the link for the policy to be viewed online.	http://nationalfertilizers.com/images/pdf/investorsdesk/ final%20BRR%20 policy%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 adoption of best practices in the area of Corporate Governance 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 transparency and business ethics as well as to maximize the value for all its stakeholders.

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

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

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

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

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

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

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 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 has revamped old energy intensive Fuel Oil based plants located at Panipat, Bathinda & Nangal for feedstock changeover from Fuel Oil to environmental friendly 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 to reduce possible NO_x emissions during 2015-16.

e) NO_x emissions (gaseous effluent) from Nitric Acid plant at Nangal Unit being converted in to saleable products viz. Sodium Nitrate & Sodium Nitrite.

f) 100% Neem Coated Urea under production since 2015-16 which is contributing to the improvement in overall Urea use efficiency in the country.

g) Roof Solar Power plants of 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) Vermi compost being produced at Nangal and Vijaipur Units using township waste for captive consumption. Production & Sale of Vermi compost on commercial basis from Nangal Unit is also been explored.

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

k) Replacing conventional lights (Florescent Tube Lights) with LED lights at Plants / Offices. The company is expected to replace 100% conventional lights with LEDs by 2018-19.

l) Apart from the above, the company has also lined up LSTK contract for setting up Gas Turbine Generators (GTGs) with Heat Recovery Units (HRUs) at its three plants at Panipat, Bathinda & Nangal in order to save energy consumption and carbon footprints.

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

n) Promoting use of compost to improve soil quality and crop yield.

Principle 3: Employee Well Being

NFL believes that workforce is the greatest asset that propels the growth engine. Employees are considered as "Change Catalysts" and the Company nurtures and channelizes the expertise and talent of people for growth, performance, feedback, motivation and training. The achievements and efforts are appreciated, acknowledged & rewarded.

The Company is also in the process of assessing capability maturity level of the employees under People Capability Maturity Model (PCMM) with an aim to enhance employees satisfaction and communication process.

Employee Strength

The Company had 3430 employees as at the end of FY2017-18, of which 200 are female employees and 39 persons with disabilities. Adequate representation has been given to the employees belonging to SC/ST/OBC communities. In order to meet the shortfall in man power at all the levels due to massive retirements in the company, the company is recruiting manpower at entry level/ lateral basis.

Employee Benefits

The vision of the Company for its human resource is to create an enabling environment to enhance the efficiency of the organization. The aim is to encourage the employees to perform to their best ability by a system of proper placements and incentives, while creating an atmosphere of trust and a feeling that the organization cares about the well being and personal aspirations of the employees. This helps align personal aspirations with professional goals and also helps to 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.

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 (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, Units and Marketing Offices and a contact coordinator is placed at Corporate Centre to promptly and appropriately handle complaints of sexual harassment at work places. The Company refrains from any discrimination on the basis of caste, creed, gender or religion and strives to ensure a healthy work-life balance for its employees. No complaints/cases have been filed/pending with the company during the year 2017-18.

Employee Training & Development

Training at the Company is well planned and is a continuous process and integral part of the growth of the Company. During the year, the company

has imparted massive training of one week to its executives in various centres of excellence institutions such as IIM, ILM etc. towards talent management and career progression. More than 13.38% of the total executives in the company have undergone such training during 2017-18.

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

During the year the Company has imparted massive training of one week to its executives in centre of excellence Institutes such as IIMs, ILMs towards talent management and career progression more than 13% of total executive in the Company undergone such training during 2017-18.

Units

A culture of self-learning is inculcated in every employee.

Some of the highlights of 2017-18:

a) Total training to all employees: 13406 man days

b) Total training to women: 679 man days

c) Total training to SC/ST employees: 3262 man days.

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

Principle 4: (Stakeholder Engagement)

The company is a public sector undertaking and majority of its shareholding i.e. 74.71 % is held by Government of India and remaining equity is maintained by Govt. Institutions, public and NFL employees. Therefore, the company is to fulfil its obligations and responsibilities to maximize the share value of the company so as to maintain and continue to enjoy the trust and confidence of the stake holders at large. The company acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behaviour. The company communicates with the stake holders 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 feed back 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, Twitter etc.

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 & agriculture extension services.

Principle 6: (Preservation of Environment)

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

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

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

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

d) Rain water harvesting.

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

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

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

h) Installation of energy efficient LED lights.

Principle 7: (Responsible Advocacy)

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

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

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

Principle 8: (Inclusive Growth & Equitable Development)

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

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

b) A skill development program organized for rural area in outer Delhi to impart training to youths as Hardware Technicians in village Kirari Suleiman Nagar, Karan Vihar, New Delhi.

c) Computer training program conducted for 80 youths in Bathinda (Punjab).

d) Assistive aids & devices distributed to support physically disabled person's life and livelihood.

e) Sewing machines distributed to the women in villages to improve their earnings.

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

g) Installed of mini solar power plants & water harvesting systems in schools.

h) Constructed toilets / bio toilets in schools.

i) Provided health care services such as ambulances / bronchoscope & arranged camps for cancer awareness and screening.

j) Installed solar lights in villages.

In order to assess the impact of sustainability of mega CSR initiatives/projects Company also undertook an impact assessment study through an external agency and most of the CSR projects have been rated either outstanding or excellent in the report.

Further, the Company has been complying with the minimum 20% mandatory procurement of goods and services from Medium and Small Enterprises (MSEs) for the items being dealt by MSEs.

Principle 9: (Customer Value)

a) The company accords utmost importance to its customers and consistently working on ensuring availability of maximum requirements of the farmers under one roof. Towards this endeavour, the company has included new products in its basket such as DAP, MoP, NPK, APS, Bentonite Sulphur, seeds, new molecules of insecticides, 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 has a robust system to promptly register and resolve the customer complaints received from the market.

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

e) The company is also envisaging construction of new prilling towers and based on natural draft at Panipat and Bathinda units to improve prill size for better acceptability of the product in the market.

f) The Company is also envisaging construction of new prilling towers based on natural draft at Panipat and Bathinda units to improve prill size for better acceptability of the product in the market.

g) 100 Kisan Sewa Kendras opened across the marketing territory of the Company to provide multiple products and services under the single roof.

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

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
Scope Complex, Core-III,
7 Institutional Area, Lodhi Road, New Delhi-110003.
Date : 3rd August, 2018

Senior Executives of the Company participating in the Third Strategic Meet

Annexure - 3

CORPORATE GOVERNANCE REPORT (2017-18)

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015) 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 stake-holders. The integrity, transparency and compliance with laws in all dealings with government, customers, suppliers, employees and other stake-holders 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:-

- Constitution of Board of Directors having expertise in different fields.
- Timely flow of information to the Board and its Committees.
- A sound system of risk management and internal controls.
- Timely disclosure of material information to all stakeholders.
- Transparency and accountability.
- Compliance of applicable laws and regulations

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

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

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

- Code of Conduct for Board Members and Senior Management Personnel
- Terms and Conditions of Appointment of the Independent Directors
- The Code of Internal Procedures and Conduct for prohibition of insider trading in dealing with the securities of Company
- Corporate Social Responsibility (CSR) Policy
- Health, Safety and Environment Policy

- Risk Management Policy
- Whistle Blower Policy
- Integrity Pact
- Training Policy for the Board of Directors and Key Managerial Personnel
- Policy on related Party Transactions
- Archival Policy
- Corporate Policy on Preservation of Documents
- Policy for Material Subsidiary
- Policy on Board Diversity
- Business Responsibility Policy
- Policy for Materiality for disclosure of events to the Stock Exchanges
- Dividend Distribution Policy
- Anti-Fraud Policy

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 Whole Time Directors, Government Nominee Directors (Promoters Director) and Independent Directors. As per Articles of Association of the Company, the power to appoint Whole Time 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, 2018 comprised of Nine Directors out of whom three were Whole-time Functional Directors i.e. Chairman & Managing Director, Director (Technical), Director (Finance), Two Government of India nominees and Four Independent Directors. Brief profile of the Directors is set-out at **Annexure -15** in the Annual Report.

The SEBI (LODR) Regulations, 2015 (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 was not in accordance with the SEBI (LODR) Regulations 2015, as has been detailed below:-

S. No.	Period		Composition of the Board		
	From	To	Total Directors	Independent Directors	Other Directors
01.	01.04.2017	17.05.2017	8	3	5
02.	18.05.2017	31.03.2018	9	4	5

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

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

2.3 Tenure of Directors

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

2.4 Other details relating to the Board

Details regarding tenure, number of other Directorships/Committee Memberships viz. Audit Committee and Stakeholders Relationship Committee and Nomination and Remuneration Committee, held by Directors as on 31.03.2018 are tabulated below:-

S. No.	Director (S/Shri)	Category	Tenure		In other Boards/Committees		
			From	To	Directorship	Membership	Chairmanship
01.	Manoj Mishra	C&MD	03.06.2015	Continuing	2	-	-
02.	Rajiv Kumar Chandiok	ED	10.02.2015	Continuing	1	-	-
03.	Devinder Singh Ahuja	ED	06.02.2017	Continuing	1	-	-
04.	Dharam Pal	NED-Govt. Nominee	09.02.2016	Continuing	3	-	-
05.	Ms. Bhavnaben Kardambhai Dave	NEID	01.07.2016	Continuing	-	-	-
06.	Ms. Meenakshi Gupta	NED-Govt. Nominee	11.01.2017	Continuing	3	-	-
07.	CA Anil Verma	NEID	14.02.2017	Continuing	-	-	-
08.	Dr. Ramesh Kumar Agarwal	NEID	14.02.2017	Continuing	1	-	-
09.	Dr. Kalpana Saini	NEID	18.05.2017	Continuing	-	-	-

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

2.5 Responsibilities

Board provides and evaluates the strategic direction of the Company. It has a formal schedule of subjects reserved for its consideration and decision, including review of corporate performance, financial resources, strategy formulation, policy and control, corporate planning, organizational structure and reporting to the shareholders.

2.6 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.

2.7 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.

2.8 Board Meetings held

During the year, Board met eight times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	416	18.05.2017
02.	417	11.07.2017
03.	418	10.08.2017
04.	419	05.09.2017
05.	420	26.09.2017
06.	421	10.11.2017
07.	422	31.01.2018
08.	423	28.03.2018

The minimum and maximum interval between any two Board Meetings was 21 days and 81 days respectively.

2.9 Attendance at the Board Meetings and Annual General Meeting

The Annual General Meeting was held on 27th September, 2017. Details of attendance of the Directors at the Board Meetings and at the last Annual General Meeting are as follows:

S. No.	Name of the Director (S/Shri)	Category	Board Meetings held during 2017-18 and Attendance at last Annual		Attendance at last Annual General Meeting
			Held	Attended	
01.	Manoj Mishra	C&MD	08	08	Present
02.	Rajiv Kumar Chandiok	ED	08	08	Present
03.	Devinder Singh Ahuja	ED	08	07	Present
04.	Ms. Meenakshi Gupta	NED-Govt. Nominee	08	06	Not Present
05.	Dharam Pal	NED-Govt. Nominee	08	03	Not Present
06.	Ms. Bhavnaben Kardambhai Dave	NEID	08	08	Present
07.	CA Anil Verma	NEID	08	08	Present
08.	Dr. Ramesh Kumar Agarwal	NEID	08	05	Present
09.	Dr. Kalpana Saini	NEID	07	04	Present

ED – Executive Director, NED – Non-Executive Director, NEID – Non-Executive Independent Director

2.10 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 designed 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.

2.11 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, two Meetings of the Independent Directors were held on 11-07-2017 and 28-03-2018.

2.12 Disclosure of relationships between Directors inter-se

No relationships between Directors inter-se have been reported.

2.13 Number of shares and convertible instruments

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

2.14 Web link details of familiarization programmes imparted to Independent Directors

As per Company's Directors' Training Policy, on their joining, the Directors are given presentation on the overview of the company with the object to familiarize them with the Company's business and other activities. During the year, One Independent Director was appointed and to provide an overview of our operations and familiarize the Independence Director on matters related to our values and commitments, they were introduced to our organizations structure, our services, constitutions, board procedures, matters reserved for the board, 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.

2.15 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.

2.16 Performance evaluation of Directors

As per provisions of Section 134(3)(p) of the Companies Act, 2013, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors should form part of the Board's Report of every listed Company.

Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification No. GSR463(E) 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.

MCA vide notification No. GSR463(E) 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. MCA vide notification dated 5th June, 2015 has also notified that in case of government companies Section 134(3)(p) shall not apply in case the directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company.

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

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

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

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

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

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

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

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

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

3. Committees of the Board

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

i. Audit Committee,

ii. Stakeholders Relationship Committee,

iii. Nomination and Remuneration Committee,

iv. Committee on Corporate Social Responsibility & Sustainable Development.

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. The scope of Audit Committee inter-alia includes the following:-

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

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

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

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

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

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

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

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

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

   f. disclosure of any related party transactions;

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

5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus /

notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

7) reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
8) approval or any subsequent modification of transactions of the listed entity with related parties;
9) scrutiny of inter-corporate loans and investments;
10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
11) evaluation of internal financial controls and risk management systems;
12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14) discussion with internal auditors of any significant findings and follow up there on;
15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18) to review the functioning of the whistle blower mechanism;
19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

COMPOSITION & ATTENDANCE AT THE MEETINGS

3.2 Details of Audit Committee meetings

The composition of the Audit Committee and attendance at the meetings during the year 2017-18 was as follows:-

(in Nos.)

S.No.	Name of Director (S/Shri)	Status	Period		Meetings during 2017-18	
			From	To	Held	Attended
01.	CA Anil Verma	Chairperson	21.02.2017	Continuing	08	08
02.	Bhavnaben Kardambhai Dave	Member	13.07.2016	Continuing	08	08
03.	Dr. Ramesh Kumar Agarwal	Member	21.02.2017	Continuing	08	05
04.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	08	07
05.	Dr. Kalpana Saini	Member	31.01.2018	Continuing	05	04

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

3.3 Meetings

During the year 2017-18, the Audit Committee met eight times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	109	18.05.2017
02.	110	11.07.2017
03.	111	10.08.2017
04.	112	26.09.2017
05.	113	10.11.2017
06.	114	31.01.2018
07.	115	14.02.2018
08.	116	28.03.2018

In terms of requirement of the SEBI (LODR), Regulations, 2015, two third members of the Audit Committee are to be independent. As per Section 177 of the Companies Act, 2013, the Audit Committee shall have minimum three members and 2/3rd of those shall be Independent Directors.

3.4 Stakeholders Relationship Committee

The scope of the Stakeholders Relationship Committee inter-alia includes redressal of investor's grievances especially related to transfer/ transmission of shares, dividends, dematerialization, and replacement of lost/stolen/mutilated share certificates, splitting, conversion and other related issues and strengthening of investor relations.

3.4.1 Composition

The composition of Committee during the year 2017-18 was as follows:-

(in Nos.)

S. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2017-18	
			From	To	Held	Attended
01.	CA Anil Verma	Chairperson	21.02.2017	Continuing	02	02
02.	Rajiv Kumar Chandiok	Member	10.02.2015	Continuing	02	02
03.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	02	02

3.4.2 Meetings

During the year 2017-18, the Stakeholders Relationship Committee met two times and was attended by all the Members and chairperson as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	04	10.08.2017
02.	05	14.02.2018

3.4.3 Compliance Officer

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

3.4.4 Summarized information on complaints

There were no complaints pending for redressal as on 31st March, 2018. Number of shareholders grievances received and resolved during the period 1st April, 2017 to 31st March, 2018 were as detailed below:-

Quarter Ended	Complaints Received	Complaints Resolved	Complaints Pending
30.06.2017	04	04	NIL
30.09.2017	04	04	NIL
31.12.2017	NIL	NIL	NIL
31.03.2018	NIL	NIL	NIL
Total	**08**	**08**	**NIL**

3.5 Nomination and Remuneration Committee

3.5.1 Composition & Scope

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

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

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

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

Constitution of the Committee for the year 2017-18 and thereafter is as follows:-

(in Nos.)

S. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2017-18	
			From	To	Held	Attended
01	Dr. Ramesh Kumar Agarwal	Chairperson	21.02.2017	Continuing	01	01
02	Manoj Mishra	Member	13.01.2016	Continuing	01	01
03	Ms. Bhavnaben Kardambhai Dave	Member	13.07.2016	Continuing	01	01
04	CA Anil Verma	Member	21.02.2017	Continuing	01	01
05	Dr. Kalpana Saini	Member	31.01.2018	Continuing	-	-

3.5.2 Committee Meetings were held on following dates

S.No.	Meeting No.	Date of Meetings
01.	06	26.09.2017

3.6 Committee on Corporate Social Responsibility and Sustainable Development.

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

3.6.1 The Constitution of the Committee is as under

(in Nos.)

S.No	Name of Director (S/Shri)	Status	Period	Meetings during 2017-18		
			From	To	Held	Attended
01.	Ms. Bhavnaben Kardambhai Dave	Chairperson	21.02.2017	Continuing	04	04
02.	Dr. Ramesh Kumar Agarwal	Member	21.02.2017	Continuing	04	03
03.	Dr. Kalpana Saini	Member	31.01.2018	Continuing	01	01
04.	Rajiv Kumar Chandiok	Member	09.09.2015	Continuing	04	04
05.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	04	04

3.6.2 Committee Meetings were held on following dates

S. No.	Meeting No.	Dates
01.	13	11.07.2017
02.	14	10.11.2017
03.	15	31.01.2018
04.	16	28.03.2018

4. Details of Remuneration and Sitting Fee paid to Directors during 2017-18

4.1 Remuneration to Executive Directors and Company Secretary

(in ₹ Lakh)

S. No.	Name of Director (S/Shri)	Salary including perks	Retirement Benefits	Total
01.	Manoj Mishra, C&MD	48.87	3.69	52.56
02.	Rajiv Kumar Chandiok, Director (Finance)	41.39	3.61	45.00
03.	Devinder Singh Ahuja, Director (Technical)	40.52	3.24	43.76
04.	Raj Kumar, Company Secretary	25.50	2.31	27.81
	Total	**156.28**	**12.85**	**169.13**

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

4.2. Sitting Fee to Independent Directors

The Non-executive Independent Directors are paid sitting fee of ₹ 15000/- for attending each meeting of the Board and/or Committee thereof. Sitting fee paid to Independent Directors during 2017-18 is as follows.

(Amount in ₹)

S. No.	Name of the Independent Director (S/Shri)	Board Meetings	Audit Committee & other Board Sub- Committee Meetings	Total
01.	Ms. Bhavnaben Kardambhai Dave	1,39,500.00	2,61,750.00	4,01,250.00
02.	CA Anil Verma	1,39,500.00	2,31,750.00	3,71,250.00
03.	Dr. Ramesh Kumar Agarwal	94,500.00	2,01,750.00	2,96,250.00
04.	Dr. Kalpana Saini	60,000.00	1,05,000.00	1,65,000.00
	TOTAL	**4,33,500.00**	**8,00,250.00**	**12,33,750.00**

Government Nominee Directors are not paid any sitting fee.

4.3 Stock Options

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

4.4 Shares Issued to Employees

No shares have been issued to Employees during the year under review.

5. General Body Meetings

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

Type of Meeting	Date of Annual General Meeting	Time of Annual General Meeting	Place of Annual General Meeting	Details of Special Resolution(s) passed, if any
Year 2014-15				
Annual General Meeting	23.09.2015	10.30 AM	Weight Lifting Hall, Jawahar Lal Nehru Stadium, Lodhi Road, New Delhi	-
Year 2015-16				
Annual General Meeting	27.09.2016	10.30 AM	Weight Lifting Hall, Jawahar Lal Nehru Stadium, Lodhi Road, New Delhi	-
Year 2016-17				
Annual General Meeting	27.09.2017	10.30 AM	NCUI Auditorium & Convention Centre, 3, Siri Institutional Area, August Kranti Marg, New Delhi-110016	-

6. Postal Ballot

Company had not transacted any business through postal ballot during the year 2017-18.

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.

No penalties/strictures have been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets during the last three years. Company has complied with the SEBI Regulations and other laws related to capital markets.

8.3 Details of Vigil Mechanism/Whistle Blower Policy

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

8.4 Details of Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements except for appointment of requisite number of Functional Directors, Independent Directors on the Board.

8.5 Related Party Transactions Policy

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

8.6 Policy for Determining 'Material' Subsidiaries

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

8.7 Foreign Exchange risk or Commodity price risk and hedging activities

Hedging activities /transactions during the financial year 2017-18 have been undertaken by the company in line with the Board approved the foreign exchange risk management policy. The basic philosophy is that the risk should be limited to what company can afford based on this the risk appetite of the Company generally linked to % of net worth open position of unhedged forex exposure is worked out for monitoring with pre – determined stop loss limits.

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

8.8 Compliance Requirement of Corporate Governance Report

The Company has complied with all the mandatory requirements except for appointment of requisite number of Functional Directors and Independent Directors on the Board.

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

The Company is examining the implementation of discretionary requirements as specified in Part-E of Schedule-II of SEBI (LODR) Regulations, 2015.

8.10 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.

8.10.1 Nodal Officer

In compliance with Companies Act, 2013 and The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Shri Raj Kumar, Company Secretary of the company has been appointed as Nodal Officer for the purpose of coordination with IEPF Authority.

8.11 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.

8.11.1 Designated Official

For the purpose of Monitoring of Foreign Investment Limits, the Company has appointed Shri Raj Kumar, Company Secretary of the Company as Designated Official for assessing NSDL web interface to submit requisite foreign investment information and coordinating with NSDL form time to time.

8.12 Implementation of System-driven Disclosures in Securities Market

Pursuant to the Circular No. SEBI/HO/CFD/DCR1/CIR/P/2018/85 dated May 28, 2018 issued by SEBI regarding system-driven disclosures of promoter/promoter group under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has appointed National Securities Depository Limited (NSDL) as Designated Depository for the purpose of Implementation of System-driven Disclosures.

8.12.1 Designated Official

For the purpose of System-driven Disclosures in Securities Market, the Company has appointed Shri Raj Kumar, Company Secretary of the Company as Designated Official for assessing NSDL issuer service portal to submit information about directors/employees for the purpose of System Driven Disclosures in Securities Market.

8.13 Deposits

The Company has not accepted any deposits during the year in relation to the provisions of Chapter V of Companies Act, 2013.

9. Compliance Officer

Shri Raj Kumar, Company Secretary is the Compliance Officer.

10. Means of Communication

10.1 Quarterly Results

Quarterly (unaudited but limited review by Auditors) and Annual Audited Financial Results of the Company as recommended by the Audit Committee and approved by the Board are submitted to the Stock Exchange.

10.2 Newspapers Wherein Results Published

Quarterly / Annual Financial Results for 2017-18 were published in prominent newspapers as below: -

Quarter ended	Date of Publication	News paper
30th June, 2017	11.08.2017 (English)	Hindustan Times Mint Business Standard Millennium Post Financial Express
	(Hindi)	Hindustan Times Dainik Bhaskar, Delhi
30th September, 2017	11.11.2017 (English)	The Times of India Economic Times
	(Hindi)	Navbharat Times, Delhi/NCR Dainik Jagran, Delhi Tribune, Delhi/Chandigarh Patrika, Bhopal
31st December, 2017	01.02.2018 (English)	Hindustan Times Mint Financial Express Indian Express The Tribune (all edition) Mail Today (Delhi/NCR) Free Press Journal (Mumbai/Bhopal) Business Standard, Delhi
	(Hindi)	Hindustan Jansatta, Delhi/NCR
31st March, 2018	03.05.2018 (English)	The Times of India Economic Times Hindustan Times Mint Business Standard, Delhi/NCR Millennium Post, Delhi/NCR Mail Today, Delhi Free Press Journal, Mumbai Poineer, Delhi/NCR The Tribune (all edition)
	(Hindi)	Dainik Jagran, Delhi / Noida / Ghaziabad / Faridabad / Gurgoan / Rewari Navbharat Times, Delhi/NCR Hindustan

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.

10.7 Presentations

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	27th September, 2018
Time	2:30 PM
Venue	Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi-110003

11.3 Financial Year: 1st 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 – 201 301.

11.5 Website

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

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

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

11.7 Financial Calendar for FY 2018-19

Particulars	Date
Accounting Period	1st April, 2018 to 31st March, 2019
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, 2019 (Tentative)

11.8 Book Closure

The Register of Members and Share Transfer Books will remain closed from 21.09.2018 to 27.09.2018 (both days inclusive).

11.9 E-Voting

Members will be provided e-voting facility to exercise their right to vote at the 44th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services through National Securities Depository Services (India) Limited (NSDL). The e-voting facility will be available from 24th September, 2018 (from 09.00 AM) to 26th September, 2018 (upto 5.00 PM).

11.10 Payment of Dividend

Board has not recommended payment of dividend for the Financial Year 2017-18 considering the various capex requirements.

11.11 Listing on Stock Exchanges

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

11.11.1 The Bombay Stock Exchange Limited (BSE)

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

11.11.2 The National Stock Exchange of India Limited (NSE)

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

11.12 Listing Fee

The Annual Listing Fee upto 2018-19 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 2018-19

11.14 Market Price Data

Monthly high and low price of shares of the Company during the financial year on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) were as follows:-

11.14.1 BSE

Month	Stock Prices of the Company		Corresponding BSE Indices (SENSEX)	
	High (₹)	Low (₹)	High	Low
April, 2017	81.60	73.10	30184.22	29241.48
May, 2017	89.50	78.50	31255.28	29804.12
June, 2017	83.70	70.70	31522.87	30680.66
July, 2017	82.95	69.10	32672.66	31017.11
August, 2017	71.15	62.00	32686.48	31128.02
September, 2017	69.65	59.10	32524.11	31081.83
October, 2017	67.25	58.75	33340.17	31440.48
November, 2017	67.25	58.55	33865.95	32683.59
December,2017	74.40	60.20	34137.97	32565.16
January, 2018	79.65	68.55	36443.98	33703.37
February, 2018	74.70	55.35	36256.83	33482.81
March, 2018	61.60	51.50	34278.63	32483.84

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, 2017	81.50	73.55	9367.15	9075.15
May, 2017	89.45	78.20	9649.60	9269.90
June, 2017	84.00	70.20	9709.30	9448.75
July, 2017	83.00	69.10	10114.85	9543.55
August, 2017	71.15	62.10	10137.85	9685.55
September, 2017	69.80	58.90	10178.95	9687.55
October, 2017	67.05	58.65	10384.50	9831.05
November, 2017	67.30	60.25	10490.45	10094.00
December,2017	74.50	60.65	10552.40	10033.35
January, 2018	79.75	68.10	11171.55	10404.65
February, 2018	74.70	55.10	11117.35	10276.30
March, 2018	61.65	51.20	10525.50	9951.90

Face Value per Share is ₹ 10

11.15 Registrar and Share Transfer Agent

M/s. MAS Services Limited	
Address: Phone: Fax: Email :	T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi Pin Code – 110 020. 011-26387281-83 011-26387384 mas_serv@yahoo.com

11.16 Distribution of Shareholding

Shares held by different type of shareholders as on 31st March, 2018 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	44185	81.906	6840225	1.394
5001 to10000	4943	09.163	4211798	0.859
10001 to 20000	2333	04.325	3685566	0.751
20001 to 30000	1113	02.063	2901854	0.592
30001 to 40000	300	00.556	1087145	0.222
40001 to 50000	305	00.565	1464729	0.299
50001 to 100000	408	00.756	3085276	0.629
100001 & above	359	00.665	467301807	95.255
Total	**53946**	**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	866,04,445	17.66
II	Non-institutions	374,44,423	7.63
	Sub Total (B)	**124,048,868**	**25.29**
	GRAND TOTAL	**490,578,400**	**100.00**

Note: Department of Investment and Public Asset Management, Ministry of Finance, Government of India disinvested 15% of the total share capital of NFL on 26th and 27th July, 2017 through offer for sale for Retail and Non-Retail Investors. As on date GOI's holding stands reduce to 74.71%.

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, 2018

The shares of the Company are compulsorily traded in dematerialized mode. Company has signed agreements with both the depositories i.e. National Securities Depository Services (India) Limited (NSDL) and Central Depositories Services (India) Ltd. (CDSL). Company offers simultaneous transfer-cum-demat facility to the investors.

11.19.1 The position of shares held in dematerialized and physical mode as on 31st March, 2018

Mode of Holding	Number of Shares	% age
NSDL	108,305,860	22.0772
CDSL	381,985,139	77.8642
Physical	287,401	00.0586
Total	**490578400**	**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 are dispatched within 15 days from the date of receipt of documents, provided documents are valid and complete in all respects. The Board has delegated the authority for approving transfer/ transmission, etc. to the Share Transfer Committee. Company obtains from a Company Secretary in practice Half Yearly Certificate of compliance with the share transfer formalities as required under regulation 40 (9) of SEBI (LODR) Regulations, 2015 is filed with the stock exchanges and also available on the website of the company at www.nationalfertilizers.com.

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

SEBI vide Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 has inter-alia desired that issuer companies through their RTAs shall take special efforts to collect copy of PAN and bank Account details of all securities holders holding securities in physical form. Company RTA M/s. MAS Services Limited has been approaching the shareholders holding shares in physical form to collect their PAN and Bank Account details separately. All shareholders holding share in physical form are requested to convey their PAN, Bank Account Details and emails to the RTA on priority.

11.19.4 Transfer of physical shares

SEBI vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated 08.06.2018 has inserted a proviso in Regulation 40 of SEBI (LODR) Regulations, 2015, which provides that except in the case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. This amendment shall come into force on the 180th day from the date of publication in the official Gazette. Accordingly, all shareholders holding shares in physical form are requested to get their shares in dematerialized form before that date to facilitate transfer of their shares.

11.20 Name and addresses of the Depositories

National Securities Depository Services (India) Limited (NSDL)	
Address	Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
Central Depository Services (India) Limited (CDSL)	
Address	Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai – 400 023.

11.21 Location of Production Units

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

S.No.	Unit	Location
1.	Nangal	Nangal, District Ropar, Punjab-140126. Tel.No.01887-220570, FAX No.01887-220541
2.	Bathinda	Sibian Road, Bathinda, Punjab-151003 Tel. No.0164-2270261, FAX No.0164-2270463/2760270
3.	Panipat	Gohana Road, Panipat, Haryana-132106 Tel.No.0180-2652481-83,85, 2681304, FAX No.0180-2652515
4.	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

Audit of the Company's accounts is carried out by the Auditors appointed by the Comptroller & Auditor General of India (C&AG). C&AG also carry out Government Audit as per the Government Policy. Company has an Internal Audit Department having professionals from technical and non-technical areas. External firms of Chartered Accountants are acting as independent Internal Auditors. Company ensures that business is conducted in accordance with the legal, statutory and regulatory compliances.

12. 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 Board of Directors and the Audit Committee. Impact of major risks and the action taken to obviate the same on short term and long term basis is deliberated by the Board and Audit Committee.

13. 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.

14. 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.

15. Code of Insider Trading

Board of Directors has laid down "Code of Conduct for Prevention of Insider Trading" 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 (Offices and Designated Employees) 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 are also required to disclose related information periodically as defined in 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

16. 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.

17. 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, 2018.

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

18. Compliance Certificate of the Auditors

Certificate from the Company's Auditors M/s. HDSG & Associates and M/s. Chandiok & Guliani confirming compliance with the conditions of Corporate Governance as stipulated under LODR is attached to the Directors Report forming part of the Annual Report.

19. Compliances with Corporate Governance Code

NFL has believed in maximum transparency and benchmarked disclosures as required under various laws / regulations.

Department of Public Enterprises has issued Corporate Governance Guidelines applicable to Government Companies. These guidelines focus on various areas such as Board and its responsibilities, functions, roles and responsibilities of the Audit Committee, etc. Company ensures compliance of these guidelines

SEBI (LODR) Regulations, 2015 prescribes various corporate governance compliances. These regulations have become effective from 1st December, 2015. Earlier to that Company was in compliance of Clause 49 of Listing Agreement. Company as a policy makes all efforts to ensure compliance of provisions relating to Corporate Governance prescribed under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and DPE Guidelines.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date : 3rd August, 2018

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

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

We, Manoj Mishra, Chairman & Managing Director and Rajiv Kumar Chandiok, Director (Finance) certify that:

a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2018 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 our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2018, which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control system or the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation or such internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee

   1. significant changes in internal controls over financial reporting during the year ended 31st March, 2018;

   2. significant changes in accounting policies during the year ended 31st March, 2018 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, 2018 of any significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

(Rajiv Kumar Chandiok)
Director (Finance)
DIN: 05146544

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi – 110003.
Date : 2nd May, 2018

Annexure-4

CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS
C-44, NIZAMUDDIN EAST,
NEW DELHI – 110013

HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS
C-15A, LGF, JANGPURA EXTN,
NEW DELHI – 110014

Certificate on Corporate Governance

To,
The Members,
National Fertilizers Limited,

We have examined the compliance of conditions of Corporate Governance by National Fertilizers Limited for the year ended 31st March, 2018, as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as "SEBI (LODR) Regulations, 2015") (erstwhile Clause 49 of the Listing Agreement) and guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination has been limited to review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause and guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (LODR) Regulations, 2015 (erstwhile Clause 49 of the Listing Agreement) and DPE Guidelines on Corporate Governance except:

i) Regulation 17(1) of SEBI (LODR) Regulations, 2015 (erstwhile Clause 49 II (A) (1) & (2) of the Listing Agreement) and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance require that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors and shall have a woman Director on its Board. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board members, however, during the year, Company did not have required number of Independent Directors on its Board.

ii) Regulation 17(10) of SEBI (LODR) Regulations, 2015, (erstwhile Clause 49 (II) (B)(5) (c) of listing Agreement) that required: Performance evaluation of Independent Directors shall be done by the entire Board of Directors.

iii) Regulation 25(4)(a) and (b) of SEBI (LODR) Regulations, 2015, that required: Independent Directors in their meeting shall review the performance of non-independent directors and the Board as a whole; review the performance of the Chairperson of the company.

iv) As per provisions of Section 134(3)(p) of the Companies Act, 2013, that required: formal annual evaluation by Board of its own performance and its Committees and individual Directors shall be done by the entire Board of Directors.

The Independent Directors met on 11.07.2017 and 28.03.2018 whereas inter-alia the review of performance of the Board as a whole was made. Further, at the said meeting, the Independent Directors also assessed the quality, quantity and timeliness of flow of information, as required under Regulation 25(4) (c) of SEBI (LODR) Regulations, 2015.

The appointment of functional Directors, part-time official Directors as well as Independent Directors on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of Directors are also decided by GOI and there is a well laid down procedure for evaluation of functional Directors and C&MD by Administrative Ministry.

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 CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS

(B. B. Kalia)
PARTNER
(MEMBERSHIP NO. 085772)
FIRM REGD. NO. 001199N

For HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS

(Dalbir Gulati)
PARTNER
(MEMBERSHIP NO. 081024)
FIRM REGD. NO. 002871N

Date: 28.06.2018
Place: New Delhi

Annexure-4

Management's Explanation to the observations of Statutory Auditors for the financial year 2017-18

Observation	Explanation
Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (LODR) Regulations, 2015 (erstwhile Clause 49 of the Listing Agreement) and DPE Guidelines on Corporate Governance except: i) Regulation 17 (1) of SEBI (LODR) Regulations, 2015 and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance require that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board Members; however, during the year Company did not have required number of Independent Directors.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors of the Company including Woman Director are appointed by the Government of India. The remuneration and tenure of Directors are also fixed by GOI. Company had requested DoF from time to time for appointment of Independent Directors on the Board of the Company
ii) Regulation 17 (10) of SEBI (LODR) Regulations, 2015, that required: Performance evaluation of Independent Directors shall be done by the entire Board of Directors.	Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification No. GSR463(E) dated 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. In view of the above exemption, no evaluation of the Independent Directors was carried out.
iii) Regulation 25(4)(a) and (b) of SEBI (LODR) Regulations, 2015, that required: Independent Directors in their meeting shall review the performance of non-independent directors and the Board as a whole; review the performance of the Chairperson of the company.	The Independent Directors in their separate meetings held on 11.07.2017 and 28.03.2018 inter-alia reviewed the performance of the Board as a whole. It is submitted that MCA vide notification No. GSR463(E) 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. It is further submitted that MCA vide notification dated 5th June, 2015 has also notified that in case of government companies Section 134(3)(p) shall not apply in case the directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company. The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors by Administrative Ministry. Performance evaluations to which the Government Companies and their Directors are subjected to are as follows: (i) All the functional Directors (through C&MD) and C&MD are accountable to the Board and the Administrative Ministry.

	(ii) For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is negotiated by Department of Public Enterprises, NITI Aayog, Ministry of Statistics & Programme Implementation and the Administrative Ministry officials. Targets are set for various MoU parameters. The performance of the Company vis-à-vis MoU indicates the overall performance of the Board and individual Directors. Performance of the Company is reviewed on quarterly basis through Quarterly Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters. (iii) Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive Directors, Functional Directors and C&MD major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters. (iv) Annual performance appraisal of the C&MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister. (v) Tenure of Functional Directors and C&MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry. (vi) All the government companies are also subject to regular review by various Parliamentary Committees on different subjects. In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and Part-time Official Directors was not carried out.
iv) As per provisions of Section 134(3)(p) of the Companies Act, 2013, that required formal annual evaluation by Board of its own performance and its Committees and individual Directors shall be done by the entire Board of Directors.	MCA vide notification No.GSR463(E) dated 5th June, 2015 has notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Section 134(3)(p) shall not apply to Directors of the Government Companies.

Registered Office:
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7, Institutional Area, Lodhi Road, New Delhi-110003
Date : 3rd August, 2018

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Annexure -5

Annual Report on Corporate Social Responsibility Activities

1) A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programmes.

In alignment with the vision of the company, NFL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its products, services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfilment 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, health care, education, vocational domains and other social welfare initiatives for the community residing in the vicinity of its plants and other places in India.

f) Ensure welfare, growth and safety of all people associated with the Company.

g) Build a sustainable enterprise that effectively balances financial strengths with social and environmental responsibilities.

h) Undertake activities contributing towards improving the quality of life of underdeveloped sections of society at large.

i) Facilitate development by maintaining a healthy relation between People, Planet and Profit.

Web Link:

CSR Policy: http://nationalfertilizers.com/images/pdf/csr/csr_policy_en.pdf

CSR Project Report: http://nationalfertilizers.com/index.php?option=com_content&view=article&id=109&Itemid=140&lang=en

2) Composition of CSR Committee

- Ms. Bhavnaben Kardambhai Dave - Chairperson
- Dr. Ramesh Kumar Agarwal - Member
- Dr. Kalpana Saini - Member
- Sh. Rajiv Kumar Chandiok - Member
- Sh. D. S. Ahuja - Member

3) Average Net Profit/ Loss of the Company for last three financial years

₹ 21727.18 Lakh

4) Prescribed CSR Expenditure (Two percent of the amount as in Item 3 above)

₹ 434.54 Lakh

5) Details of CSR spend for the financial year

a) Total amount spent for the financial years: ₹ 296.83 Lakh

b) Amount unspent : ₹ 137.71 Lakh

c) Manner in which the amount spent during the financial year is detailed below:

S. No.	Project/Activity	Sector of the Project	Location	Amount outlay Budget of the Project (₹ in Lakh)	Amount Spent on the Project (₹ in Lakh)	Cumulative Expenditure up to reporting period (₹ in Lakh)	Amount spent Direct or through Implementing Agency (Name of the Agency)
1.	Construction of 20 Girls toilets in Distt. Guna, MP	Health & Hygiene	Vijaipur	41.40	1.40	27.67	State Govt. MP
2.	Installation of 50 Solar Lights on Ruthiyai Road in Vijaipur, MP	Environment & Rural Development	Vijaipur	19.12	10.20	16.57	State Govt. MP
3.	Provision of two ambulances for public health centers in Arunachal Pradesh	Preventive Health	CO	16.82	13.46	13.46	District Administration, Seppa, Arunachal Pradesh
4.	Management of Soil Health & Productivity through City Compost	Environment	CMO	53.60	27.62	55.66	Direct
5.	Distribution of aids, devices & artificial limbs to disabled persons in Nangal, Punjab	Health & Hygiene	Nangal	27.50	0.37	27.81	ALIMCO
6.	Corpus for Skill Development	Skill Development	CO	25.00	13.15	13.15	Heal Foundation
7.	Refurbishing water works in village Sibian, Bathinda, Punjab	Environment	Bathinda	10.00	10.00	10.00	State Govt. Punjab
8.	Installation of Bronchoscope at Homi Bhabha Cancer Hospital Sangur, Punjab	Health & Hygiene	Bathinda	20.50	20.37	20.37	Direct
9.	Cancer awareness and screening camps in Bathinda, Punjab	Health & Hygiene	Bathinda	2.00	0.79	0.79	Homi Bhabha Cancer Hospital, Sangrur, Punjab
10.	Installation of 2 KW solar Plants in Government Primary School in Haryana	Environment & Education Promotion	Panipat	32.16	30.00	30.00	HAREDA
11.	Installation of Solar Light in Bhadhoi, UP	Environment and Rural Development	CMO	5.00	4.73	4.73	M/s Rajasthan Electronics & Instruments Ltd. (REIL)
12	Construction of Bio Toilets in Indore, Ujjain MP	Environment and Rural Development	CMO	27.00	19.04	19.04	Direct
13	Installation of Solar Lights in Villages in Purniya, Bihar	Environment and Rural Development	CMO	5.00	4.73	4.73	M/s Rajasthan Electronics & Instruments Ltd. (REIL)

S. No.	Project/Activity	Sector of the Project	Location	Amount outlay Budget of the Project (₹ in Lakh)	Amount Spent on the Project (₹ in Lakh)	Cumulative Expenditure up to reporting period (₹ in Lakh)	Amount spent Direct or through Implementing Agency (Name of the Agency)
14	Installation of Solar Lights in Village Joganand & Manuana, Bathinda	Environment and Rural Development	Bathinda	9.25	11.03	11.03	Direct
15	Installation of Solar Lights in Village Jandawala, Bathinda	Environment and Rural Development	Bathinda	9.25			
16	Construction of Anganwadi Centre in Bavrikhera Village, Raghogarh, Madhya Pradesh	Health & Hygiene	Vijaipur	10.70	4.01	4.01	Direct
17	Water Harvesting system in Govt. Girls Senior Secondary School, Panipat	Environment & Education Promotion	Panipat	4.00	3.38	3.38	Direct
18	Distribution of aids, devices & artificial limbs to differently abled persons in District Aligarh, U.P.	Health & Hygiene	CMO	30.00	28.00	28.00	ALIMCO
19	Installation of 5 KW solar rooftop panels in 12 Government Schools in Panipat, Haryana	Environment & Education Promotion	Panipat	45.00	46.50	46.50	HAREDA
20	Skill Development Training programme : i) In trade of Self – employed Tailor in Village Dehlon, Una, HP; ii) Self –employed Tailor and Beauty Therapist in village Charatgarah, Una, HP	Skill Development	Nangal	9.90	9.34	9.34	M/s NITCON
21	Distribution of school desks and ceiling fans in Government schools in Nangal, Punjab	Education Promotion	Nangal	3.50	2.96	2.96	Direct
22	Installation of solar panels on rooftops of Government Schools in Vijaipur, MP	Environment & Education Promotion	Vijaipur	21.18	4.24	4.24	Madhya Pradesh Urja Vikas Nigam Ltd., Bhopal
23	Distribution of desks & benches in Government Schools, Bathinda, Punjab	Education Promotion	Bathinda	17.60	17.60	17.60	Direct

S. No.	Project/Activity	Sector of the Project	Location	Amount outlay Budget of the Project (₹ in Lakh)	Amount Spent on the Project (₹ in Lakh)	Cumulative Expenditure up to reporting period (₹ in Lakh)	Amount spent Direct or through Implementing Agency (Name of the Agency)
24	CSR Training	Skill Development	CO	3.52	3.52	3.52	IICA
25	Support to Para Players through Paralympic Committee of Delhi	Promotion of Paralympic sports	CO	40.00	5.76	5.76	Paralympic Committee of Delhi
26	Impact Assessment study of CSR activity of NFL	Impact assessment study	CO	5.46	4.63	4.63	Human Development Society
	Total			**494.96**	**296.83**	**384.95**	

6) In case the Company has failed to spend the two per cent of the average net profit of the last three financial year or any part thereof the Company shall provide the reasons for not spending the amount in its Board Report.

The Company allocated a CSR budget of ₹ 434.54 lakh for the FY 2017-18 and incurred an expenditure of ₹ 296.83 lakh during the year. The entire budget has been allocated for various CSR projects and the projects are at different stages of execution.

A number of projects were approved in the 2nd, 3rd and 4th quarters of the financial year with implementation spread over one to two years. Furthermore, the CSR projects are executed in project mode with payments being linked to achievement of key deliverables. The actual expenditure against approved projects rolls beyond the financial year. Hence, payments for projects committed during the reported year, will be released during the subsequent year.

7) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee confirms that the implementation and monitoring of CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

For and on behalf of the Board of Directors

(Bhavnaben Kardambhai Dave)
Chairperson CSR Committee
DIN: 07557056
Date : 3rd August, 2018

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure -6

FORM-A
DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
(Annexure to Board's Report)

				2017-18	2016-17
A. POWER & FUEL CONSUMPTION					
1. ELECTRICITY					
a)	**Purchased**				
		Unit	Mwh	187067	188304
		Total amount	₹ in Lakh	13619	14167
		Average rate/Unit	₹ /Mwh	7280	7524
b)	**Own Generation**				
	i)	Through diesel generator Unit			
		Unit	Mwh	5.520	9.106
		Unit per ltrs. of diesel oil	Mwh/ltrs	0.004	0.009
		Cost/Unit	₹/Mwh	56543	44749
	ii)	Through Steam Turbine/Gas Turbine			
		Unit	Mwh	569504	571607
		Coal/unit of Power	MT/Mwh	0.863	1.006
		Gas/unit of Power	$000sm^3$/Mwh	0.328	0.296
		Cost per Unit	₹/Mwh	5219	5108
	iii)	From Waste Steam	Mwh	-	-
2. COAL(Specify quality & where used)					
(Slack coal used for operating boilers)					
		Quantity	MT	667456	751965
		Total cost	₹ in Lakh	40053	44724
		Average rate	₹ /MT	6001	5948
3. OTHER/INTERNAL GENERATION					
		Natural Gas			
		Quantity 000M3	$000sm^3$	251112	232529
		Total cost (₹/Lakh)	₹ in Lakh	51589	41035
		Rate / Unit (₹)	₹/$000sm^3$	20544	17647
B. CONSUMPTION PER UNIT OF PRODUCTION					
	i)	Electricity	Mwh	0.193	0.193
	ii)	Coal	MT	0.401	0.466
	iii)	Gas	$000M^3$	0.066	0.061

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

Date : 3rd August, 2018

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Annexure-6

FORM –B

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

1. Details of Production and Energy consumption

All Units of NFL produced beyond their reassessed capacity and contributed to the company achieving its ever best annual production of 38.10 lakh Metric Tonnes of Urea during the financial year 2017-18, which is 118% of the reassessed capacity.

Nangal Unit produced 5.43 lakh MT achieving a capacity utilization of 113.4%. Bathinda Unit produced 5.62 lakh MT achieving a capacity utilization of 110%. Panipat Unit produced 5.60 lakh MT achieving a capacity utilization of 109.5%.Vijaipur unit as a whole produced 21.45 lakh MT of urea during the year. Vijaipur I & Vijaipur II achieved a capacity utilization of 121.5% and 126.6% of their reassessed capacity respectively.

The energy consumption per MT urea at NFL plants during 2017-18 is as follows:

Nangal	6.819 Gcal/MT
Panipat	6.761 Gcal/MT
Bathinda	6.859 Gcal/MT
Vijaipur I	5.753 Gcal/MT
Vijaipur II	5.372 Gcal/MT

NFL Units at Panipat, Bathinda and Nangal achieved ever best lowest plant energy consumption.

2. Energy Conservation Measures

Commitment to achieve lowest possible energy consumption is one of the foremost goals of the company. Taking this forward, at Bathinda Unit, S-200 synthesis converter has been re-installed in parallel to S-300 to further bring down the energy consumption by 0.0155 Gcal/MT of Urea with an estimated cost of ₹ 0.85 Crore.

At Nangal, Natural Gas pressure was being let down at GAIL (India) terminal followed by continuous operation of NG compressor at NFL end. After persuasions with GAIL (India), the let down system at GAIL (India) terminal was replaced and NG compressor at NFL end was bypassed in Annual Turn Around in April, 2017 which resulted in energy saving of 0.025 Gcal/MT of Urea.

Preventive maintenance practices have been adopted for reducing the downtime leading to improved energy consumption. Vijaipur II Unit achieved on-stream efficiency of around 88% while Bathinda, Nangal, Panipat and Vijaipur I Units achieved an on-stream efficiency of more than 91 %.

3. Technology Absorption

- In order to improve efficiency of coal fired boilers, trial run of use of coal additives were made by each of the Units. Based on the results of the trial runs done at Units, it was observed that combustibles in fly ash reduce leading to improvement in boiler efficiency. Thus coal additive is being used at Panipat & Nangal Unit while procurement of coal additive is in progress at Bathinda Unit.
- Owing to vintage prilling tower at Panipat & Bathinda Units and prill size being smaller in comparison to modern day plants, proposal for new Prilling Tower is under consideration along with Urea revamp. This shall minimize the energy consumption besides reduction in emission & improved quality.
- At Nangal, issue regarding the power failure was taken up with M/s BBMB. The rectification of DC voltage control of Generator was done at M/s BBMB end and Joint inspections of overhead line from BBMB to factory were carried out which resulted in three power failure tripping in FY 2017-18 as compared to eight tripping in FY 2016-17.
- To meet revised energy norms as stipulated in New Urea Policy-2015 at Panipat, Bathinda & Nangal, work has been awarded on 01.02.2018 to M/s Thermax for installation of GTG-HRSG after obtaining approval from Board in its meeting held on 31.01.2018. The total revised project cost has been worked out as ₹ 674.56 crore against estimated project capital cost of ₹ 696.74 crore. The above shall bring down the energy consumption of Urea to less than 6.4 Gcal/MT of Urea. Zero date of project is 01.02.2018 and projects are scheduled to be completed by 30.11.2019.

- To meet revised energy norms as stipulated in New Urea Policy-2015 at Vijaipur-I, following schemes are being implemented to bring down the energy consumption by 0.20 Gcal/MT Urea.
    1. Revamp of Synthesis gas Compressor and turbine of Ammonia –I plant
    2. Switchover from Process condensate stripping process from low pressure to medium Pressure in Ammonia-I

4 Foreign Exchange Earnings/Outgo

The foreign exchange earnings by way of trade margins during the year were NIL. The foreign exchange outgo by way of imports and other expenses amounted to ₹ 958.60 crore

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

Date : 3rd August, 2018

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Annexure-7

Report on Safety, Environment and Sustainable Development

Inclusive and sustainable development is the need of the hour in view of increasing climatic changes and rising disparities in the society at large. Company has taken various initiatives for adopting best practices for health safety and environment management, energy conservation and social 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 efficiency operations of its ageing manufacturing facilities while maintaining pollution free environment and process safety. All manufacturing units continue to be ISO 9001-2008, ISO 14001 and OHSAS-18001 certified which indicate Company's commitment to quality, Environment and Occupational Health and Safety.

To tackle climate change Company remained focused towards achieving a low carbon society, reducing emission level and effluent discharge from the units. All the units have installed On-line monitoring system both for effluent and emission discharge. On-line monitoring systems are already integrated with Central and State Pollution Control Board in order to monitor the level of pollutants on continuous basis.

Quarterly review meeting are conducted regularly at all units to review Health and Safety issues. Modern method and latest technologies such as 'International Sustainable Rating system', 'Total Quality Management' and 'Hazard and Operability Study' have been implemented in various units to improve process safety. For updating knowledge of employees regular training programs are conducted at units and employees are being sent outside for attending Safety programs.

To safeguard the plants from emergencies like Fire, Explosion and Toxic gases, "On site Emergency Disaster Plan" are available in the units. This plan aims to train people and act efficiently and confidently in emergency with minimum damage to humans and asset. The procedures are regularly reviewed and updated at the company by carrying out surprise mock drills. Performance of each mock drill is evaluated and reviewed to bring improvements in the system. Visits of local Authorities and central agencies such as National Disaster Management Authority are regularly conducted in order to remain updated on safety related issues in all the plants. All the units are having their "Disaster Management Quick Response Team" to address the incidents that may occur outside the factory area for transportation of liquid Ammonia, Chlorine Gas and Ammonium Nitrate.

To protect, restore and promote sustainable use of trees and trial ecosystem, afforestation has been adopted in all units to improve the environment surrounding the units. A total of 11600 tree saplings were planted in and around various units during 2017-18 for cleaner and greener earth for future generation. The cumulative plantation since commencement is about 8.32 lakhs for all the units.

All units of NFL are under process of installation of Rain Water Harvesting System to increase the sub soil water level. Five (05) rain water harvesting system were already installed in units. This would help in conservation of water, increase in underground water table and increase greenery in the surroundings.

Use of Green Power :

Company is committed to promote ecologically sustainable growth by utilizing cleaner fuel i.e. Natural Gas for power generation at its units, presently using coal for power generation. NFL is in the process of installing GTG (Gas turbo Generator) by November 2019 along with heat recovery steam generation (HRSG) at Nangal, Bathinda & Panipat Units for reducing the energy consumption and CO_2 emission of plants.

To ensure affordable, reliable, sustainable and modern energy for the community, about 50 Nos. of solar street light have been installed in nearby village of all NFL Units. During 2017-18 about 5900 conventional lights were replaced with eco-friendly LED lights in NFL units.

Development of Sustainable Product :

Neem Coated Urea: During 2017-18 the total production of Neem Coated Urea was 38.10 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 is currently producing three types of bio fertilizers in both powder and liquid base i.e. Rhizobium, Azectobactor and PSB. 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 2017-18, the sale of Liquid & Powder Bio Fertilizers was 496 MT.

NFL is committed to Government of India's dream of Swachh Bharat Mission by marketing of 11624 MT of city compost sourced from manufacturers located in various states during 2017-18. 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 fields.

For and on behalf of the Board of Directors

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date: 3rd August, 2018

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure -8

Form MBP 2

Particulars of loans, guarantee, security and acquisition made by the company

[Pursuant to section 186(9) & 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	03-Apr-2017 17-Apr-2017 01-May-2017 23-May-2017 20-Jun-2017 23-Jun-2017	Ramagundam Fertilizers and Chemicals Limited (RFCL)	50000000 57500000 200000000 200000000 100000000 45000000 **Total 652500000**	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)
-	-	-	-	-	-
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)
6,52,50,000 Equity Shares	₹10/-	-		-	-

Registered Office:
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7, Institutional Area, Lodhi Road, New Delhi-110003
Date: 3rd August, 2018

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure –9

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	NA
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital	NA
5.	Reserves & surplus	NA
6.	Total assets	NA
7.	Total Liabilities	NA
8.	Investments	NA
9.	Turnover	NA
10.	Profit before taxation	NA
11.	Provision for taxation	NA
12.	Profit after taxation	NA
13.	Proposed Dividend	NA
14.	% of shareholding	NA

Notes:	1. Names of subsidiaries which are yet to commence operations	N.A.
	2. Names of subsidiaries which have been liquidated or sold during the year.	N.A

Annexure - 9

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Ramagundam Fertilizers and Chemicals Limited (RFCL)	Uravarak Videsh Limited (UVL) has got the status of Dormant Company under Companies Act w.e.f. 4th November, 2015.
1. Latest audited Balance Sheet Date	31.03.2018	31.03.2018
2. Shares of Associate/Joint Ventures held by the company on the year end No. (shares)	218690004	180002
Amount of Investment in Associates/ Joint Venture (in ₹)	₹ 2186900040.00	₹1800020.00
Extend of Holding%	36.32%	33.33%
3. Description of how there is significant influence	There is significant influence due to percentage (%) of Share Capital in the Jointly Controlled Entity as mentioned above	There is significant influence due to percentage (%) of Share Capital in the Jointly Controlled Entity as mentioned above.
4. Reason why the associate/joint venture is not consolidated	N.A.	N.A.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 2170874003.00	₹273785.00
6. Profit/Loss for the year	Loss of ₹129299.00	Loss of ₹ 24502.00
i. Considered in Consolidation	Yes	Yes
ii. Not Considered in Consolidation	N.A.	N.A.

Notes:		
	1. Names of associates or joint ventures which are yet to commence operations	N.A.
	2. Names of associates or joint ventures which have been liquidated or sold during the year.	N.A

For and on behalf of the Board of Directors

(Raj Kumar)
Company Secretary
A-11914

(Rajiv Kumar Chandiok)
Director (Finance)
DIN: 05146544

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Registered Office:
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Date: 3rd August, 2018

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
Ramagundam Fertilizers & Chemicals Ltd, (RFCL) a Joint Venture with National Fertilizers Ltd., Engineers India Ltd & Fertilizer Corporation of India Ltd.	Lease agreement for providing office space to RFCL at NFL registered office at Scope Complex, New Delhi for a period of three years.	3 years lease agreement i.e. from 4th March, 2015 to 3rd March, 2018	Lease rent of token amount of ₹ 1.00 per annum	The lease arrangement does not involve earmarking of office space to RFCL and Lease arrangement is for use of office space as registered office for the purpose of receiving communication by RFCL.	4th July 2015	N.A.	N.A.

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
-	-	-	-	-	-

For and on behalf of the Board of Directors

(Raj Kumar)
Company Secretary
A-11914

(Rajiv Kumar Chandiok)
Director (Finance)
DIN: 05146544

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Registered Office:
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Date: 3rd August, 2018

Annexure- 11

Procurement made from Micro and Small Enterprises (MSEs) during 2017-18

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 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.

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 20 % target of 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 of 20 % from MSEs, for following items required for fertilizer business, since the same are not available from MSEs:

- Raw Materials (Natural Gas/RLNG etc.).
- Traded products (DAP, Bentonite Sulphur, seeds, pesticides etc.).
- Power and fuel (Coal etc.).
- Petrol, Diesel, Lubricants etc.
- OEM spares (Proprietary/Imported).
- High tech items, services and consultancies, etc.

NFL has taken following actions to maximize procurements from MSEs:

i. Items identified for procurement from MSEs at respective plants have been displayed on NFL website www.nationalfertilizers.com. All other items which are being procured at our units are also displayed on NFL website for prequalification of Vendors, for wider participation by suppliers including MSEs.

ii. Enabling provisions have been made in Purchase Manual for providing purchase preference for participating MSEs including SC/ST bidders in case they match L1-Price as per Procurement Policy.

iii. Units have been instructed to buy exclusively from MSEs their requirements of 358 items reserved for procurement from MSEs.

iv. Nodal officers have been appointed for respective Units to help/provide hand holding support to MSEs.

v. During FY 2017-18, Vendor Development Programme was organized by Vijaipur unit. Further, another Vendor Development Programme exclusively for SC/ST entrepreneurs was organized by Panipat Unit. The representative of Nangal Unit attended National level Vendor Development Program cum buyer-seller meet organized by MSME Development Institute, at Ludhiana.

With concerted efforts NFL has been able to achieve a percentage of 25.04 % during 2017-18 from MSEs, out of total procurement of Goods and Services 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 2017-18 are as below:

₹ in crore

Sr. No.	Particulars	Annual procurement Target for the year 2017-18	Target achieved for the year 2017-18
I.	Annual procurement of Goods and Services*.	335.00	554.53
II.	Total value of Goods and Services procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	67.00	138.88
III.	Total Value of Goods and Services procured from only MSEs owned by SC/ST entrepreneurs).	13.40	1.52
IV	%age of procurement of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement.	20.00 %	25.04 %
V.	%age of procurement of Goods and Services from only MSEs owned by SC/ST entrepreneurs out of total procurement.	4.00 %	0.27 %
VI.	Total number of vendor development programmes for MSEs	2	2

* Annual Procurement of Goods and Services excluding Raw materials, traded products, power, fuel & other goods/services which cannot be procured from MSEs

Registered Office:
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Date: 3rd August, 2018

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure-12

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is already functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs/ OBCs. Liaison Officer of appropriate status has been appointed in each Unit/Office to ensure due compliance of orders and instructions pertaining to reservation. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for such programmes conducted by external agencies. During 2017-18, 3262 man-days training (in-house as well as external training programmes) was imparted to SC/ST employees. A statement showing representation of employees belonging to Scheduled Caste / Scheduled Tribes / Other Backward Classes / Persons with disabilities is appended as Annexure to this report.

REPRESENTATION OF SCs/STs/OBCs AS ON 31.03.2018									
Group	**Employees on Rolls**	**SC**	**%age**	**ST**	**%age**	**OBC**	**%age**	**Divyang**	**%age**
A	1435	277	19.30	84	5.85	146	10.174	4	0.28
B	1443	397	27.51	101	6.993	111	7.692	14	0.97
C	465	88	18.92	23	4.95	121	26.02	21	4.51
D	32	17	53.13	1	3.13	3	9.38	0	0
D (Safai karamchari)	55	55	100	0	0	0	0	0	0
Total	**3430**	**834**	**24.31**	**209**	**6.09**	**381**	**11.11**	**39**	**1.14**

RECRUITMENT OF SCs/STs/OBCs DURING THE YEAR 2017-18									
Group	**Total Recruitment**	**SC**	**%age**	**ST**	**%age**	**OBC**	**%age**	**Divyang**	**%age**
A	120	14	11.66	6	5	31	25.83	0	0.00
B	0	0	0	0	0	0	0	0	0.00
C	55	07	12.72	03	5.45	24	43.63	2	3.63
D	0	0	0	0	0	0	0	0	0.00
D (Safai karamchari)	0	0	0	0	0	0	0	0	0.00
Total	**175**	**21**	**12**	**9**	**5.14**	**55**	**31.42**	**2**	**1.14**

PROMOTION OF SCs/STs/OBCs DURING THE YEAR 2017-18									
Group	**Total Promotions**	**SC**	**%age**	**ST**	**%age**	**OBC**	**%age**	**Divyang**	**%age**
A	197	34	17.25	7	3.55	16	8.12	0	0
B	12	2	16.66	1	8.33	3	25	0	0
C	1	0	0	0	0	1	100	0	0
D	1	0	0	0	0	0	0	0	0
D (Safai karamchari)	0	0	0	0	0	0	0	0	0
Total	**211**	**36**	**17.06**	**8**	**3.79**	**20**	**9.47**	**0**	**0**

The overall reservation percentage achieved for SC category employees is 24.31%which is more than the prescribed reservation. In case of ST, the percentage achieved is 6.09%. There is a slight shortfall than the prescribed reservation because the reservation in Group 'C' and 'D' posts filled up by Direct Recruitment in the States of Punjab and Haryana where three plants of the Company are located was abolished w.e.f. 1st June, 1985. For other backward classes, the percentage achieved is 11.11%.

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Date: 3rd August, 2018

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annexure-13

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

{Pursuant to Section 204(1) of the Companies Act, 2013 and

Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,

The Members,

National Fertilizers Limited.

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate Practices by **National Fertilizers Limited** (hereinafter called NFL/the Company). 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 NFL's books, papers, Minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial period ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by NFL ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) 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;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Compliances/ processes/ systems under other applicable Laws to the Company are being verified on the basis of periodic certificate submitted to the Board of Directors of the Company.

We have also examined compliance with the applicable clauses of the following:

(a) Secretarial Standards issued by the Institute of Company Secretaries of India - Generally complied with.

(b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(c) DPE Guidelines on Corporate Governance for CPSE.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observations:

1. Compliance of Regulation 17(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises w.r.t. appointment of requisite no. of Independent Directors on the Board of the Company.

2. Compliance of Regulation 17(10) & 25(4) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.r.t. performance evaluation of the 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 Exchange Board of India (Listing Obligations& Disclosure Requirements) Regulations, 2015. The number of independent directors on the Board is less than 50% of the original strength of the Board. Furthermore, the Company is not compliant with provisions of appointment of requisite number of Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Generally, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever required.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

For **Agarwal S. & Associates,**
Company Secretaries,

CS Anuradha Jain
Partner
ACS No. : 36639
CP No. : 14180

Place: New Delhi
Date: 22.06.2018

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

"Annexure A "

To,

The Members,

National Fertilizers Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Agarwal S. & Associates,**

Company Secretaries,

CS Anuradha Jain
Partner
ACS No. : 36639
CP No. : 14180

Place: New Delhi
Date: 22.06.2018

Management's Reply to the observations of Secretarial Auditor for the financial year 2017-18

Sr.No.	Secretarial Auditors' Observations	Management's Reply
1.	Compliance of Regulation 17 (1) of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises w.r.t. appointment of requisite no. of Independent Directors on the Board of the Company.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF).The Directors of the Company are appointed by the Government of India. The remuneration and tenure of Directors are also fixed by GOI. The Company is requesting from time to time, DoF for appointment of Independent Directors on the Board of the Company.
2.	Compliance of Regulation 17(10) Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(8) of Companies Act, 2013 read with Clause VII & VIII of Schedule IV of the Companies Act, 2013 w.r.t. performance evaluation of the Directors.	(a) Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification 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. (b) It is further submitted that MCA vide notification dated 5th 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. (c) The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors by Administrative Ministry. (d) Performance evaluations to which the Government Companies and their Directors are subjected to are as follows: (i) All the functional Directors (through C&MD) and C&MD are accountable to the Board and the Administrative Ministry. (ii) For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is negotiated by Department of Public Enterprises, NITI Aayog, Ministry of Statistics & Programme Implementation and the Administrative Ministry officials. Targets are set for various MoU parameters. The performance of the Company vis-à-vis MoU indicates the overall performance of the Board and individual Directors.

		Performance of the Company is reviewed on quarterly basis through Quarterly Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters (iii) Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive Directors, Functional Directors and C&MD major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters. (iv) Annual performance appraisal of the C&MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister. (v) Tenure of Functional Directors and C&MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry (vi) All the government companies are also subject to regular review by various Parliamentary Committees on different subjects. In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and Part-time Official Directors was not carried out. However, the Independent Directors in their separate meetings held on 11.07.2017 and 28.03.2018 inter-alia reviewed the performance of the Board as a whole. (e) In view of the exemption granted by MCA vide Notification No. GSR463(E) dated 05.06.2015, no performance evaluation of the Independent Directors was required to be carried out.

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
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Date: 3rd August, 2018

Annexure-14

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	L74899DL1974GOI007417
ii	Registration Date	23.08.1974
iii	Name of the Company	National Fertilizers Limited
iv	Category/Sub-category of the Company	Company Limited by Shares
v	Address of the Registered office & contact details	Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi - 110003 Phone : 0120-2412294, 412445, 3292201-08, Fax: 0120-2412397
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi – 110 020. PH: 011-26387281-83 FAX: 011-26387384 Email: mas_serv@yahoo.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Urea	20121	85%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	M/s Urvarak Videsh Limited (UVL)	U24120DL2008GOI181057	Associate	33.33%	2(6)
2	M/S. Ramagundam Fertilizers and Chemicals Limited (RFCL)	U24100DL2015PLC276753	Associate	36.32%	2(6)

Note: Uravark Videsh Limited (UVL) has got the status of Dormant Company under Companies Act w.e.f. 4th November, 2015.

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt. or State Govt.	440116292		440116292	89.71	366529532		366529532	74.71	-15.00
c) Bodies Corporates	-	-	-	-	-	-	-	-	
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	**440116292**	**-**	**440116292**	**89.71**	**366529532**		**366529532**	**74.71**	**-15.00**
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other…	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**440116292**	**-**	**440116292**	**89.71**	**366529532**	**-**	**366529532**	**74.71**	**-15.00**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	28806353		28806353	5.87	78568779	-	78568779	16.02	10.15
C) Central Govt./State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies		2000	2000	0.00	-	2000	2000	0.00	0.00
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Portfolio Investors	1532204	-	1532204	0.31	8033666	0	8033666	1.64	1.33
i) Others (specify)	56039	-	56039	0.01	-	-	-	0.00	-0.01
SUB TOTAL (B)(1):	**30394596**	**2000**	**30396596**	**6.20**	**86602445**	**2000**	**86604445**	**17.65**	**11.45**
(2) Non Institutions									
i) Indian									
a) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	8076386	53429	8129815	1.66	23515334	38901	23554235	4.80	3.14
ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakhs	2574762	-	2574762	0.52	4888905	-	4888905	1.00	0.48
b) NBFCs registered with RBI	96200	-	96200	0.02	335500	-	335500	0.07	0.05
c) Others (specify)									
1. NRI	-	-	-	-	-	-	-	-	-
a) NRI (Non-Repeat)	93516	-	93516	0.02	136181	-	136181	0.03	0.01
b) NRI (Repeat)	672388	246500	918888	0.19	747639	246500	994139	0.20	0.01
2. Clearing Member	3822893	-	3822893	0.78	1953947	-	1953947	0.40	-0.38
3. Trust	6800	-	6800	0.00	6800	-	6800	0.00	0.00
4.Custodian/DR Holder	-	-	-	0.00		-		0.00	0.00
5. Bodies corporates	4422638	-	4422638	0.90	5562329	-	5562329	1.13	0.23
6. Unclaimed Suspense A/c	-	-	-	0.00	11887	-	11887	0.00	0.00
7. OCB	-	-	-	0.00	500	-	500	0.00	0.00
SUB TOTAL (B)(2):	**19765583**	**299929**	**20065512**	**4.09**	**37159022**	**285401**	**37444423**	**7.63**	**3.54**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**50160179**	**301929**	**50462108**	**10.29**	**123761467**	**287401**	**124048868**	**25.29**	**15.00**
C. Non promoter-Non Public (Shares held by Custodian for GDRs & ADRs)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**490276471**	**301929**	**490578400**	**100.00**	**490290999**	**287401**	**490578400**	**100.00**	**0.00**

(ii) Share Holding of Promoters

Sl No.	Shareholders Name	Shareholding at the beginning of the year				Shareholding at the end of the year			% change in share holding during the year
			No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	President of India		440116292	89.71	-	366529532	74.71	-	-15.00
	Total		**440116292**	**89.71**	**-**	**366529532**	**74.71**	**-**	**-15.00**

(iii) **Change in Promoters' Shareholding (Specify if there is no change)**

Sl. No.		Shareholding at the beginning of the Year		Cumulative Share holding during the year		%Change during the year
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company	
1	At the beginning of the year	440116292	89.71	440116292	89.71	0.00
2	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	-	-	-	-	-
3	Disinvestment - Under Offer for sale to public in July, 2017	73586760	15.00	-	-	-
4	At the end of the year	366529532	74.71	440116292	89.71	0.00

(iv) **Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No		Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No. of shares	% of total shares of the company
1	LIFE INSURANCE CORPORATION OF INDIA	20404679	4.16				01-Apr-17	20404679	4.16
					35118422	Transfer	28-Jul-17	55523101	11.32
							31-Mar-18	55523101	11.32
2	THE NEW INDIA ASSURANCE COMPANY LIMITED	3681353	0.75				01-Apr-17	3681353	0.75
					4966637	Transfer	28-Jul-17	8647990	1.76
					8647990		31-Mar-18	8647990	1.76
3	GENERAL INSURANCE CORPORATION OF INDIA	2429281	0.50				01-Apr-17	2429281	0.50
				25000		Transfer	05-May-17	2404281	0.49
				25000		Transfer	12-May-17	2379281	0.48
				35000		Transfer	26-May-17	2344281	0.48
				15000		Transfer	02-Jun-17	2329281	0.47
				59281		Transfer	09-Jun-17	2270000	0.46
					5016397	Transfer	28-Jul-17	7286397	1.49
							31-Mar-18	7286397	1.49
4	CANARA BANK	92304	0.02				01-Apr-17	92304	0.02
				40000		Transfer	07-Apr-17	52304	0.01
				40000		Transfer	14-Apr-17	12304	0.00
					3387696	Transfer	28-Jul-17	3400000	0.69
							31-Mar-18	3400000	0.69
5	ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND LLC	253168	0.05				01-Apr-17	253168	0.05

Sl. No		Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No. of shares	% of total shares of the company
					32669	Transfer	21-Apr-17	285837	0.06
					62160	Transfer	12-May-17	347997	0.07
					61853	Transfer	09-Jun-17	409850	0.08
					19456	Transfer	23-Jun-17	429306	0.09
					40745	Transfer	14-Jul-17	470051	0.10
					81596	Transfer	21-Jul-17	551647	0.11
					135690	Transfer	11-Aug-17	687337	0.14
					41052	Transfer	25-Aug-17	728389	0.15
					152264	Transfer	15-Sep-17	880653	0.18
					133217	Transfer	22-Sep-17	1013870	0.21
					105049	Transfer	13-Oct-17	1118919	0.23
					108410	Transfer	27-Oct-17	1227329	0.25
					142583	Transfer	10-Nov-17	1369912	0.28
					71053	Transfer	08-Dec-17	1440965	0.29
					104751	Transfer	22-Dec-17	1545716	0.32
					43332	Transfer	12-Jan-18	1589048	0.32
					91015	Transfer	16-Feb-18	1680063	0.34
							31-Mar-18	1680063	0.34
6	STATE BANK OF INDIA	-	-						
					5922875	Transfer	28-Jul-17	5922875	1.21
					80000	Transfer	10-Nov-17	6002875	1.22
					64000	Transfer	24-Nov-17	6066875	1.24
				54000		Transfer	29-Dec-17	6012875	1.23
				3190000		Transfer	05-Jan-18	2822875	0.58
				1228000		Transfer	12-Jan-18	1594875	0.33
				241340		Transfer	19-Jan-18	1353535	0.28
				42114		Transfer	02-Feb-18	1311421	0.27
					267000	Transfer	09-Feb-18	1578421	0.32
							31-Mar-18	1578421	0.32
7	THE ORIENTAL INSURANCE COMPANY LIMITED	1425288	0.29	0	0		31-Mar-18	1425288	0.29
8	SWARN KUMAR KHOSLA	-	-						
					189573	Transfer	02-Feb-18	189573	0.04
					523150	Transfer	09-Feb-18	712723	0.15
				172653		Transfer	16-Feb-18	540070	0.11
					100000	Transfer	09-Mar-18	640070	0.13
					55000	Transfer	23-Mar-18	695070	0.14
					94239	Transfer	30-Mar-18	789309	0.16
							31-Mar-18	789309	0.16

Sl. No		Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No. of shares	% of total shares of the company
9	MV SCIF MAURITIUS	-	-						
					168768	Transfer	15-Sep-17	168768	0.03
					375342	Transfer	20-Sep-17	544110	0.11
					1771	Transfer	30-Sep-17	545881	0.11
					561	Transfer	06-Oct-17	546442	0.11
					8249	Transfer	27-Oct-17	554691	0.11
					10236	Transfer	31-Oct-17	564927	0.12
					15351	Transfer	03-Nov-17	580278	0.12
					20444	Transfer	10-Nov-17	600722	0.12
					5105	Transfer	15-Dec-17	605827	0.12
				7273		Transfer	22-Dec-17	598554	0.12
				5064		Transfer	12-Jan-18	593490	0.12
				25304		Transfer	09-Feb-18	568186	0.12
					2632	Transfer	16-Feb-18	570818	0.12
				10136		Transfer	16-Mar-18	560682	0.11
				27151		Transfer	23-Mar-18	533531	0.11
							31-Mar-18	533531	0.11
10	NATIONAL INSURANCE COMPANY LTD	505509	0.10	0	0		31-Mar-18	505509	0.10

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Shri Rajiv Kumar Chandiok**				
	At the beginning of the year	1000	0.00	1000	0.00
	At the end of the year	1000	0.00	1000	0.00

V Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in crore)

For Each of the Directors and KMP	Secured Loan excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2539.55	1594.77	0.00	4134.32
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.06	0.23	0.00	0.29
Total (i+ii+iii)	**2539.61**	**1595.00**	**0.00**	**4134.61**
Change in Indebtedness during the financial year				
Additions	0.00	0.00	0.00	0.00
Reduction	579.01	494.89	0.00	1073.90
Net Change	**579.01**	**494.89**	**0.00**	**1073.90**
Indebtedness at the end of the financial year				
i) Principal Amount	1960.54	1100.00	0.00	3060.54
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.06	0.11	0.00	0.17
Total (i+ii+iii)	**1960.60**	**1100.11**	**0.00**	**3060.71**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

in ₹

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Shri Manoj Mishra (C&MD)	Shri Rajiv Kumar Chandiok Director (Finance)	Shri D. S. Ahuja Director (Tech.)	
	Period	2017-18	2017-18	2017-18	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	4613696.00	4234181.00	4133910.00	12981787.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	641499.00	266394.00	242758.00	1150651.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**5255195.00**	**4500575.00**	**4376668.00**	**14132438.00**
	Ceiling as per the Act	-	-	-	-

B. Remuneration to other directors:

in ₹

Sl.No	Particulars of Remuneration	Name of the Directors				Total Amount
		Smt. B.K. Dave	Shri Anil Verma	Dr. Ramesh Kumar Agarwal	Dr. Kalpana Saini	
1	Independent Directors					
	(a) Fee for attending board committee meetings	401250.00	371250.00	296250.00	165000.00	1233750.00
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (1)	**401250.00**	**371250.00**	**296250.00**	**165000.00**	**1233750.00**
2	Other Non-Executive Directors	-	-	-	-	-
	(a) Fee for attending board committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**401250.00**	**371250.00**	**296250.00**	**165000.00**	**1233750.00**
	Total Managerial Remuneration	**401250.00**	**371250.00**	**296250.00**	**165000.00**	**1233750.00**
	Overall Ceiling as per the Act	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

in ₹

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Company secretary (Sh. Raj Kumar)	
	Period	**2017-18**	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	2612911.00	2612911.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	168216.00	168216.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	others, specify	-	-
5	Others, please specify	-	-
	Total	**2781127.00**	**2781127.00**

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
Scope Complex, Core-III,
7 Institutional Area, Lodhi Road, New Delhi-110003.
Date : 3rd August, 2018

NFL Star dealers from Punjab invited at Port Blair for Dealers' Confrence

Director's Profile

Shri Manoj Mishra (DIN 06408953)

Shri Manoj Mishra aged about 57 years has taken over as Chairman & Managing Director (C&MD) of National Fertilizers Limited (NFL) with effect from June 03rd, 2015. Shri Manoj Mishra is a member of the Institute of Cost Accountants of India.

Shri Mishra has professional experience of 31 years in various Public Sector Undertakings and Co-operative sector. Prior to his appointment as C&MD, NFL, he held the position of Director (Finance) in the State Trading Corporation of India Limited (STC). He was also holding additional charge of Director (Marketing) for bullion and other divisions in STC.

Prior to his joining STC in 2010, Shri Mishra held various positions in Krishak Bharati Co-operative Limited (KRIBHCO) for 23 years. Earlier, he had worked in HHEC of India Ltd. He is also holding additional charge of the Chairman & Managing Director (C&MD) of Fertilisers and Chemicals Travancore Limited and Director and Co-chairman of Fertilizer Association of India. He is also a Director on the Board of International Fertilizer Association. He is also a Member of Nomination & Remuneration Committee of the Company.

Shri Rajiv Kumar Chandiok (DIN 05146544)

Shri Rajiv Kumar Chandiok, aged about 59 years has taken over as Director (Finance) of National Fertilizers Limited (NFL) on 10th February 2015. Before joining NFL, he was General Manager (Finance) in Power Finance Corporation Limited (PFC).

A Chartered Accountant by profession, Shri Chandiok embodies an extensive experience spanning over 22 years in the Power Sector. Prior to PFC, he also worked with National Hydro Electric Power Corporation Limited (NHPC).

During his stint at PFC, Shri Chandiok gained experience in multiple departments like Project Appraisal, Fund Raising, Marketing, Business Development and finally handled complete profile of Finance Division. He remained instrumental in drafting innovative schemes in PFC like funding of private sector in generation business. He also successfully handled maiden Initial Public Offer (IPO) of PFC, which gave him complete insight into the risk and returns of the business.

The expertise of Shri Chandiok in Project Appraisal Techniques is well recognized not only in industry but also by the management and professional organization like PMI, ASCI, IIFT, CII, FICCI. He has attended various professional programmes in India and abroad particularly on Project Financing & Risk Analyses and Leadership. Shri Chandiok is also Director on the Board of Ramagundam Fertilizers and Chemicals Limited. He is also holding the charge of the Post of Director (Marketing) of the Company and Member of Committee on Corporate Social Responsibility & Sustainable Development and Stakeholder Relationship Committee of the Company.

Shri Devinder Singh Ahuja (DIN 07687173)

Aged about 58 years, Shri Devinder Singh Ahuja has taken over as Director Technical on 6th February, 2017. Shri Ahuja joined NFL as Jr. Executive (Trainee) in the year 1980 and rose to the level of Executive Director before his appointment as Director (Technical).

Shri Ahuja is B.Sc. (Chemical) with Hons. and also holds Post Graduate Diploma in Project Management. He has worked across entire spectrum of a project cycle starting from concept development to front end engineering, asset construction, commissioning, operation, etc. He has 37 years long experience spanning across production, technical services and other departments at different Units of NFL. He has been responsible for commissioning of Ammonia plants in India and abroad and implementing various retrofits and energy saving schemes flawlessly. Shri Ahuja is also Director of Ramagundam Fertilizers and Chemicals Limited.

Shri Ahuja is also Member of Audit Committee, Stakeholder Relationship Committee and Committee on Corporate Social Responsibility & Sustainable Development of the Company.

Smt. Meenakshi Gupta (DIN 07686646)

Smt. Meenakshi Gupta aged about 57 years is presently holding the position of Additional Secretary and Financial Advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

Smt. Gupta is MA (Economics) from Delhi School of Economics and also holds Master of Science (Development Studies) from University of Bath, UK. She is also a Certified Fraud Examiner and Certified Internal Auditor.

Smt. Gupta joined Indian Audit & Accounts Service in 1984 and has served in various offices in North East, UP and Delhi. She was Assistant CAG and Director General in the Office of CAG of India. She also has trained officers in Bhutan and Indonesia and audited United Nations and various Indian Embassies abroad. Smt. Meenakshi Gupta is also Director of Hindustan Organic Chemicals Limited, Madras Fertilizers Limited and Indian Potash Limited.

Shri Dharam Pal (DIN 02354549)

Shri Dharam Pal aged about 55 years is a senior IAS Officer. He is presently holding the position of Additional Secretary, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

Shri Pal is BE (Electronics & Telecommunications) and also holds Master of Technology (Computer Controls & Instrumentation). He is also holding PG Diploma in Disaster Management. Shri Pal has held many senior positions with the Central Government, Government of NCT of Delhi and UTs. He has also been conferred with National e-Governance Award. Shri Dharam Pal is also Managing Director of Fertilizer Corporation of India Limited and Hindustan Fertilizer Corporation Limited.

Smt. Bhavnaben Kardambhai Dave (DIN 07557056)

Aged about 65 years, Smt. Bhavnaben Kardambhai Dave holds Post Graduate Degree in Economics. She has been associated with social activities. Presently, she is the Vice Chairperson of University Granth Nirman Board of Gujarat. She is also the Gujarat State Coordinator in National Institute of Public Cooperation and Child Development. She was the first lady Mayor of Ahmedabad and had also been Member of Parliament in Lok Sabha. She has also been Chairperson of Gujarat State Social Welfare Board. She had also been involved in the field of education.

Smt. Bhavnaben is also the Chairperson of Corporate Social Responsibility and Sustainable Development Committee and Member of Audit Committee and Nomination & Remuneration Committee of the Company.

Shri Anil Verma (DIN 02544789)

CA Anil Verma aged about 53 years is a member of Institute of Chartered Accountants of India and has been a Practicing Chartered Accountant since 1990. His areas of practice include Auditing, Taxation and Finance. Looking to his contribution to the Profession, he was nominated as Co-opted Member of Committee of Government Accounting by Institute of Chartered Accountants of India during 2009-10. He is working with many Social Organizations, Trusts and Educational Institutions. Shri Verma is also a Professional speaker and has been delivering lectures on various topics of Profession and Social issues. He is a Member of Advisory Board of Mewar University, Chittorgarh. He is also a Member of Institutional Animal Ethics Committee (IAEC) related to the Department of Pharmaceutical Sciences, Faculty of Ayurved and Medical Sciences, Gurukul Kangri University, Haridwar. Shri Verma is also Member of Advisory Board of Patanjali Research Foundation Trust.

He is also the Chairperson of Audit Committee and Stakeholders Relationship Committee and a Member of Nomination & Remuneration Committee of NFL.

Dr. Ramesh Kumar Agarwal (DIN 00601353)

Aged about 59 years, Dr. Ramesh Kumar Agarwal has taken over the position of Non-Executive Independent Director of National Fertilizers Limited (NFL) as on14.02.2017. By Profession he is an Eye Specialist having Degree of MBBS, D.O. & M.S. Ophthalmology from Assam Medical College, Dibrugarh. He has also obtained Intra Ocular Micro Surgery Course at Madurai.

He is President of Dr. Hedgewar Sewa Pratisthan & National Medicos Organisation. He is a Life Member of All India Ophthalmic Society, Dibrugarh Academy of Ophthalmology, All India Intra Ocular and Refractive Society & Marwari Arogya Bhawan. He has personally collected more than 300 corneas from Donor eye. He is a project Director of Drishti Eye Bank. He is also District Co-coordinator of CAMBA. Dr. Ramesh Kumar Agarwal is Director of Berlia Diagnostic & Research Institute Private Limited.

Dr. Ramesh Kumar Agarwal is also the Chairperson of Nomination and Remuneration Committee and Member of Corporate Social Responsibility and Sustainable Development (CSR&SD) Committee and Audit Committee of NFL.

Dr. Kalpana Saini (DIN 07820260)

Aged about 59 years, Dr. Kalpana Saini has taken over the position of Non-Executive Independent Director of NFL w.e.f. 18.05.2017. She holds a Ph.D. degree in Sanskrit. She began her career as lecturer and served as principal at Gandhi Mahila Shilp Vidhalaya from 1987. She has been associated with social activities and also associated with women welfare. Smt. Saini is also a Member of Audit committee, Nomination & Remuneration Committee and Corporate Social Responsibility & Sustainable Development Committee of the company.

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date: 3rd August, 2018

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

AUDITED FINANCIAL STATEMENTS 2017-18

Auditor's Report

CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS
C-44, NIZAMUDDIN EAST
NEW DELHI-110013

HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS
C-15A, LGF, JANGPURA EXTN
NEW DELHI-110014

INDEPENDENT AUDITOR'S REPORT

To the Members of

National Fertilizers Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of National Fertilizers Limited ('the Company'), which comprise the balance sheet as at 31st March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standlone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 **"AnnexureA"**, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 45 to the standalone Ind AS financial statements;

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

   3. As required by Section 143(5) of the Act, we have considered the direction and sub-directions issued by the Comptroller & Auditor eneral of India. We give our report in the attached **"Annexure C"**.

For CHANDIOK AND GULIANI
Chartered Accountants
Firm's Registration No.: 001199N

B.B. Kalia
Partner
Membership number: 085772

For HDSG & Associates
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

New Delhi
2nd May 2018

ANNEXURE "A"

The Annexure refer to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31st March, 2018, 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 programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of fixed assets has been carried out by the management during the year. We are informed that discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the Company,the title deeds of immovable properties are held in the name of the Company except the following:

Immovable Properties	Area
Bhatinda Unit	14.261 Acres
Vijaipur Unit	1250.254 Acres
Alwar	0.164 Acres

(ii) The physical verification of the inventory has been carried out by the management in accordance with the perpetual inventory programme, at regular intervals during the year. The discrepancies noticed have been properly dealt within the books of account;

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, paragraph 3(iii)(a), (b), (c) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) According to the information and explanation given to us the Company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) We have broadly reviewed the Cost Records maintained by the Company specified by Central Government under Sub Section (1) of section 148 of the Act, and are of the opinion that prima facie the prescribed records have been maintained. We have, however, not made a detailed examination of the Cost Records with a view to determine whether they are accurate or complete.

(vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues.

According to the information and explanations given to us, no undisputed amounts remain payable in respect of such statutory liabilities as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the particulars of the disputed dues as at 31st March, 2018 which have not been deposited on account of matters pending in appeal before appropriate authorities are as under:

Name of the 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	82.09	AY 2006-07 and AY 2009-10	SC
		92.41	AY 2006-07 and AY 2010-11 to AY 2012-13	ITAT
		9.08	AY 2013-14 & AY 2014-15	CIT(A)
Central Excise Act,1944	Excise Duty	1.36	2005-06	Punjab and Haryana High Court
Customs Act 1962	Custom Duty	6.02	1996-97	Commissioner of Customs (Appeal)

Name of the Statute	Nature of Dues	Amount Involved (₹ in Crore)	Period to which the amount relates	Forum where the dispute is pending
Punjab VAT Act	VAT	0.55	2006-07 to 2009-10	Dy. Excise and Taxation Commissioner (Appeal), Patiala
Punjab Municipal Act	Property Tax	0.81	2007-08 to 2009-10 & 2013-14	Municipal Council, Nangal
		0.09	1982-83 to 1990-91	Municipal Council, Nangal
Haryana Local Development tax Act, 2000	Entry tax	6.72	2000-01 to 2002-03	Joint Excise Taxation Comm. Rohtak
Madhya Pradesh Value Added Tax Act, 2002	VAT	0.01	2008-09	Appellate Board, Commercial Tax
Entry Tax Act 1976	Entry Tax	0.07	2010-11, 2012-13, 2013-14 and 2014-15	Appellate Board, Commercial Tax
M P Vidyut Shulk Adhiniyam 2012	Electricity Generation Duty & Cess	0.47	2008-2012	MP High Court
Finance Act, 1994	Service Tax	1.00	2011-12 to 2014-15	Commissioner Appeal
Municipal Corporation Bathinda	Octroi Charges	0.40	FY 1998-99, 1991-92	Punajb and Haryana High Court

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank or bonds/debenture holders as at the Balance Sheet date.

(ix) As per the information and explanations given to us on an overall basis the term loans taken by the company have been applied for the purposes for which they were obtained.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-I A of the Reserve Bank of India Act 1934.

For CHANDIOK AND GULIANI
Chartered Accountants
Firm's Registration No.: 001199N

B.B. Kalia
Partner
Membership number: 085772

For HDSG & Associates
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

New Delhi
2nd May, 2018

ANNEXURE "B"

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statement for the year ended 31st March, 2018.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of National Fertilizers Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For CHANDIOK AND GULIANI
Chartered Accountants
Firm's Registration No.: 001199N

B.B. Kalia
Partner
Membership number: 085772

For HDSG & Associates
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

New Delhi
2nd May, 2018

ANNEXURE "C"

CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS
C-44, NIZAMUDDIN EAST
NEW DELHI-110013

HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS
C-15A, LGF, JANGPURA EXTN
NEW DELHI - 110014

COMPLIANCE CERTIFICATE

We have conducted the audit of the accounts of **National Fertilizers Limited** for the year ended 31st March, 2018 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 CHANDIOK AND GULIANI
Chartered Accountants
Firm's Registration No.: 001199N

B.B. Kalia
Partner
Membership number: 085772

For HDSG & Associates
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

New Delhi
2nd May, 2018

Enclosed: Directions and Sub-Directions U/s 143(5) are attached

AUDIT REPORT OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR 2017 -2018 PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013.

I. Directions for the year 2017-18

1. **Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available..**

   Company has clear title/lease deeds for freehold and leasehold land respectively except in the following cases :

Freehold Land/Location	Area (in acres)
Bhatinda Unit	14.261 Acres
Vijaipur Unit	1250.254 Acres
Alwar	0.164 Acres

2. **Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons thereof and the amount involved.**

   During FY 2017-2018, amount of Rs. 0.05 crore has been written off due to non-recovery after exhausting all efforts by the management.

3. **Whether proper records are maintained for inventories lying with third parties & assets received as gift/grants from the Govt. or other authorities.**

   The Company has maintained proper record for its inventories lying with third parties. There are no cases of assets received as gift/ grants from Government or other authorities.

II. Sub-Directions under section 143(5) of Companies Act 2013 for the year 2017-18

1. **Trade Receivables – Subsidy**

   Whether subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted.

   The subsidy received/recoverable from Government of India has been properly accounted for as per accounting policy of the company which states that

   "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."

2. **Whether subsidy received during the year has been reconciled with subsidy disbursed by the Government of India.**

   The subsidy received during the year has been reconciled with the subsidy disbursed by the Government.

3. **Impact of revision of subsidies for Fertilizer Product viz NPK, Ammonium Sulphate and imported MoP in valuation of closing stock may be stated.**

   The company has not purchased / imported Ammonium Sulphate / imported MoP during FY 2017-18. The company had imported NPK during the FY 2017-18.

   The closing stock of NPK imported by the company during FY 2017-18 have been valued at cost of procurement being lower than net realizable value therefore there is no impact of revision of subsidy in valuation of closing stock.

   Land

   1. **State the area of land under encroachment, if any, and briefly explain the steps taken by the company to remove the same.**

      Out of total land 2578 acres at Nangal Unit, land measuring 325.70 acres at Nangal had been symbolically possessed by the Punjab Government on 29.10.1998. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners. The Company had filed a Civil Writ Petition No. 4446 of 2000 in Punjab & Haryana High Court and the matter is sub-judice.

For CHANDIOK AND GULIANI
Chartered Accountants
Firm's Registration No.: 001199N

B.B. Kalia
Partner
Membership number: 085772
New Delhi
2nd May, 2018

For HDSG & Associates
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

Balance Sheet as at 31st March 2018

₹ in crore

	Note	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	2	4073.68	4046.67
Capital Work In Progress	3	64.26	50.57
Other Intangible Assets	4	5.85	11.86
Financial Assets			
Investments	5	218.72	125.47
Loans	6	9.61	11.52
Other Financial Assets	7	8.20	138.42
Other Non-Current Assets	8	52.27	3.11
		4432.59	**4387.62**
CURRENT ASSETS			
Inventories	9	525.94	575.15
Financial Assets			
Trade Receivables	10	3924.38	4267.43
Cash & Cash Equivalents	11	7.49	6.11
Other Bank balances	12	2.33	2.19
Loans	13	3.72	2.51
Other Financial Assets	14	233.18	667.56
Current Tax Assets (Net)	15	90.47	92.32
Other Current Assets	16	405.73	165.26
		5193.24	**5778.53**
Assets Held for Disposal	17	2.58	15.85
		9628.41	**10182.00**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	18	490.58	490.58
Other Equity	19	1496.82	1336.06
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	20	114.64	172.35
Other Financial Liabilities	21	22.55	20.67
Provisions	22	155.71	150.09
Deferred Government Grant	23	2766.52	2825.74
Deferred Tax Liabilities (Net)	24	50.60	8.96
Other non-current Liabilities	25	16.93	14.28
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	26	2890.43	3153.73
Trade Payables	27	491.08	405.44
Other financial liabilities	28	588.49	1212.89
Provisions	29	223.62	109.71
Deferred Government Grant	30	211.37	187.17
Other Current Liabilities	31	109.07	94.33
Significant accounting policies	1	**9628.41**	**10182.00**

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(N. S. Verma)
CGM (F&A)

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
DIN No.05146544

(Manoj Mishra)
Chairman & Managing Director
DIN No.06408953

For Chandiok & Guliani
Chartered Accountants

(B.B. Kalia)
Partner
Membership No.085772
Firm Regd. No. 001199N

For HDSG & Associates
Chartered Accountants

(Harbir Gulati)
Partner
Membership No.084072
Firm Regd. No. 002871N

Place: Noida
Date: 2nd May, 2018

Statement of Profit and Loss for the year ended 31st March 2018

₹ in crore

	Note	Year Ended 31st March, 2018	Year Ended 31st March, 2017
REVENUE			
Revenue from operations	32	8928.29	7643.36
Other Income	33	96.34	44.59
Total Revenue (I)		**9024.63**	**7687.95**
EXPENSES			
Cost of Materials consumed	34	3399.15	3015.06
Purchase of Stock- in- Trade	35	1025.18	579.03
Excise duty		11.82	43.28
Change in inventories of finished goods, work-in-progress and stock -in- trade	36	6.70	(49.57)
Employee Benefits Expense	37	725.13	488.08
Power and Fuel	38	2399.49	2213.12
Freight and Handling		607.36	544.79
Repair and Maintenance	39	76.94	82.19
Finance Cost	40	189.89	189.84
Depreciation and Amortization Expense	41	73.30	85.17
Other Expenses	42	174.84	172.08
Total Expenses (II)		**8689.80**	**7363.07**
Profit / (Loss) before exceptional item and tax (III) = (I) - (II)		334.83	324.88
Exceptional Item (IV)		-	-
Profit/(Loss) before Tax (V)=(III)-(IV)		**334.83**	**324.88**
Tax expenses:			
Current tax		80.42	76.71
Deferred tax		41.64	40.01
Total Tax Expense (VI)		122.06	116.72
Profit/(Loss) for the year (VII)=(V)-(VI)		**212.77**	**208.16**
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Remeasurement of Post Employment Benefit obligations		(2.78)	(1.27)
Income Tax relating to above items		0.96	0.44
Other Comprehensive Income (net of tax) (VIII)		(1.82)	(0.83)
Total Comprehensive Income (IX) = (VII) + (VIII)		**210.95**	**207.33**
Earnings per share	44		
Basic earnings per share of ₹10 each		4.34	4.24
Diluted earnings per share of ₹10 each		4.34	4.24
Significant accounting policies	**1**		
The accompanying notes forms an integral part of these financial statements			

For and on behalf of the Board of Directors

(N. S. Verma)
CGM (F&A)

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
DIN No.05146544

(Manoj Mishra)
Chairman & Managing Director
DIN No.06408953

For Chandiok & Guliani
Chartered Accountants

(B.B. Kalia)
Partner
Membership No.085772
Firm Regd. No. 001199N

For HDSG & Associates
Chartered Accountants

(Harbir Gulati)
Partner
Membership No.084072
Firm Regd. No. 002871N

Place: Noida
Date: 2nd May, 2018

Cash Flow statement for the year ended 31st March 2018

₹ in crore

		Year Ended 31st March, 2018	Year Ended 31st March, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/(Loss) Before Tax		334.83	324.88
Adjustments For :			
Depreciation / Amortization		73.30	85.17
Finance Charges		189.89	189.84
Interest Income		(17.10)	(15.88)
Profit on Sale of Fixed Assets		(40.06)	(1.74)
Exchange Rate Variation (Net)		2.87	(0.21)
Provision for Doubtful Debts/ Advances		0.42	0.20
Provision for Obsolete/Surplus Stores		(0.18)	(1.50)
Stores and Spares write offs		5.20	7.67
Assets written off		0.28	0.11
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**549.45**	**588.54**
Adjustments For :			
Trade and Other Receivables		603.43	1862.96
Inventories		44.19	(95.72)
Trade Payables, Provisions & Others Liabilities		555.19	170.94
Direct Taxes paid		(91.11)	(73.57)
NET CASH FROM OPERATING ACTIVITIES	**"A"**	**1661.15**	**2453.15**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (including CWIP)		(340.70)	(95.48)
Investment in Joint Ventures		(65.25)	(129.00)
Fixed Assets Sold/Discarded		43.06	6.90
Interest Received		17.10	15.88
NET CASH FROM INVESTING ACTIVITIES	**"B"**	**(345.79)**	**(201.70)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans		(263.30)	(1141.59)
Long Term Loans		(810.60)	(847.42)
Interest Paid		(189.89)	(189.84)
Dividend/Distribution Tax paid		(50.19)	(71.44)
NET CASH FROM FINANCING ACTIVITIES	**"C"**	**(1313.98)**	**(2250.29)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**1.38**	**1.16**
Cash And Cash Equivalents (Closing Balance)		7.49	6.11
Cash And Cash Equivalents (Opening Balance)		6.11	4.95
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1.38**	**1.16**

For and on behalf of the Board of Directors

(N. S. Verma)
CGM (F&A)

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
DIN No.05146544

(Manoj Mishra)
Chairman & Managing Director
DIN No.06408953

For Chandiok & Guliani
Chartered Accountants

(B.B. Kalia)
Partner
Membership No.085772
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For HDSG & Associates
Chartered Accountants

(Harbir Gulati)
Partner
Membership No.084072
Firm Regd. No. 002871N

Place: Noida
Date: 2nd May, 2018

Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

₹ in crore

	Notes	Amount
As at 1st April 2016	18	490.58
Change in equity share capital during the year		-
As at 31st March 2017		**490.58**
As at 1st April 2017	18	490.58
Change in equity share capital during the year		-
As at 31st March 2018		**490.58**

B. OTHER EQUITY

₹ in crore

Particulars	Reserve & Surplus					
	Capital Reserve	General Reserve	Debenture Redemption Reserve	Corporate Social responsibility (CSR) Reserve	Retained Earning	Total
Opening balance as at 1st April 2016	**2.51**	**322.85**	**10.04**	**4.01**	**860.76**	**1,200.17**
Profit for the year	-	-	-	-	208.16	208.16
Comprehensive income for the year	-	-	-	-	(0.83)	(0.83)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**207.33**	**207.33**
Dividend Paid (Including Tax on Dividend)		-	-	-	(71.44)	(71.44)
Transfer to/(from) Debenture Redemption Reserve	-	10.04	(10.04)	-	-	-
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	-	(1.51)	1.51	-
Transfer to/(from) retained earnings	-	-	-		-	-
Closing balance as at 31st March 2017	**2.51**	**332.89**	**-**	**2.50**	**998.16**	**1,336.06**
Opening balance as at 1st April 2017	**2.51**	**332.89**	**-**	**2.50**	**998.16**	**1,336.06**
Profit for the year	-	-	-	-	212.77	212.77
Comprehensive income for the year	-	-	-	-	(1.82)	(1.82)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**210.95**	**210.95**
Dividend Paid (Including Tax on Dividend)	-	-	-	-	(50.19)	(50.19)
Transfer to/(from) Debenture Redemption Reserve	-	-	-	-	-	-
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	-	1.38	(1.38)	-
Closing balance as at 31st March 2018	**2.51**	**332.89**	**-**	**3.88**	**1,157.54**	**1,496.82**

Significant accounting policies **1**

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(N. S. Verma)
CGM (F&A)

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
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Partner
Membership No.084072
Firm Regd. No. 002871N

Place: Noida
Date: 2nd May, 2018

Notes to the Financial Statements and Significant Accounting Policies

1. Company Overview and Significant Accounting Policies

1.1 Company Overview

National Fertilizers Limited (the 'Company') is a company limited by shares, incorporated and domiciled in India. The Company is engaged in production and marketing of Neem Coated Urea, Bio-Fertilizers (solid & liquid) and other allied Industrial products like Ammonia, Nitric Acid, Ammonium Nitrate, Sodium Nitrite and Sodium Nitrate.The Company is also engaged in trading of Imported and Domestic Fertilizers, Compost, Seeds, Agro Chemicals and other Agro products. The registered office of the company is located at New Delhi, India. The Government of India is the principal shareholder of the Company. The shares of the Company are listed on National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE"), India.

The Financial Statements for the year ended 31 March 2017 were prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013.

The financial statements are approved for issue by the Company's Board of Directors on **02-05-2018**.

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 Ind AS requires management to make estimates, judgments and assumptions. These estimates and judgments affect the application of accounting policies and the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of financial statements and the reported amount of revenue and expenses during the period. Application of accounting policies that require critical accounting estimates involving judgments have been disclosed in note (1.2.3).

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of change in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

1.2.3 Critical Accounting Estimates and judgments

(a) Property Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the

time the asset is acquired.The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(b) Revenue Recognition

Price and Freight Subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy and the bills are raised based on such notification. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification received is treated as current year income or expenditure and the effect of change in estimate, if material, is disclosed separately.

1.2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Refer note 48 for segment information presented.

1.2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit and Loss except in case of long term liability relating to acquisition of fixed assets acquired upto March 31, 2016, where the same are adjusted to carrying amount of such assets.

Foreign exchange gains and losses regarded as an adjustment to borrowing costs are charged in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

1.2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty. Revenue is recognised net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue in respect of sale of goods is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria's for revenue recognition have been met.

Sale of scrap/ waste materials is recognized on disposal.

1.2.7 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase / acquisition of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented as deduction from related depreciation expenses.

Interest subsidy received/receivable from Government for changeover of Ammonia Feed Stock Conversion Project from FO/ LSHS to Gas is recognized in the Statement of Profit and Loss and is being deducted in reporting the related expense.

1.2.8 Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in Joint Ventures where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.2.9 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised where the carrying value of an asset to be replaced is not separately identifiable it is derecognized on estimated/technical report basis. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are aligned to useful life specified under Schedule II of the Companies Act, 2013 except for certain items of plant and machinery which are depreciated as below:

a)	Reformer Package and Instrumentation:	15 years
b)	Heat Exchangers, pumps, turbines and CO2 Booster:	20 years

In respect of Plant and Machinery, Computer and data processing units residual value of five percent and rupee one in respect of other Fixed Assets is retained.

Leasehold land and buildings are amortized over the lease period. Buildings constructed over leasehold land are depreciated at the estimated useful life which is in line with useful life as specified under Schedule II of the Companies Act, 2013, where the lease period is beyond the useful life of the building.

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

Spares that can be used only in connection with an item of fixed asset is depreciated over a period not exceeding the useful life of the principal item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss

within other Income.

1.2.10 Intangible Assets

Intangible Assets are stated at cost less accumulated amortization and impairment.

License and process know-how having future economic benefits is amortized on straight line method over a period of ten years or license period, whichever is less.

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.2.11 Capital Work in Progress

All revenue expenses incurred during Construction period, which are exclusively attributable to acquisition/construction of fixed assets, are capitalised at the time of commissioning of Assets.

Pre-project expenditure relating to Projects which are considered unviable/closed is charged off to Revenue in the year of declaration/closure.

The capital work in progress includes Construction Stores including Material in Transit/Equipment/Services etc. received at site for use in the projects.

1.2.12 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases

1.2.13 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non¬financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.2.14 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks/ financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.2.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.2.16 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.2.17 Inventories - Raw materials and stores, work in progress, packaging material and finished good

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 annual average cost inclusive of excise duty where applicable 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.

1.2.18 Investments and other financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses arising from fair valuation will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) **Measurement**

Initial recognition

The Company measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, at fair value including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at

fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Investment in Joint Venture:

Investment in Joint venture is carried at cost in the financial statements.

(c) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 55 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(d) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(e) Derivatives

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value through profit or loss at the end of each reporting period.

1.2.19 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.2.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.2.21 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

1.2.22 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the statement of Profit and Loss Account in the period in which they are incurred.

1.2.23 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

The Company provides following long term benefits:

i) Leave Encashment (Earned Leave/Sick Leave/Half Pay Leave)

ii) Long Service Award (LSA)

The liability for Leave encashment and Long term service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the financial reporting period using the projected unit credit method as calculated by Actuary. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(c) Post-employment obligations

The Company operates the following post-employment schemes:

(i) defined benefit plans such as gratuity, provident fund,post retirement settlement benefits, social security benefits and employees' family economic rehabilitation scheme; and

(ii) defined contribution plans such as post-employment medical plan and pension plan.

(d) Defined Benefit Obligations

The defined benefit obligation (other than Provident Fund) is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The liability or asset recognised in the balance sheet in respect of defined benefit obligations (except Provident Fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(e) Provident Fund

Contribution to provident fund is accounted for on accrual basis. The provident fund contributions are made by employee and company as monthly contribution equal to specified percentage of covered employee's salary to a trust administered by the Company. The trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the trust is notified by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

(f) Defined Contribution Plans

The Company has a Post-Retirement Medical Benefits (PRMB) and pension plan for its employees. The Company has taken the insurance policies to meet its obligations under these plans. Accordingly, the liability of the company is limited upto the amount of insurance premium paid. These plans have been treated as defined contribution plans. The insurance premium paid for these plans is recognised as employee benefit expense and charged in statement of profit and loss account.

1.2.24 Provisions

Provisions (other than employee benefits) are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

1.2.25 Claims

Pending settlement, claims made on underwriters /railways /others as assessed by the Company on a probable realization basis are recognized at the time of lodgment.

1.2.26 Adjustment pertaining to Prior Period

Income/Expenditure pertaining to prior period upto Rs 10.00 crores in each case subject to cumulative limit of 0.50% of sales turnover of previous year are not considered material and are included under the income/expenditure of the current year.

1.2.27 Prepaid Expenditure

Prepaid expenditure upto Rupee one lakh in each case not being considered material is included under the expenditure of the current year.

1.2.28 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

1.2.29 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

(i) the profit attributable to owners of the Company

(ii) by the weighted average number of equity shares outstanding during the financial year.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to takeinto 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 2018

Note: 2 Property, Plant & Equipment

₹ in crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2017	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2018	Depreciation Accumulated Depreciation as on 1st April 2017	Depreciation For the year	Depreciation Upto 31st March 2018	Net carrying Amount As at 31st March 2018	Net carrying Amount As at 31st March 2017
LAND									
- Freehold	12.12	0.07	-	12.19	-	-	-	12.19	12.12
- Leasehold	6.35	-	-	6.35	0.20	0.10	0.30	6.05	6.15
BUILDINGS									
- on Freehold Land	113.01	4.38	-	117.39	11.66	5.86	17.52	99.87	101.35
- on Leasehold Land	34.96		-	34.96	11.89	3.11	15.00	19.96	23.07
Leasehold Buildings	0.45	-	-	0.45	0.12	0.06	0.18	0.27	0.33
Plant and Machinery	4374.34	307.95	3.22	4679.07	493.06	279.75	772.81	3906.26	3881.28
Furniture and Fixtures	1.37	0.58		1.95	0.52	0.32	0.84	1.11	0.85
Vehicles	1.27	1.59		2.86	0.46	0.28	0.74	2.12	0.81
Office Equipments	1.63	0.67	0.02	2.28	0.69	0.36	1.05	1.23	0.94
OTHERS									
Electrical Installations	9.94	0.34	-	10.28	2.51	1.26	3.77	6.51	7.43
Railway Sidings	0.41	0.20	-	0.61	0.35	0.03	0.38	0.23	0.06
EDP Equipments	3.37	8.10	0.04	11.43	1.02	1.43	2.45	8.98	2.35
Other Equipments	16.62	2.98		19.60	6.69	4.01	10.70	8.90	9.93
As at 31st March, 2018	**4575.84**	**326.86**	**3.28**	**4899.42**	**529.17**	**296.57**	**825.74**	**4073.68**	**4046.67**
As at 31st March, 2017	**4503.76**	**77.35**	**5.27**	**4575.84**	**264.32**	**264.85**	**529.17**	**4046.67**	

a. Title/Lease Deed for land acquired at Vijaipur (₹ 4.36 crore), Bathinda (₹ 0.15 crore), Building at Scope Complex, New Delhi (₹ 2.07 crore) and Building at Bhopal (₹ 0.51 crore) are pending execution.

b. Out of total land of 2578 acres, land Measuring 325.70 acres at Nangal (₹ 0.12 crore) had been symbolically possessed by the Punjab Government on 29.10.1998 without determination of consideration. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners.

c. Ammonia Feed Stock Conversion Projects from `LSHS/FO' to `Gas' at Bathinda, Panipat & Nangal Unit under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production have been capitalised on 11th March 2013 28th March 2013 and 18th July 2013 respectively. Accordingly, Property, Plant & Equipment (Gross) include assets amounting to ₹ 3973.24 crore (CPLY ₹ 3763.56 crore) represented by capital grant as disclosed in Note: 23 & 30 Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹ 2977.89 crore(CPLY ₹ 3012.91 crore) as on 31.03.2018.

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 ₹ (0.25) crore

(CPLY ₹ 5.13 crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2018. The unamortized amount of exchange difference as on 31.03.2018 is ₹ 56.66 crore (CPLY ₹ 59.93 crore).

e. Buildings includes office premises given on operating lease. The details of such leased premises are as under:

₹ in crores

	Current Year	Previous year
Original Cost	1.26	1.26
Accumulated depreciation upto 31st March 2018	0.73	0.71
Net Written Down Value as at 31st March 2018	0.53	0.55
Depreciation recognized in Statement of Profit and Loss	0.03	0.03
Impairment losses recognized in Statement of Profit and Loss	-	-
Impairment losses reversed in Statement of Profit and Loss	-	-

Note : 3 Capital work-in-progress

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Building	0.12	2.12
Plant and Machinery	50.59	30.02
Capital Stores	7.36	16.89
Expenditure During Construction Period	6.19	1.54
	64.26	**50.57**
Details of Expenditure During Construction Period		
Opening Balance	1.54	-
Add: Expenditure during the year:		
Employees' Remuneration & Benefits	0.38	0.17
Power & fuel	0.07	-
Project Management fee	2.98	1.37
Other Expenses	0.05	-
Start-up Expenses (net)	1.17	-
Total	**4.65**	**1.54**
Total Expenditure	**6.19**	**1.54**
Less: Transfer to Property, Plant & Equipment	**-**	**-**
Closing Balance	**6.19**	**1.54**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note: 4 Other Intangible Assets

₹ in crore

DESCRIPTION	Gross Block				Amortization			Net Block	
	Gross Carrying Amount as on 1st April 2017	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2018	Accumulated Depreciation as on 1st April 2017	For the year	Upto 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
Computer Software	0.74	0.15	-	0.89	0.40	0.12	0.52	0.37	0.34
Licence and Know-how	26.18	-	-	26.18	14.66	6.04	20.70	5.48	11.52
As at 31st March, 2018	**26.92**	**0.15**	**-**	**27.07**	**15.06**	**6.16**	**21.22**	**5.85**	**11.86**
As at 31st March, 2017	**26.74**	**0.18**	**-**	**26.92**	**7.58**	**7.48**	**15.06**	**11.86**	

Note : 5 Investments

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Investment in joint venture (Unquoted) #		
180002 Equity shares with face value of ₹ 10 each fully paid up in Urvarak Videsh Limited	0.18	0.18
Provision for diminution in value of investments	(0.15)	(0.15)
	0.03	0.03
218690004 Equity shares with face value of ₹ 10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)$	218.69	125.44
	218.72	125.47
Aggregate amount of unquoted investments	218.87	125.62
Aggregate provision for diminution in value of investments	(0.15)	(0.15)
	218.72	**125.47**
Investment in Equity Instruments of Co-operative Societies (Unquoted)*		
1250 shares with face value of ₹ 10 each fully paid up (₹ 12500) in NFL Employees' Consumer co-operative stores	*	*
100 shares with face value of ₹ 50 each fully paid up (₹ 5000) in NFL Employees' Consumer co-operative stores	*	*
Investment in mutual fund	*	*
	218.72	**125.47**

* Being less than ₹ 50,000/-, figures not given.

In compliance with Accounting Standard (Ind AS) 28 - "Investment in Associates & Joint Venture". The Reporting information is as under :

Joint controlled entity

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31.03.2018	31.03.2017
Urvarak Videsh Limited	India	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

$ Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited and Fertilizer Corporation of India has been incorporated on 17.02.2015 for setting up of Fertilizer Unit at Ramagundam, Telangana under New Investment Policy, 2012. The plant shall have the annual urea capacity of 12.71 Lakhs MT urea.

Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited was declared Dormant Company on 04.11.2015.

Note : 6 Loans

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good		
Loans to employees	9.10	11.32
Unsecured, considered good		
Loans to employees	0.51	0.20
	9.61	**11.52**

Note : 7 Other Financial Assets

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Security Deposits	0.10	-
Capital Grant Recoverable from GoI#	-	102.32
Advance Against Equity Pending allotment of shares in Joint Venture (Ramagundam Fertilizers & Chemicals Limited)	-	28.00
Margin Money against Bank Guarantees (more than one year)	8.10	8.10
	8.20	**138.42**

Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas'.

Note :8 Other Non-Current Assets

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good		
Capital advances	51.92	1.00
Others	0.35	2.11
	52.27	**3.11**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 9 Inventories

₹ in crore

	As at 31st March, 2018		As at 31st March, 2017	
Raw materials	3.65		1.11	
Add: In transit	0.26	3.91	0.27	1.38
Packing Materials	10.69		12.19	
Add: In transit	1.96		0.29	
Less: Provision for Obsolescence	-	12.65	-	12.48
Stores and spares	115.97		163.79	
Add: In transit	15.64		12.47	
Less: Provision for Obsolescence	1.63	129.98	1.81	174.45
Semi-finished goods		21.57		22.72
Traded goods	133.48		0.76	
Add: In transit	-	133.48	0.11	0.87
Finished goods	161.42		254.10	
Add: In transit	62.93	224.35	109.15	363.25
		525.94		**575.15**

Inventories have been valued at lower of cost (including excise duty where applicable) or net realizable value considering Note No.1.2.17 Accounting Policy.

Note : 10 Trade Receivables

₹ in crore

	As at 31st March, 2018		As at 31st March, 2017	
Trade Receivables outstanding for a period more than six months from the date they are due for payment				
Subsidy (Government of India)#	256.83		136.32	
Others	11.73	268.56	11.62	147.94
Trade Receivables less than six months				
Subsidy (Government of India)#	3439.42		3908.60	
Others	227.30	3666.72	221.85	4130.45
Provision for doubtful receivables		(10.90)		(10.96)
Aggregate of trade receivables:				
Unsecured, considered good (including debts backed by bank guarantees ₹ 4.06 crore, (CPLY ₹ 1.76 crore)		**3924.38**		**4267.43**
Unsecured, considered doubtful		10.90		10.96
Provision for doubtful receivables		(10.90)		(10.96)
		3924.38		**4267.43**

The Total Subsidy Receivable is ₹ 3696.25 crore

The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) scheme in a phased manner for various fertilizers. As per the earlier procedure 85% to 95% of subsidy to manufacturers was allowed on monthly basis based on receipt of fertilizer in the District and balance 5% (for Urea) and 10% to 15% (P&K) on confirmation of receipt of fertilizer by retailers through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under Direct Benefit Transfer scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through PoS machines.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 11 Cash & Cash Equivalents

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Balances with banks		
Current accounts	0.90	0.31
Cheques in hand/remittances in transit	6.58	5.77
Cash on hand	0.01	0.03
	7.49	**6.11**

Note: 12 Other Bank Balances

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Unclaimed dividend account	0.08	0.07
Margin Money against Bank Guarantees	2.25	2.12
	2.33	**2.19**

Note : 13 Loans

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good		
Loans to employees	2.22	2.36
Unsecured, considered good		
Loans to employees	1.50	0.15
	3.72	**2.51**

Note : 14 Other Financial Assets

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Security Deposits	24.12	23.82
Capital Grant recoverable from Government of India (GOI)$	202.48	599.75
Interest Subsidy recoverable from Government of India	3.54	34.29
Claims recoverable	3.40	9.94
Fixed deposit as case property *	1.32	1.32
	234.86	**669.12**
Unsecured, considered good from above	233.18	667.56
Unsecured, considered doubtful from above	1.68	1.55
Provision for doubtful advances	(1.68)	(1.55)
	233.18	**667.56**

$ Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia feed stock conversion project from `LSHS/FO' to `Gas' as disclosed in Note 23 & 30.

*As per direction of Court an amount of ₹ 1.32 crore (CPLY ₹ 1.32 crore) is being kept as case property.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 15 Current Tax Assets (Net)

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Tax refunds	90.47	92.32
	90.47	**92.32**

Note: 16 Other current assets

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good unless otherwise stated		
Advances		
Contractors	0.68	0.45
Suppliers $ #	414.45	261.65
Employees	2.28	2.26
Recoverable/Balances with customs and excise authorities	8.22	8.68
Others	118.72	30.57
	544.35	**303.61**
Unsecured, considered good from above	406.46	165.26
Unsecured, considered doubtful from above	137.88	138.35
Provision for doubtful advances	(8.97)	(8.71)
Provision for doubtful advances appropriated from reserve	(129.64)	(129.64)
	405.73	**165.26**

Includes an advance of ₹130.69 crore (CPLY ₹ 130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹ 129.64 crore (after recovery of ₹1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

$ Includes amount recoverable on account of Gas Pooling amounting to ₹ 275.39 crore (CPLY ₹ 116.91 crore)

Note: 17 Assets held for disposal

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Assets of Ammonia Plant (AFCP)	-	13.47
Others	2.58	2.38
	2.58	**15.85**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 18 Equity Share Capital

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Authorized	1000.00	1000.00
100,00,00,000 Equity Shares of ₹ 10 each		
Issued, Subscribed and Paid -up	490.58	490.58
49,05,78,400 Equity Shares of ₹ 10 each fully paid up		
	490.58	**490.58**

a. There has been no movement in the Issued, Subscribed and Paid-up capital of the Company during the year.

b. Terms/Rights attached to equity shares

The Company has only one class of equity share having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends approved by shareholders.

In the event of liquidation of the company, the holders of equity share will be entitled to receive remaining assets of the company, after distribution to creditors and all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder.

c. Details of shareholders holding more than 5% shares in the company

₹ in crore

Particulars	31st March, 2018		31st March, 2017	
	No.	%	No.	%
Equity Shares of ₹10 each fully paid				
i) Government of India	366529532	74.71	440116292	89.71
ii) Life Insurance Corporation of India (LIC)	55523101	11.32	-	-

15% Equity (73586760 equity shares) of ₹ 73.59 crores was disinvested on 31st July 2017.

d. Movement of Equity Shares Capital

₹ in crore

Particulars	31st March, 2018		31st March, 2017	
	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)
Opening Balance	490578400	490.58	490578400	490.58
Increase during the year	-	-	-	-
Closing Balance	**490578400**	**490.58**	**490578400**	**490.58**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 19 Other Equity

₹ in crore

		As at 31st March, 2018	As at 31st March, 2017
Capital Reserve		2.51	2.51
	A	**2.51**	**2.51**
General Reserve			
Opening Balance		332.89	322.85
Transferred from Statement of Profit & Loss		-	-
Transferred from Debenture Redemption Reserve		-	10.04
	B	**332.89**	**332.89**
Debenture Redemption Reserve			
Opening Balance		-	10.04
Less: Transferred to General Reserve		-	10.04
	C	**-**	**-**
Corporate Social Responsibility (CSR) Reserve*			
Opening Balance		2.50	4.01
Transferred from statement of Profit and Loss		4.35	1.11
Less: Transferred to statement of Profit and Loss (Refer Note 53)		2.97	2.62
	D	**3.88**	**2.50**
Surplus in Statement of Profit & Loss			
Opening Balance		998.16	860.76
Add : Transferred from CSR reserve		2.97	2.62
Less: Dividend Paid (including tax on dividend)		50.19	71.44
Less: Transferred to CSR reserve		4.35	1.11
		946.59	790.83
Profit/(Loss) for the year transferred from Statement of Profit and Loss		212.77	208.16
Profit/(Loss) for the year transferred from Other Comprehensive Income		(1.82)	(0.83)
Net Surplus	E	**1157.54**	**998.16**
Total (A+B+C+D+E)		**1496.82**	**1336.06**

* In terms of Section 135 of the Companies Act, 2013 read with guidelines on corporate social responsibility issued by Department of Public Enterprises (DPE), GOI, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The Company had opening CSR Reserve of ₹ 2.50 crore in respect of unspent CSR budget as per DPE guidelines. Budget of ₹ 4.35 crore was allocated as Companies Act, 2013 for FY 2017-18. The company has incurred an amount of ₹ 2.97 crore during the year ended 31st March, 2018 (CPLY ₹ 2.62 crore) leaving balance CSR fund of ₹ 3.88 crore as on 31st March, 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 20 Borrowings

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Term Loans		
Foreign Currency Loans - External Commercial Borrowing from Bank (Secured)$	114.64	172.35
	114.64	**172.35**

$ Foreign Currency External Commercial Borrowing (ECB) loan from Bank, has been used for energy saving and urea capacity augmentation projects at Vijaipur and is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The ECB was earlier drawn from SBI, NY at rate of interest of 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility. ECB has been refinanced through DBS Bank, Singapore on 06.01.2016.

The rate of interest of refinanced ECB from DBS, Singapore is 3 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan has commenced from FY 2016-17. Foreign Currency External Commercial Borrowing (ECB) loan from DBS Bank is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The repayment of ECB loan will fall due for ₹ 55.64 crore in FY 2018-19, ₹ 58.06 crore in FY 2019-20 and ₹ 58.06 crore in FY 2020-21. A sum of ₹ 170.28 crore (₹ 114.64 crore + ₹ 55.64 crore) is outstanding as on 31.03.2018 out of which the installments due for payment upto 31st March, 2019 amounting to ₹ 55.64 crore is disclosed in Note : 28 Other Financial Liabilities.

Note : 21 Other Financial Liabilities

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Security Deposits	22.55	20.67
	22.55	**20.67**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 22 Provisions

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits *^#	155.71	150.09
	155.71	**150.09**
*** Item wise breakup of Provisions for employee benefits**		
Earned Leave	60.86	73.68
Half Pay Leave	80.20	61.95
Post Retirement Settlement Benefits	1.40	1.34
Long Service Award	0.43	0.47
Social Security Benefits	4.92	5.01
Employees' Family Economic Rehabilitation Scheme	7.90	7.64
	155.71	**150.09**

^Short term Provision for Employee Benefits of ₹ 205.32 crore is disclosed in Note 29.
Includes liability of ₹ 21.13 crore towards actuarial provision due to pay revision.

Note: 23 Deferred Government Grant

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Opening Balance#		
Non Current	2825.74	3007.04
Current	187.17	186.57
Add: Addition/Adjustment during the year (AFCP)*	194.41	6.43
Add: Addition/Adjustment during the year (Others)	-	0.03
Less : Depreciation transferred from Statement of Profit & loss Account (Note No. 41)	229.43	187.16
Less : Transferred Deferred Government Grant Current (Note 30)	211.37	187.17
	2766.52	**2825.74**

The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending the finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate. Adjustments, if any, on account of final settlement of LSTK (Lump Sum Turn Key) contracts and due to actual sales realization of the redundant assets discarded after conversion will be made in the year of occurrence. While arriving at the amount of grant accrued to the Company, the deduction has been made for the amount of disposable value of discarded assets.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note:24 Deferred Tax Liability (net)

₹ in crore

		As at 31st March, 2018	As at 31st March, 2017
Deferred tax assets (A)			
Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.		155.95	104.06
MAT Credit Entitlement -Assets		-	64.59
	(A)	**155.95**	**168.65**
Deferred tax liability (B)			
Property, Plant & Equipment: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/amortization charged in Statement of Profit and Loss.		206.55	177.61
	(B)	**206.55**	**177.61**
Net deferred tax Liability (B-A)		**50.60**	**8.96**

Movement in deferred tax components

₹ in crore

	At April 1, 2017	Charged or (credited) to profit or loss	At March 31, 2018
Expenses allowed on cash basis	104.06	(51.89)	155.95
Property, Plant & Equipment impact	(177.61)	28.94	(206.55)
MAT credit Entitlement	64.59	64.59	0.00
Total	**(8.96)**	**41.64**	**(50.60)**

Note : 25 Other Non Current Liabilities

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Others#	16.93	14.28
	16.93	**14.28**

Includes amount of ₹ 13.07 crore (CPLY ₹ 9.03 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 26 Borrowings

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Secured		
Cash credit from banks*	88.68	9.83
Working Capital Demand Loan#	1701.64	1548.90
Unsecured		
Commercial Paper	-	1440.00
Short Term loans from Banks	1100.11	155.00
	2890.43	**3153.73**

*Cash credit from Banks are secured by first charge ranking pari-passu inter-se against hypothecation of inventories, book debts and other current assets of the Company.

#Working Capital Demand Loan from Banks are secured by pari-passu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.

Note : 27 Trade Payables

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Trade Payable to Micro, Small and Medium Enterprises (MSMED)*	2.78	2.24
Others$	488.30	403.20
	491.08	**405.44**

*Interest amount due to MSMED parties during the year is neither due/accrued/nor paid or payable.

$ Includes amount of ₹320.58 crore (CPLY ₹ 204.19 crore) on account of Gas supplies.

Note:28 Other Financial Liabilities

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Current maturities of long term borrowings		
Foreign Currency Loan *	55.64	38.68
Rupee Term Loan #	-	769.85
Creditors for Capital Works	184.25	184.64
Security Deposits	126.10	93.87
Liability for employee benefits / remuneration $	171.87	58.20
Unclaimed dividend	0.08	0.07
Others	50.55	67.58
	588.49	**1212.89**

* Details in respect of Interest and terms of repayment of Foreign Currency Loan are disclosed in Note 20: Borrowings.

\# The borrowings of Rupee Term Loan from Banks for Ammonia Feedstock Conversion Projects was paid during the current year. Final Installment payment was made on 31.03.2018. The Loan was secured by first charge ranking pari-passu inter-se on entire Property, Plant & Equipment, movable and immovable (present & future) properties related to Nangal, Bathinda & Panipat units and second charge over the entire current assets and subsidy (excluding reimbursement related to energy savings and interest expenses) of the Company.

$ Includes amount of ₹ 109.95 crore towards liability for pay revision and gratuity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 29 Provisions

₹ in crore

	As at 31st March, 2018		As at 31st March, 2017	
Provisions for employee benefits*^#		205.32		78.87
Provision for Corporate Tax				
Provision for tax	79.46		76.27	
Advance Tax / TDS	(67.88)	11.58	(52.15)	24.12
Provision for Local Area Development tax		6.72		6.72
		223.62		**109.71**
*** Item wise breakup of provisions for employee benefits:**				
Gratuity		181.58		58.17
Earned Leave		9.58		9.09
Half Pay Leave		11.11		8.24
Post Retirement Settlement Benefits		0.17		0.17
Long Service Award		0.12		0.14
Social Security Benefits		0.90		1.16
Employees' Family Economic Rehabilitation Scheme		1.86		1.90
		205.32		**78.87**

^ Long term Provision for Employee Benefits of ₹ 155.71 crore is disclosed in Note 22.

Includes liability of ₹ 114.62 crore towards provision for increase in gratuity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note: 30 Deferred Government Grant

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Deferred Government Grant*#	211.37	187.17
	211.37	**187.17**

The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending the finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate. Adjustments, if any, on account of final settlement of LSTK (Lump Sum Turn Key) contracts and due to actual sales realization of the redundant assets discarded after conversion will be made in the year of occurrence. While arriving at the amount of grant accrued to the Company, the deduction has been made for the amount of disposable value of discarded assets.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

Non Current Deferred Government Grant is disclosed in Note No. 23

Note: 31 Other Current Liabilities

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Advances from customers	29.12	24.73
Statutory Dues	78.17	66.79
Others#	1.78	2.81
	109.07	**94.33**

Amount of ₹ 1.78 crore (CPLY ₹ 2.81 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 32 Revenue from operations

₹ in crore

		Year Ended 31st March, 2018	Year Ended 31st March, 2017
Sale of Goods			
Finished goods		2270.57	2217.61
Traded goods		723.17	467.60
	(A)	**2993.74**	**2685.21**
Other operating revenue			
Subsidy from Government of India:			
Finished goods (Urea)-Subsidy			
Price subsidy		5133.44	4339.34
Freight subsidy		395.19	382.05
		5528.63	**4721.39**
Traded goods (Di Ammonium Phosphate) Subsidy			
Price subsidy		292.91	191.31
Freight subsidy		63.75	45.05
		356.66	**236.36**
Traded goods (Compost) Subsidy			
Price subsidy		1.75	0.40
Freight subsidy		-	-
		1.75	**0.40**
Traded goods (MOP)Subsidy			
Price subsidy		20.42	-
Freight subsidy		5.06	-
		25.48	**-**
Traded goods (APS)Subsidy			
Price subsidy		17.15	-
Freight subsidy		4.88	-
		22.03	**-**
Total subsidy$	(B)	**5934.55**	**4958.15**
Revenue from operations	(A+B)	**8928.29**	**7643.36**
Details of goods sold			
Finished goods (including subsidy)			
Urea		7625.23	6748.33
Industrial Products		163.71	188.28
Ammonia Sales		8.83	0.00
Bio Fertilizers		1.43	2.39
		7799.20	**6939.00**
Traded goods (including subsidy)			
Seeds		13.00	14.92
Compost (including subsidy)		4.78	1.09
Gas Swapping (Sale)		-	28.73
Di Ammonium Phosphate (Imported)		986.38	650.69
Bentonite Sulphur (Domestic)		0.10	0.06
Bentonite Sulphur (Imported)		0.16	8.37
Agro Chemicals		9.14	0.50
MOP		53.75	-
APS		61.78	-
		1129.09	**704.36**
		8928.29	**7643.36**
$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year			
Price Subsidy (Urea)		10.43	26.97
Freight Subsidy (Urea)		(10.22)	(7.56)
		0.21	**19.41**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 33 Other Income

₹ in crore

		Year Ended 31st March, 2018	Year Ended 31st March, 2017
Interest income			
Term Deposits etc.		3.62	7.10
Loan to employees		0.51	0.70
Others		12.97	8.08
	(A)	**17.10**	**15.88**
Other non-operating income			
Rent		13.40	14.64
Profit on sale of Property, Plant & Equipment (Net) #		40.06	1.74
Sale of Scrap		9.11	3.98
Miscellaneous income *		16.67	8.35
	(B)	**79.24**	**28.71**
	(A+B)	**96.34**	**44.59**

includes amount of ₹ 36.96 crores on account of sale of redundant plat of AFCP.

* includes amount of ₹ 2.60 crores towards commission on sale of imported urea on GOI account, dispatch money received of ₹ 0.87 crore, sale of energy renewable certificates ₹ 1.35 crores, penalty/Liquidity Damages (LD) ₹ 3.57 crores.

Note: 34 Cost of material consumed

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Raw Material (A)		
Inventory at the beginning of the year	1.39	2.44
Purchases	3222.66	2823.61
	3224.05	**2826.05**
Less:Inventory at the end of the year	(3.91)	(1.38)
Cost of raw material consumed	**3220.14**	**2824.67**
Packing material (B)	133.03	144.61
Stores and spares (C)	45.98	45.78
Cost of material consumed (A+B+C)	**3399.15**	**3015.06**
Itemwise break up of raw material consumed		
Natural Gas	3219.27	2822.17
Others	0.87	2.50
	3220.14	**2824.67**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note 35 Purchase of Stock- in- Trade

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Traded goods purchased		
Imported		
Di Ammonium Phosphate	783.10	531.09
APS	90.50	-
MOP	39.56	-
NPK	86.48	-
Bentonite Sulphur	-	3.30
Indigenous		
Bentonite Sulphur	0.13	0.06
Agro Chemicals	8.76	0.72
Seeds	12.53	14.17
Compost	4.12	0.96
Gas Swapping Purchase	-	28.73
	1025.18	**579.03**

Note: 36 (Increase)/decrease in inventories

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Opening inventories		
Semi-Finished	22.72	15.48
Finished goods	364.12	321.73
	386.84	**337.21**
Closing inventories		
Semi-Finished	21.57	22.72
Finished goods	357.83	364.12
	379.40	**386.84**
(Increase)/decrease in inventories	7.44	(49.63)
Less: Excise duty included in change in inventories	0.74	(0.06)
Net (Increase)/decrease in inventories	**6.70**	**(49.57)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note: 37 Employee benefits expense

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Salaries, Wages and Bonus	557.30	410.75
Contribution to Provident and Other Funds	41.27	41.44
Gratuity Expenses	95.47	7.84
Welfare expenses#	31.09	28.05
	725.13 *	**488.08**

* An adhoc provision of ₹ 92.95 crore towards liability for pay revision, ₹ 152.75 crore towards liability for Gratuity/EL/HPL, totaling ₹ 245.70 crore (CPLY ₹ 25.20 crore) has been made as per DPE OM dated 03.08.2017. The corresponding liability amounting to ₹ 21.13 crore, ₹ 109.95 crore & ₹ 114.62 crore is disclosed in Note No. 22, 28 and 29 respectively.

\# Includes payment of ₹ 2.60 crore (CPLY ₹ 2.45 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

Note: 38 Power and fuel

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Purchased power	134.92	139.90
Coal	553.16	622.77
Natural gas	1692.86	1431.61
Cess on Electricity	18.55	18.84
	2399.49	**2213.12**

Note: 39 Repair and maintenance

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Plant and machinery	54.59	60.90
Buildings	10.18	8.64
Others	12.17	12.65
	76.94	**82.19**

Note: 40 Finance Costs

₹ in crore

		Year Ended 31st March, 2018		Year Ended 31st March, 2017
Interest :				
Cash credit		161.45		157.62
Short term loans		8.56		5.71
Rupee Term Loan	44.17		129.32	
Less: Interest Subsidy recoverable/received from Government of India*	44.17	-	129.32	-
Others		17.11		23.54
Other Borrowing Cost		2.77		2.97
		189.89		**189.84**

* Represents Government of India Grant towards interest on borrowed funds taken for Feed Stock Conversion Project from `LSHS/FO' to `Gas' at Panipat, Bhatinda & Nangal Unit under the Government Policy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note: 41 Depreciation and Amortization Expense

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Depreciation / Amortization on tangible assets	296.57	264.85
Amortization of intangible assets	6.16	7.48
	302.73	**272.33**
Less : Depreciation on Property, Plant & Equipment against Govt Grant adjusted (Refer Note: 23 & 30)	229.43	187.16
	73.30	**85.17**

Note : 42 Other expenses

₹ in crore

	Year Ended 31st March, 2018		Year Ended 31st March, 2017	
Rent		0.96		0.78
Rent for Godown		12.25		13.62
Rates and taxes		2.75		3.36
Insurance		10.27		9.05
Auditors' remuneration:				
Audit Fee	0.23		0.24	
Tax Audit Fee	0.04		0.06	
Certification and other fee	0.26		0.23	
Out of pocket expenses	0.01	0.54	-	0.53
Cost Audit Fee		0.01		0.01
Security Expenses		54.98		52.57
Printing and Stationery		1.37		1.17
Advertisement, Publicity and Sales Promotion		5.08		8.59
Directors' Fees		0.12		0.08
Telephone and Postage		2.03		2.10
Travelling		16.23		14.17
Water Charges		16.00		15.92
Provision for:				
Doubtful Advances	0.42		0.20	-
Others	(0.18)	0.24	(1.50)	(1.30)
Write Off:				
Stores and spares	5.20		7.67	
Others	0.28	5.48	0.11	7.78
Legal Expenses		0.79		0.75
Bank Charges		2.84		3.53
Demurrage and Wharfage		0.98		1.46
Exchange rate variation (net)		2.87		(0.21)
CSR Expenditure		2.97		2.62
Miscellaneous expenses		36.08		35.50
		174.84		**172.08**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 43 Income Tax Expense

₹ in crore

		Year Ended 31st March, 2018	Year Ended 31st March, 2017
Current Tax			
Current Tax on Profits for the year		79.46	76.27
Total Current tax expense	**(A)**	**79.46**	**76.27**
Deferred Tax			
Decrease / (increase) in deferred tax assets		12.70	43.15
(Decrease) / increase in deferred tax liabilities		28.94	(3.14)
Total Deferred Tax Expense / (benefits)	**(B)**	**41.64**	**40.01**
	(A+B)	**121.10**	**116.28**
Income Tax Relating to Other Comprehensive Income		0.96	0.44
Income Tax Expense		**122.06**	**116.72**

Reconcilation of the tax expense and the accounting profit multiplied by tax rate

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Profit before tax	**334.83**	**324.88**
Tax at the enacted rate of 34.608%	115.88	112.44
Add :		
Tax effect of amount not deductible (taxable) while calculating taxable income		
Add :CSR Exp	1.03	0.91
Add : Interest on Income Tax	0.79	0.63
Add: Payment To Special Welfare Fund Not Allowable	0.01	0.01
Adjustment for deferred tax of prior period	4.35	2.73
Total Income Tax Expense	**122.06**	**116.72**

Note: 44 Earning Per Share:

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Profit/(Loss) after Tax (₹ Crore)	212.77	208.16
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	4.34	4.24

The Company has not issued any security which will have the effect of diluting earnings on equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note 45: Contingent Liabilities

₹ in crore

		As at 31st March, 2018	As at 31st March, 2017
Claims against the Company not acknowledged as debts			
a.	**Pending Appellate/Judicial decisions:**		
	Income tax	183.57	79.34
	Purchase tax	-	1.30
	Excise, Customs and Service tax	27.59	26.22
	Value Added Tax	0.64	0.64
	Land compensation/development claims	3.49	5.88
	Arbitration and civil cases	366.29	64.41
b.	Other claims	0.61	1.05
c.	Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable	-	-
		582.19	**178.84**

Note 46 Capital and other commitments

₹ in crore

		As at 31st March, 2018	As at 31st March, 2017
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).	628.42	64.99
ii.	Unutilized amount of Letter of Credit	10.35	4.31

47.1 Ind AS-19: Employee Benefits

47.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹ 20 lakhs to eligible employees who render continuous service of 5 years or more.
Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}	Payable on separation to eligible employees who have accumulated earned leave and half pay leave. During the service period encashment of accumulated earned leave is allowed in a financial year leaving minimum balance leave of 10 days.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹ 9.00 lakhs with minimum benefits of ₹1.00 lakhs).
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

47.1.2 Provident Fund: The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹ 27.05 crore (CPLY ₹ 27.09 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, 2018.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

47.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ in crore

		Gratuity		EL		HPL		PRSB		LSA		PF	
		17-18	16-17	17-18	16-17	17-18	16-17	17-18	16-17	17-18	16-17	17-18	16-17
(i)	**Reconciliation of present value of defined benefit obligations and plan assets:**												
1	Present value of projected benefit obligations at beginning of the year	182.08	186.32	82.76	80.28	70.19	60.18	1.51	1.42	0.61	0.65	948.37	903.97
2	Service Cost	9.97	3.99	3.60	3.86	3.76	2.91	0.06	0.06	0.03	0.03	27.05	27.09
3	Past Service Cost	106.60	-	-	-	-	-	-	-	-	-	-	-
4	Interest Cost	13.40	14.59	6.09	6.28	5.16	4.71	0.11	0.11	0.05	0.05	71.13	72.32
5	Actuarial (Gains) / Losses	3.46	1.05	27.90	23.76	17.52	9.34	0.06	0.15	-	(0.01)	(5.33)	6.69
6	Benefits Paid	(19.40)	(23.87)	(49.92)	(31.42)	(5.32)	(6.95)	(0.17)	(0.23)	(0.14)	(0.11)	(86.24)	(103.04)
7	Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	56.21	40.82
8	Transfer in	-	-	-	-	-	-	-	-	-	-	0.25	0.52
9	Present value of projected benefit obligations at close of the year [1 to 8]	296.11	182.08	70.43	82.76	91.31	70.19	1.57	1.51	0.55	0.61	1011.44	948.37
10	Fair Value of Plan assets at close of the year	(114.53)	(123.91)	-	-	-	-	-	-	-	-	(1162.82)	(1082.14)
11	Net Liability recognized in Balance Sheet at close of the year [9-10]	181.58	58.17	70.43	82.76	91.31	70.19	1.57	1.51	0.55	0.61	-	-
(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	123.91	136.94	-	-	-	-	-	-	-	-	1082.14	1022.58
2	Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	56.46	41.34
3	Expected Return on plan assets	9.12	10.72	-	-	-	-	-	-	-	-	71.13	72.32
4	Actual Company's contribution	0.01	0.02	-	-	-	-	-	-	-	-	27.05	27.09
5	Actuarial Gains/(Losses)	0.74	(0.07)	-	-	-	-	-	-	-	-	12.28	0.58
6	Benefits Payments	(19.25)	(23.70)	-	-	-	-	-	-	-	-	(86.24)	(103.04)
7	Past service Cost	-	-	-	-	-	-	-	-	-	-	-	21.27
8	Fair value of plan assets at close of the year (1+7)	114.53	123.91	-	-	-	-	-	-	-	-	1162.82	1082.14
9	Present value of defined benefit obligation	296.11	182.08	-	-	-	-	-	-	-	-	1011.44	948.37
10	Net liability recognized in the Balance Sheet at close of the year [9-8]	181.58	58.17	-	-	-	-	-	-	-	-	-	-
(iii)	**Expenses recognized in the Statement of Profit & Loss:**												
1	Service Cost	9.97	3.99	3.60	3.86	3.76	2.91	0.06	0.06	0.03	0.03	27.05	27.09
2	Past Service Cost	106.60	-	-	-	-	-	-	-	-	-	-	-
3	Interest Cost	13.40	14.59	6.09	6.28	5.16	4.71	0.11	0.11	0.05	0.05	71.13	72.32
4	Actuarial (Gains) / Losses	2.72	1.12	27.90	23.76	17.52	9.34	0.06	0.15	0.00	(0.01)	(5.33)	6.69
5	Expected return on Plan Assets	(9.12)	(10.72)	-	-	-	-	-	-	-	-	(71.13)	(72.32)
6	Total charged to P&L Account	123.57	8.98	37.59	33.90	26.44	16.96	0.23	0.32	0.08	0.07	-	-

(iv)	**Actuarial assumptions:**	**As at 31st March, 2018**	**As at 31st March, 2017**
1	Method used	Projected Unit credit	Projected Unit credit
2	Discount Rate (per annum)	7.70%	7.36%
3	Mortality Rate	Indian assured lives mortality (2006-08) modified ultimate	Indian assured lives mortality (2006-08) modified ultimate
4	Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Exectives 3%/2%/1%, depending upon age	Executives and Non Exectives 3%/2%/1%, depending upon age
5	Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	6.00%	5.50%

(v)	**Actuarial assumptions (PF):**	**As at 31st March, 2018**	**As at 31st March, 2017**
1	Discount Rate (per annum)	7.70%	7.50%
2	Interest Rate Guarantee	8.55%	8.65%
3	Yield on Assets based on the Purchase Price and Outstanding term of maturity	8.45%	8.82%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Sensitivity Analysis of the defined benefit obligation.

Effect of half percent point change in the Discount rate on Employee's Benefit Schemes ₹ in crore

Sr. No.	Particulars	0.5 percent point decrease in discounting rate	0.5 percent point increase in discounting rate
1	Gratuity	8.37	(7.97)

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	(5.16)	4.88

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 ₹ 181.58 crore (CPLY ₹ 58.17 crore) is unfunded as on 31st March, 2018. Other defined benefit obligations are unfunded.

47.1.4 Other Employee Benefit Schemes:

Provision of ₹ 0.12 crore (CPLY ₹ 0.64 crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been made on the basis of actuarial valuation and charged to the Statement of Profit and Loss account. A net liability of ₹ 15.58 crore (CPLY ₹ 15.70 crore) has been recognized in the Balance Sheet as at 31st March 2018 on account of these schemes.

47.1.5 Provident Fund: 12% of Basic Pay plus Dearness allowance contributed to the Provident Fund Trust of the Company. The Company does not anticipate any further obligation in the near foreseeable future having regard to the amount of the fund and return on investment as confirmed by the actuary.

(vi) The major categories of plans assets are as follows: ₹ in crore

Particulars	31st March, 2018				31st March, 2017			
	Quoted ₹	Unquoted ₹	Total ₹	in %	Quoted ₹	Unquoted ₹	Total ₹	in %
Equity instruments	17.67	-	17.67	1.78	10.56	-	10.56	1.13
Debt instruments	969.59	-	969.59	97.55	919.04	-	919.04	98.00
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	6.70	6.70	0.67	-	8.17	8.17	0.87
Total	**987.26**	**6.70**	**993.96**	**100.00**	**929.60**	**8.17**	**937.77**	**100.00**

Note 48 Ind AS-108: Operating Segments

Ind AS-108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about product and services, geographical areas and major customers.

Company's primary business segments are

i) Own Fertilizers (Urea, Bio Fertilizers and Bentonite Sulphur)
ii) Fertilizers Trading (Indigenous and Imported)
iii) Other Products (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme,
and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

48.1.1 Geographical Segment:

The operations of the company are conducted within India and there is no separate reportable geographical segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

48.1.2 The disclosure of segment-wise information is as below:

₹ in crore

PARTICULARS	Year Ended 31st March, 2018	Year Ended 31st March, 2017
SEGMENT REVENUE (NET SALES)		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	7626.66	6750.72
Fertilizer Trading	1106.95	660.21
Other Products	248.29	278.24
Eliminations	53.61	45.81
Total Segment Revenue	**8928.29**	**7643.36**
SEGMENT RESULTS		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	443.25	456.61
Fertilizer Trading	108.05	48.41
Other Products	31.51	45.08
Total Segment Results	**582.81**	**550.10**
Finance expenses	189.89	189.84
Unallocable Expenses (Net of unallocable income)	58.09	35.38
Profit / (Loss) Before exceptional item	**334.83**	**324.88**
Provision for Tax	122.06	116.72
Profit After Tax	**212.77**	**208.16**
Other comprehensive income (net of taxes)	(1.82)	(0.83)
Total Comprehensive Income	**210.95**	**207.33**
SEGMENT ASSETS		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	8406.56	9462.15
Fertilizer Trading	670.89	246.88
Other Products	119.47	118.79
Unallocable	431.49	354.18
Segment Assets	**9628.41**	**10182.00**
SEGMENT LIABILITIES		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4396.53	4121.90
Fertilizer Trading	21.71	13.14
Other Products	32.72	17.67
Unallocable	3190.05	4202.65
Segment Liabilities	**7641.01**	**8355.36**
CAPITAL EXPENDITURE		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	319.61	76.90
Fertilizer Trading	-	-
Other Products	0.12	0.11
Unallocable	7.28	0.52
Capital Expenditure	**327.01**	**77.53**
DEPRECIATION AND AMORTISATION EXPENSES		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	61.24	76.07
Fertilizer Trading	-	-
Other Products	10.75	8.46
Unallocable	1.31	0.64
Depreciation and Amortisation expenses	**73.30**	**85.17**
NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	6.12	6.23
Fertilizer Trading	-	-
Other Products	2.45	-
Unallocable	0.01	0.04
Non-cash expenses other than Depreciation and Amortisation	**8.58**	**6.27**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note 49 Ind AS-24: Related Party Disclosures

A) Nature of Relationship	Name of the Related Party
Joint Ventures	Urvarak Videsh Limited Ramagundam Fertilizers & Chemicals Limited

B) Nature of Relationship	Name of the Related Party
Key Management Personnel	(i) Shri Manoj Mishra, Chairman & Managing Director (ii) Shri R. K. Chandiok Director (Finance) (iii) Shri D.S. Ahuja Director (Technical) (vi) Shri Rajkumar Company Secretary

C) Key management personnel compensation

₹ in crore

	31st March 2018	31st March 2017
Short term employee benefits	1.56	1.41
Post employment benefits	0.13	0.11
Long-term employee benefits	-	-
Termination benefits	-	-
Total Compensation	**1.69**	**1.52**

D) Transactions with Related parties:

(i) During the year, there were transactions of ₹ 70.85 crore (CPLY ₹ 132.42 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹ 65.25 crore (CPLY ₹ 129.00 crore) and others ₹ 5.60 crore (CPLY ₹ 3.42 crore).

(ii) Remuneration to Key Management Personnel at (B) above is ₹ 1.69 crore (CPLY ₹ 1.52 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

Note 50: Ind AS-36: Impairment of assets

In accordance with Ind AS-36, the carrying amount of Property, Plant & Equipment have been reviewed at year-end for indication of impairment loss, if any, by considering assets of entire one plant as Cash Generating Unit. As there is no indication of impairment, no loss has been recognized during the year.

Note 51: Assets taken on Operating lease

The Company's significant leasing arrangements are in respect of operating leases of premises for offices, godowns and residential use of employees & vehicles. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employee benefit expense remuneration and benefits include ₹ 1.13 crore (CPLY ₹ 0.79 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, godowns and vehicles, ₹ 13.30 crore (CPLY ₹ 11.94 crore) are shown in Rent (Other Expenses Note: 42).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note 52: As per requirements of the listing agreements with the stock exchanges, the requisite details of loans and advances in the nature of loans given by the Company are as under:

(i) There are no loans and advances in the nature of loans to any subsidiary

(ii) No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and

(iii) There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

Note 53: As per Section 135 of the Companies Act 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

₹ in crore

Particulars		Current period	Previous period
A	Balance of CSR Reserve carried forward from earlier year (As per DPE Guidelines)	2.50	4.01
B	Amount required to be spent during the year (As per Companies Act)	4.35	1.11
C	Total (A+B)	6.85	5.12
D	Amount Spent on CSR Expenses during the year	2.97*	2.62
E	Closing Balance of CSR Reserve (C-D)	**3.88**	**2.50**
F	Total amount of ₹ 2.97 crores has been spent in cash during the year ended 31st March, 2018.		

*** Break-up of the CSR expenses under major heads is as under:**

₹ in crore

Particulars		Amount
1	Health and Sanitation	1.15
2	Environmental & Sustainability	1.36
3	Education & Skill Development	0.46
	Total	**2.97**

Note 54: Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders.

		Current year	Previous year
a)	Number of non resident shareholders	415	172
b)	Number of ordinary shares held by them	1638894	579078
c)	Amount of Dividend (₹ in Crore)	0.14	0.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note : 55 Fair Value Measurement

Financial instruments by category

₹ in crore

Particular	31th March, 2018			31th March, 2017		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investment	-	-	218.72	-	-	125.47
Loans to employees	13.33	-	-	14.03	-	-
Other Financial Assets	-	-	241.38	-	-	805.98
Trade Receivables	-	-	3924.38	-	-	4267.43
Cash & Cash Equivalents	-	-	7.49	-	-	6.11
Other Bank Balances	-	-	2.33	-	-	2.19
Total financial assets	**13.33**	**-**	**4394.30**	**14.03**	**-**	**5207.18**
Financial Liabilities						
Borrowings						
ECB Loan	-	-	170.28	-	-	211.03
AFCP Loan	-	-	-	-	-	769.85
Borrowings	-	-	2890.43	-	-	3153.73
Other Financial Liabilities	-	-	406.75	-	-	310.49
Security Deposits	148.65	-		114.54	-	-
Trade Payables		-	491.08		-	405.44
Total financial liabilities	**148.65**	**-**	**3958.54**	**114.54**	**-**	**4850.54**

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31st March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Investment in New India Co-operative bank		-	-	-	-
Financial Investments at FVOCI:		-	-	-	-
Total financial assets		**-**	**-**	**-**	**-**
Financial liabilities		-	-	-	-
Total financial liabilities		**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

At 31st March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Investment in New India Co-operative bank		-	-	-	-
Financial Investments at FVOCI:		-	-	-	-
Total financial assets		**-**	**-**	**-**	**-**
Financial liabilities		-	-	-	-
Total financial liabilities		**-**	**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31st March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	218.72	**218.72**
Loan to Employee		-	-	13.33	**13.33**
Other Financial Assets		-	-	241.38	**241.38**
Trade Receivables		-	-	3924.38	**3924.38**
Cash & Cash Equivalents		-	-	7.49	**7.49**
Other Bank Balances		-	-	2.33	**2.33**
Total financial assets		**-**	**-**	**4407.63**	**4407.63**
Financial Liabilities					
Borrowings					
ECB Loan		-	-	170.28	**170.28**
Borrowings		-	-	2890.43	**2890.43**
Other Financial Liabilities		-	-	406.75	**406.75**
Security Deposits		-	-	148.65	**148.65**
Trade Payables		-	-	491.08	**491.08**
Total financial liabilities		**-**	**-**	**4107.19**	**4107.19**

At 31st March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	125.47	**125.47**
Loan to Employee		-	-	14.03	**14.03**
Other Financial Assets		-	-	805.98	**805.98**
Trade Receivables		-	-	4267.43	**4267.43**
Cash & Cash Equivalents		-	-	6.11	**6.11**
Other Bank Balances		-	-	2.19	**2.19**
Total financial assets		**-**	**-**	**5221.21**	**5221.21**
Financial Liabilities					
Borrowings					
ECB Loan		-	-	211.03	**211.03**
AFCP Loan		-	-	769.85	**769.85**
Borrowings		-	-	3153.73	**3153.73**
Other Financial Liabilities		-	-	310.49	**310.49**
Security Deposits		-	-	114.54	**114.54**
Trade Payables		-	-	405.44	**405.44**
Total financial liabilities		**-**	**-**	**4965.08**	**4965.08**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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, 2018	NA	-
As at 31st March, 2017	NA	-

(iv) Fair value of financial assets and liabilities measured at amortised cost

₹ in crore

	31-Mar-18		31-Mar-17	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment	218.72	218.72	125.47	125.47
Loan to Employee	13.33	13.33	14.03	14.03
Other Financial Assets	241.38	241.38	805.98	805.98
Trade Receivables	3924.38	3924.38	4267.43	4267.43
Cash & Cash Equivalents	7.49	7.49	6.11	6.11
Other Bank Balances	2.33	2.33	2.19	2.19
Total financial assets	**4407.63**	**4407.63**	**5221.21**	**5221.21**
Financial Liabilities				
Borrowings				
ECB Loan	170.28	170.28	211.03	211.03
AFCP Loan	-	-	769.85	769.85
Borrowings	2890.43	2890.43	3153.73	3153.73
Other Financial Liabilities	406.75	406.75	310.49	310.49
Security Deposits	148.65	148.65	114.54	114.54
Trade Payables	491.08	491.08	405.44	405.44
Total Financial Liabilities	**4107.19**	**4107.19**	**4965.08**	**4965.08**

The carrying amounts of trade receivables, trade payables, 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, security deposits and investment in government securities were calculated based on cash flows discounted using a current lending rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 56 Financial Risk Management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost.	Aging analysis, Credit Analysis, Post Dated Cheques and Security Deposit.	Diversification of bank deposits, credit limits and Bank Guarantees
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash Flow Forecasting, Monitoring of Forex Risk Management Policy	Forward Foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Monitoring of Forex Risk Management Policy	Interest Rate Swap

The company's risk management is carried out by a central treasury department and marketing department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, marketing manual, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, derivative financial instruments and investment of excess liquidity.

(A) Credit Risk

Credit Risk refers to the risk of default on its obligations resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 3935.28 crore and ₹ 4267.43 crore as of 31st March, 2018 and 31st March, 2017, respectively. Trade receivables mainly constitute subsidy receivable from Government of India and from sale of fertilizers to dealers. Trade receivables from dealers are partially secured. Credit risk is being managed through credit approvals, establising credit limits and monitoring the creditworthiness of customers to allow credit terms in the normal course of business.

Breakup of Trade Receivables is as under:

Party Wise breakup of Trade Receivables				
Category	**31.03.2018 ₹ in crore**	**% of Total Debtors**	**31.03.2017 ₹ in crore**	**% of Total Debtors**
Govt of India (Subsidy)	3696.25	93.93	4044.93	94.79
Institutional Dealers	85.96	2.18	50.6	1.18
Private Dealers	153.07	3.89	171.9	4.03
	31.03.2018	**% of Debtors to Total Sales**	**31.03.2017**	**% of Debtors to Total Sales**
Total Sales	8989.28	43.78	7643.36	55.83

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ in crore

	31st March, 2018	**31st March, 2017**
Floating rate		
Expiring within one year (Bank Overdraft/CC Limit and other facilities)	3109.57	2046.27

The Bank Overdraft/Cash Credit (CC)/Short term loan (STL) facilities may be drawn at any time and may be called back by the bank at their discretion. The credit facilities of Banks are subject to compliance with sanctioned terms & conditions. The credit facilities have an average maturity of 1 year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 57: Capital Management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of the capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt as per guidelines of Governement of India.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain Debt Equity ratio within 2.5:1. The Debt Equit ratio is as follows:

₹ in Crores

	31st March 2018	31st March 2017
Net debt	3060.71	4134.61
Total equity	1987.40	1826.64
Net debt to equity ratio (in times)	**1.54**	**2.26**

(b) Dividends

₹ in Crores

	31st March, 2018	31st March, 2017
Equity shares		
Interim dividend for the year ended 31st March 2018 (31st March 2017 – INR 0) per fully paid share	-	-
Final dividend for the year ended 31st March 2017 of INR 0.85 (31st March 2016 – INR 1.21) per fully paid share	41.70	59.36

Dividend for the year ended 31.03.2017 is 20.11 % of PAT.
Dividend for the year ended 31.03.2016 is 30.11 % of PAT.

Note No. 58: Others

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year

For and on behalf of the Board of Directors

(N. S. Verma)	**(Rajkumar)**	**(R.K. Chandiok)**	**(Manoj Mishra)**
CGM (F&A)	Company Secretary A-11914	Director (Finance) DIN No.05146544	Chairman & Managing Director DIN No.06408953

For Chandiok & Guliani
Chartered Accountants

(B.B. Kalia)	**(Harbir Gulati)**
Partner	Partner
Membership No.085772	Membership No.084072
Firm Regd. No. 001199N	Firm Regd. No. 002871N

Place: Noida
Date: 2nd May, 2018

Auditors' Report

CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS
C-44, NIZAMUDDIN EAST
NEW DELHI-110013

HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS
C-15A, LGF, JANGPURA EXTN
NEW DELHI-110014

INDEPENDENT AUDITOR'S REPORT

To the Members of National Fertilizers Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of National Fertilizers Limited ('the Company') and its Jointly Controlled Companies (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2018, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (herein after referred to as ("the Act") that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income, Consolidated cash flows and Consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal financial control relevant to the Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the Consolidated financial position of the Group as at 31st March, 2018, and its Consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Other Matters

We did not audit the financial statements/financial information of the following jointly controlled entities whose financial statements/financial information reflect the details given below of assets as at 31st March, 2018, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the consolidated financial statements.

₹ in crore

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
1) Ramagundam Fertilizers and Chemicals Limited	1934.96	1.92	2.75
2) Urvarak Videsh Limited	0.10	0.01	0.01
Total	**1935.06**	**1.93**	**2.76**

These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities and our report in terms of sub section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entities, is based solely on the reports of other auditors.

Our opinion on the Consolidated Financial Statements, and our "Report on Other Legal and Regulatory Requirements" below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial Statements;
   (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial Statements have been kept by the Company so far as it appears from our examination of those books:
   (c) the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of cash flows and the consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the preparation of the consolidated Ind AS financial statements;
   (d) in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
   (e) on the basis of the written representations received from the Directors of the Company as on 31st March 2018 taken on record by the Board of Directors of the company and the report of statutory auditors of jointly controlled companies in India, none of the Directors of the Group companies in India are disqualified as on 31st March 2018 from being appointed as a Director of that company in terms of Section 164(2) of the Act;
   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in **"Annexure A"**; and
   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. the consolidated Ind AS financial statements disclose the impact of pending litigations on its financial position of the Group – Refer Note 45 to the ConsolidatedInd AS financial statements;
      ii. the group 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 Group Companies in India;

For CHANDIOK AND GULIANI
Chartered Accountants
Firm's Registration No.: 001199N

B.B. Kalia
Partner
Membership number: 085772

For HDSG & Associates
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

New Delhi
2nd May, 2018

ANNEXURE "A"

The Annexure referred to in Independent Auditor's Report to the members of the Company on the Consolidated Ind AS financial statements for the year ended 31st March, 2018.

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 companies in India (collectively referred to as "the Group") as of 31st March, 2018 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the company and its jointly controlled companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A group's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the group;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorizations of Management and Directors of the Group; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company and its jointly controlled companies has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two jointly controlled companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For CHANDIOK AND GULIANI
Chartered Accountants
Firm's Registration No.: 001199N

B.B. Kalia
Partner
Membership number: 085772

For HDSG & Associates
Chartered Accountants
Firm's Registration No.: 002871N

Harbir Gulati
Partner
Membership number: 084072

New Delhi
2nd May, 2018

Consolidated Balance Sheet as at 31st March 2018

₹ in crore

	Note	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	2	4073.68	4046.67
Capital Work In Progress	3	64.26	50.57
Other Intangible Assets	4	5.85	11.86
Investments	5	216.87	151.63
Financial Assets			
Loans	6	9.61	11.52
Other Financial Assets	7	8.20	110.42
Other Non-Current Assets	8	52.27	3.11
		4430.74	**4385.78**
CURRENT ASSETS			
Inventories	9	525.94	575.15
Financial Assets			
Trade Receivables	10	3924.38	4267.43
Cash & Cash Equivalents	11	7.49	6.11
Other Bank Balances	12	2.33	2.19
Loans	13	3.72	2.51
Other Financial Assets	14	233.18	667.56
Current Tax Assets (Net)	15	90.47	92.32
Other Current Assets	16	405.73	165.26
		5193.24	**5778.53**
Assets Held for Disposal	17	2.58	15.85
		9626.56	**10180.16**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	18	490.58	490.58
Other Equity	19	1494.97	1334.22
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	20	114.64	172.35
Other Financial Liabilities	21	22.55	20.67
Provisions	22	155.71	150.09
Deferred Government Grant	23	2766.52	2825.74
Deferred Tax Liabilities (Net)	24	50.60	8.96
Other non-current Liabilities	25	16.93	14.28
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	26	2890.43	3153.73
Trade Payables	27	491.08	405.44
Other financial liabilities	28	588.49	1212.89
Provisions	29	223.62	109.71
Deferred Government Grant	30	211.37	187.17
Other Current Liabilities	31	109.07	94.33
		9626.56	**10180.16**
Significant accounting policies	1		

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(N. S. Verma)
CGM (F&A)

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
DIN No.05146544

(Manoj Mishra)
Chairman & Managing Director
DIN No.06408953

For Chandiok & Guliani
Chartered Accountants

(B.B. Kalia)
Partner
Membership No.085772
Firm Regd. No. 001199N

For HDSG & Associates
Chartered Accountants

(Harbir Gulati)
Partner
Membership No.084072
Firm Regd. No. 002871N

Place: Noida
Date: 2nd May, 2018

Consolidated Statement of Profit and Loss for the year ended 31st March 2018

₹ in crore

	Note	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue			
Revenue from operations	32	8928.29	7643.36
Other Income	33	96.34	44.59
Total Revenue (I)		**9024.63**	**7687.95**
Expenses			
Cost of Materials consumed	34	3399.15	3015.06
Purchase of Stock- in- Trade	35	1025.18	579.03
Excise duty		11.82	43.28
Change in inventories of finished goods, work-in-progress and stock -in- trade	36	6.70	(49.57)
Employee Benefits Expense	37	725.13	488.08
Power and Fuel	38	2399.49	2213.12
Freight and Handling		607.36	544.79
Repair and Maintenance	39	76.94	82.19
Finance Cost	40	189.89	189.84
Depreciation and Amortization Expense	41	73.30	85.17
Other Expenses	42	174.84	172.08
Total Expenses (II)		**8689.80**	**7363.07**
Profit before share of profit/ (Loss) of joint venture as per equity method, exceptional item and tax (III) = (I) - (II)		**334.83**	**324.88**
Share of Profit (Loss) of Joint Venture as per Equity Method(IV)		**(0.01)**	**(0.24)**
Profit before exceptional items and tax (V) = (III) + (IV)		**334.82**	**324.64**
Total Exceptional Item (VI)		-	-
Profit/(Loss) before Tax (VII)=(V) + (VI)		**334.82**	**324.64**
Tax expenses:			
Current tax		80.42	76.71
Deferred tax		41.64	40.01
Total Tax Expense (VIII)		**122.06**	**116.72**
Profit/(Loss) for the year (IX)=(VII)-(VIII)		**212.76**	**207.92**
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Remeasurement of Post Employment Benefit obligations		**(2.78)**	**(1.27)**
Income Tax relating to above items		**0.96**	**0.44**
Other Comprehensive Income (net of tax) (X)		**(1.82)**	**(0.83)**
Total Comprehensive Income (XI) = (IX) + (X)		**210.94**	**207.09**
Earnings per share	44		
Basic earnings per share of ₹ 10 each		**4.34**	**4.24**
Diluted earnings per share of ₹ 10 each		**4.34**	**4.24**
Significant accounting policies	1		

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(N. S. Verma)	**(Rajkumar)**	**(R.K. Chandiok)**	**(Manoj Mishra)**
CGM (F&A)	Company Secretary A-11914	Director (Finance) DIN No.05146544	Chairman & Managing Director DIN No.06408953

For Chandiok & Guliani
Chartered Accountants
(B.B. Kalia)
Partner
Membership No.085772
Firm Regd. No. 001199N

For HDSG & Associates
Chartered Accountants
(Harbir Gulati)
Partner
Membership No.084072
Firm Regd. No. 002871N

Place: Noida
Date: 2nd May, 2018

Consolidated Cash Flow statement for the year ended 31st March 2018

₹ in crore

			Year ended 31st March, 2018	Year ended 31st March, 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Net Profit/(Loss) Before Tax		**334.82**	**324.64**
	Adjustments For :			
	Depreciation / Amortization		73.30	85.17
	Finance Charges		189.89	189.84
	Interest Income		(17.10)	(15.88)
	Profit on Sale of Fixed Assets		(40.06)	(1.74)
	Exchange Rate Variation (Net)		2.87	(0.21)
	Provision for Doubtful Debts/ Advances		0.42	0.20
	Provision for Obsolete/Surplus Stores		(0.18)	(1.50)
	Stores and Spares write offs		5.20	7.67
	Assets written off		0.28	0.11
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		549.44	588.30
	Adjustments For :			
	Trade and Other Receivables		603.43	1862.96
	Inventories		44.19	(95.72)
	Trade Payables, Provisions & Others Liabilities		555.19	170.94
	Direct Taxes paid		(91.11)	(73.57)
	NET CASH FROM OPERATING ACTIVITIES	**"A"**	1661.14	2452.91
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets (including CWIP)		(340.70)	(95.48)
	Investment in Joint Ventures		(65.24)	(128.76)
	Fixed Assets Sold/Discarded		43.06	6.90
	Interest Received		17.10	15.88
	NET CASH FROM INVESTING ACTIVITIES	**"B"**	(345.78)	(201.46)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans		(263.30)	(1141.59)
	Long Term Loans		(810.60)	(847.42)
	Interest Paid		(189.89)	(189.84)
	Dividend/Distribution Tax paid		(50.19)	(71.44)
	NET CASH FROM FINANCING ACTIVITIES	**"C"**	(1313.98)	(2250.29)
	NET INCREASE IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**1.38**	**1.16**
	Cash And Cash Equivalents (Closing Balance)		7.49	6.11
	Cash And Cash Equivalents (Opening Balance)		6.11	4.95
	NET INCREASE IN CASH AND CASH EQUIVALENTS		**1.38**	**1.16**

For and on behalf of the Board of Directors

(N. S. Verma)
CGM (F&A)

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
DIN No.05146544

(Manoj Mishra)
Chairman & Managing Director
DIN No.06408953

For Chandiok & Guliani
Chartered Accountants

(B.B. Kalia)
Partner
Membership No.085772
Firm Regd. No. 001199N

For HDSG & Associates
Chartered Accountants

(Harbir Gulati)
Partner
Membership No.084072
Firm Regd. No. 002871N

Place: Noida
Date: 2nd May, 2018

Consolidated Statement of Changes in Equity

A. Equity Share Capital ₹ in crore

	Notes	Amount
As at 1st April 2016	18	490.58
Change in equity share capital during the year		-
As at 31st March 2017		**490.58**
As at 1st April 2017	18	490.58
Change in equity share capital during the year		-
As at 31st March 2018		**490.58**

B. Other Equity ₹ in crore

Particulars	Reserve & Surplus					
	Capital Reserve	General Reserve	Debenture Redemption Reserve	Corporate Social responsibility (CSR) Reserve	Retained Earning	Total
Opening balance as at 1st April 2016	2.51	322.85	10.04	4.01	859.16	1198.57
Profit for the year	-	-	-	-	207.92	207.92
Comprehensive income for the year	-	-	-	-	(0.83)	(0.83)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**207.09**	**207.09**
Dividend Paid (Including Tax on Dividend)	-	-	-	-	(71.44)	(71.44)
Transfer to/(from) Debenture Redemption Reserve	-	10.04	(10.04)	-	-	-
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	-	(1.51)	1.51	-
Transfer to/(from) retained earnings	-	-	-	-	-	-
Closing balance as at 31st March 2017	**2.51**	**332.89**	**-**	**2.50**	**996.32**	**1334.22**
Opening balance as at 1st April 2017	2.51	332.89	-	2.50	996.32	1334.22
Profit for the year	-	-	-	-	212.76	212.76
Comprehensive income for the year	-	-	-	-	(1.82)	(1.82)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**210.94**	**210.94**
Dividend Paid (Including Tax on Dividend)	-	-	-	-	(50.19)	(50.19)
Transfer to/(from) Debenture Redemption Reserve	-	-	-	-	-	-
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	-	1.38	(1.38)	-
Closing balance as at 31st March 2018	**2.51**	**332.89**	**-**	**3.88**	**1155.69**	**1494.97**
Significant accounting policies	**1**					

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(N. S. Verma)
CGM (F&A)

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
DIN No.05146544

(Manoj Mishra)
Chairman & Managing Director
DIN No.06408953

For Chandiok & Guliani
Chartered Accountants

(B.B. Kalia)
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For HDSG & Associates
Chartered Accountants

(Harbir Gulati)
Partner
Membership No.084072
Firm Regd. No. 002871N

Place: Noida
Date: 2nd May, 2018

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 2018

a) Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited has been declared Dormant Company.

b) Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited (EIL) and Fertilizer Corporation(FCIL) of India has been incorporated on 17.02.2015 for revival of closed Fertilizer Unit of FCIL at Ramagundam, Telengana, India.

The Company is engaged in producing and marketing of Neem Coated Urea, Bio-Fertilizers (solid & liquid) and other allied Industrial products like Ammonia, Nitric Acid, Ammonium Nitrate, Sodium Nitrite and Sodium Nitrate. The Company is also engaged in trading of Fertilizers, Compost, Seeds, Agro Chemicals and other Agro products. The registered office of the company is located at New Delhi, India. The Government of India is the principal shareholder of the Company. The shares of the Company are listed on National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE"), India.

The Consolidated Financial Statements for the year ended 31st March 2017 were prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013.

The consolidated financial statements were approved for issue by the Board of Directors and authorized for issue on 02nd May, 2018.

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 31st March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- assets held for sale — measured at the lower of carrying amount and fair value less cost to sell; and
- defined benefit plans — plan assets measured at fair value

1.2.2 Basis of consolidation

Joint Venture

In the consolidated Balance Sheet Interests in the joint venture are accounted for using the equity method. Under the equity method of accounting, the investment are initially being recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest

in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described below.

These consolidated financial statements comprise the financial statement of National Fertilizers Limited (the "Company") and its joint ventures (JV) (the "Group"), as given in the following table:

Name of Joint Venture	Country of incorporation	Extent of Holding (%age)	
		31st March 2018	31st March 2017
UrvarakVidesh Limited	India	33.33%	33.33%
Ramagundam Fertilizers & Chemicals Limited	India	36.32%	49.99%

1.2.3 Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates and judgments affect the application of accounting policies and the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of financial statements and the reported amount of revenue and expenses during the period. Application of accounting policies that require critical accounting estimates involving judgments have been disclosed in note (1.2.4).

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of change in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the consolidated financial statements.

1.2.4 Critical Accounting Estimates and judgments

(a) Property Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(b) Revenue Recognition

Price and Freight Subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy and the bills are raised based on such notification. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification received is treated as current year income or expenditure and the effect of change in estimate, if material, is disclosed separately.

1.2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Refer note 48 for segment information presented.

1.2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit and Loss except in case of long term liability relating to acquisition of fixed assets acquired upto 31st March, 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 measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty. Revenue is recognised net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue in respect of sale of goods is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria's for revenue recognition have been met.

Sale of scrap/ waste materials is recognized on disposal.

1.2.8 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase / acquisition of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented as deduction from related depreciation expenses.

Interest subsidy received/receivable from Government for changeover of Ammonia Feed Stock Conversion Project from FO/ LSHS to Gas is recognized in the Consolidated Statement of Profit and Loss and is being deducted in reporting the related expense.

1.2.9 Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in Joint Ventures where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.2.10 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised where the carrying value of an asset to be replaced is not separately identifiable it is derecognized on estimated/technical report basis. All other repairs and

maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are aligned to useful life specified under Schedule II of the Companies Act, 2013 except for certain items of plant and machinery which are depreciated as below:

a)	Reformer Package and Instrumentation:	15 years
b)	Heat Exchangers, pumps, turbines and CO2 Booster:	20 years

In respect of Plant and Machinery, Computer and data processing units residual value of five percent and rupee one in respect of other Fixed Assets is retained.

Leasehold land and buildings are amortized over the lease period. Buildings constructed over leasehold land are depreciated at the estimated useful life which is in line with useful life as specified under Schedule II of the Companies Act, 2013, where the lease period is beyond the useful life of the building.

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

Spares that can be used only in connection with an item of fixed asset is depreciated over a period not exceeding the useful life of the principal item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other Income.

1.2.11 Intangible Assets

Intangible Assets are stated at cost less accumulated amortization and impairment.

License and process know-how having future economic benefits is amortized on straight line method over a period of ten years or license period, whichever is less.

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.2.12 Capital Work in Progress

All revenue expenses incurred during Construction period, which are exclusively attributable to acquisition/construction of fixed assets, are capitalised at the time of commissioning of Assets.

Pre-project expenditure relating to Projects which are considered unviable/closed is charged off to Revenue in the year of declaration/closure.

The capital work in progress includes Construction Stores including Material in Transit/Equipment/Services etc. received at site for use in the projects.

1.2.13 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.2.14 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable

amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non¬financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.2.15 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks/ financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.2.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.2.17 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.2.18 Inventories - Raw materials and stores, work in progress, packaging material and finished goods

Raw materials, packaging materials and stores and spares are stated at the lower of monthly weighted average cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In case of stores and spares not moved for more than two years and upto five years, provision for obsolescence is made at five percent per annum (on straight line basis) and charged to revenue. In case of stores and spares which have not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

Finished and semi-finished goods are valued at lower of annual average cost inclusive of excise duty where applicable 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.

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 collectionof contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Investment in Joint Venture:

Investment in Joint venture is carried at cost in the financial statements.

(c) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 55 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables

(d) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably

(e) Derivatives

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value through profit or loss at the end of each reporting period.

1.2.20 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.2.21 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.2.22 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit

or loss over the period of the borrowings using the effective interest method.

1.2.23 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the statement of Profit and Loss Account in the period in which they are incurred.

1.2.24 Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

The Company provides following long term benefits:

i) Leave Encashment (Earned Leave/Sick Leave/Half Pay Leave)

ii) Long Service Award (LSA)

The liability for Leave encashment and Long term service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the financial reporting period using the projected unit credit method as calculated by Actuary. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(c) Post-employment obligations

The Company operates the following post-employment schemes:

(i) defined benefit plans such as gratuity, provident fund,post retirement settlement benefits, social security benefits and employees' family economic rehabilitation scheme; and

(ii) defined contribution plans such as post-employment medical plan and pension plan

(d) Defined Benefit Obligations

The defined benefit obligation (other than Provident Fund) is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The liability or asset recognised in the balance sheet in respect of defined benefit obligations (except Provident Fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(e) Provident Fund

Contribution to provident fund is accounted for on accrual basis. The provident fund contributions are made by employee and company as monthly contribution equal to specified percentage of covered employee's salary to a trust administered by the Company. The trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the trust is notified by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

(f) Defined Contribution Plans

The Company has a Post-Retirement Medical Benefits (PRMB) and pension plan for its employees. The Company has taken the insurance policies to meet its obligations under these plans. Accordingly, the liability of the company is limited upto the amount of insurance premium paid. These plans have been treated as defined contribution plans. The insurance premium paid for these plans is recognised as employee benefit expense and charged in statement of profit and loss account.

1.2.25 Provisions

Provisions (other than employee benefits) are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

1.2.26 Claims

Pending settlement, claims made on underwriters /railways /others as assessed by the Company on a probable realization basis are recognized at the time of lodgment.

1.2.27 Adjustment pertaining to Prior Period

Income/Expenditure pertaining to prior period upto ₹ 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 Consolidated Financial Statements for the year ended 31st March 2018

Note: 2 Property, Plant & Equipment

₹ in crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2017	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2018	Depreciation			Net carrying Amount	
					Accumulated Depreciation as on 1st April 2017	For the year	Upto 31st March 2018	As at 31st March 2018	As at 31st March 2017
LAND									
- Freehold	12.12	0.07	-	12.19	-	-	-	12.19	12.12
- Leasehold	6.35	-	-	6.35	0.20	0.10	0.30	6.05	6.15
BUILDINGS									
- on Freehold Land	113.01	4.38	-	117.39	11.66	5.86	17.52	99.87	101.35
- on Leasehold Land	34.96		-	34.96	11.89	3.11	15.00	19.96	23.07
Leasehold Buildings	0.45	-	-	0.45	0.12	0.06	0.18	0.27	0.33
Plant and Machinery	4374.34	307.95	3.22	4679.07	493.06	279.75	772.81	3906.26	3881.28
Furniture and Fixtures	1.37	0.58	-	1.95	0.52	0.32	0.84	1.11	0.85
Vehicles	1.27	1.59	-	2.86	0.46	0.28	0.74	2.12	0.81
Office Equipments	1.63	0.67	0.02	2.28	0.69	0.36	1.05	1.23	0.94
OTHERS									
Electrical Installations	9.94	0.34	-	10.28	2.51	1.26	3.77	6.51	7.43
Railway Sidings	0.41	0.20	-	0.61	0.35	0.03	0.38	0.23	0.06
EDP Equipments	3.37	8.10	0.04	11.43	1.02	1.43	2.45	8.98	2.35
Other Equipments	16.62	2.98	-	19.60	6.69	4.01	10.70	8.90	9.93
As at 31st March, 2018	**4575.84**	**326.86**	**3.28**	**4899.42**	**529.17**	**296.57**	**825.74**	**4073.68**	**4046.67**
As at 31st March, 2017	**4503.76**	**77.35**	**5.27**	**4575.84**	**264.32**	**264.85**	**529.17**	**4046.67**	

a. Title/Lease Deed for land acquired at Vijaipur (₹ 4.36 crore), Bathinda (₹ 0.15 crore), Building at Scope Complex, New Delhi (₹ 2.07 crore) and Building at Bhopal (₹ 0.51 crore) are pending execution.

b. Out of total land of 2578 acres, land Measuring 325.70 acres at Nangal (₹ 0.12 crore) had been symbolically possessed by the Punjab Government on 29.10.1998 without determination of consideration. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners.

c. Ammonia Feed Stock Conversion Projects from `LSHS/FO' to `Gas' at Bathinda, Panipat & Nangal Unit under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production have been capitalised on 11th March 2013, 28th March 2013 and 18th July 2013 respectively. Accordingly, Property, Plant & Equipment (Gross) include assets amounting to ₹ 3973.24 crore (CPLY ₹ 3763.56 crore) represented by capital grant as disclosed in Note: 23 & 30 Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹ 2977.89 crore(CPLY ₹ 3012.91 crore) as on 31.03.2018.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

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 ₹ (0.25) crore (CPLY ₹ 5.13 crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2018. The unamortized amount of exchange difference as on 31.03.2018 is ₹ 56.66 crore (CPLY ₹59.93 crore).

e. Buildings includes office premises given on operating lease. The details of such leased premises are as under:

₹ in crore

	Current Year	Previous Year
Original Cost	1.26	1.26
Accumulated depreciation upto 31st March 2018	0.73	0.71
Net Written Down Value as at 31st March 2018	0.53	0.55
Depreciation recognized in Statement of Profit and Loss	0.03	0.03
Impairment losses recognized in Statement of Profit and Loss	-	-
Impairment losses reversed in Statement of Profit and Loss	-	-

Note : 3 Capital work-in-progress

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Building	0.12	2.12
Plant and Machinery	50.59	30.02
Capital Stores	7.36	16.89
Expenditure During Construction Period	6.19	1.54
	64.26	**50.57**
Details of Expenditure During Construction Period		
Opening Balance	1.54	-
Add: Expenditure during the year:		
Employees' Remuneration & Benefits	0.38	0.17
Power & fuel	0.07	-
Project Management fee	2.98	1.37
Other Expenses	0.05	-
Start-up Expenses (net)	1.17	-
Total	**4.65**	**1.54**
Total Expenditure	**6.19**	**1.54**
Less: Transfer to Property, Plant & Equipment	**-**	**-**
Closing Balance	**6.19**	**1.54**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note: 4 Other Intangible

₹ in crore

DESCRIPTION	Gross Block				Amortization			Net Block	
	Gross Carrying Amount as on 1st April 2017	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2018	Accumulated Depreciation as on 1st April 2017	For the year	Upto 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
Computer Software	0.74	0.15	-	0.89	0.40	0.12	0.52	0.37	0.34
Licence and Know-how	26.18	-	-	26.18	14.66	6.04	20.70	5.48	11.52
As at 31st March, 2018	26.92	0.15	-	27.07	15.06	6.16	21.22	5.85	11.86
As at 31st March, 2017	26.74	0.18	-	26.92	7.58	7.48	15.06	11.86	

Note: 5 Investments

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Investment in joint venture (Unquoted) #		
180002 Equity shares with face value of ₹ 10 each fully paid up in Urvarak Videsh Limited	0.03	0.03
Share of Loss in Joint Venture	-	-
	0.03	0.03
218690004 Equity shares with face value of ₹ 10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)$	216.85	151.84
Share of Loss in Joint Venture	(0.01)	(0.24)
	216.87	151.63
	216.87	151.63
Investment in Equity Instruments of Co-operative Societies (Unquoted)*		
1250 shares with face value of ₹ 10 each fully paid up (₹ 12500) in NFL Employees' Consumer co-operative stores	*	*
100 shares with face value of ₹ 50 each fully paid up (₹ 5000) in NFL Employees' Consumer co-operative stores	*	*
Investment in mutual fund	*	*
	216.87	151.63

* Being less than ₹ 50,000/-, figures not given.

In compliance with Accounting Standard (Ind AS) 28 - Investment in Associates & Joint Venture". The Reporting information is as under:

Joint Controlled Entity

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31.03.2018	31.03.2017
Urvarak Videsh Limited	India	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00

$ Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited and Fertilizer Corporation of India has been incorporated on 17.02.2015 for setting up of Fertilizer Unit at Ramagundam, Telangana under New Investment Policy, 2012. The plant shall have the annual urea capacity of 12.71 Lakhs MT urea.

Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited was declared Dormant Company on 04.11.2015.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note : 6 Loans

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good		
Loans to employees	9.10	11.32
Unsecured, considered good		
Loans to employees	0.51	0.20
	9.61	**11.52**

Note : 7 Other Financial Assets

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Security Deposits	0.10	-
Capital Grant Recoverable from GoI#	-	102.32
Margin Money against Bank Guarantees (more than one year)	8.10	8.10
	8.20	**110.42**

Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas'.

Note :8 Other Non-Current Assets

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good		
Capital advances	51.92	1.00
Others	0.35	2.11
	52.27	**3.11**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note : 9 Inventories

₹ in crore

	As at 31st March, 2018		As at 31st March, 2017	
Raw materials	3.65		1.11	
Add: In transit	0.26	3.91	0.27	1.38
Packing Materials	10.69		12.19	
Add: In transit	1.96		0.29	
Less: Provision for Obsolescence	-	12.65	-	12.48
Stores and spares	115.97		163.79	
Add: In transit	15.64		12.47	
Less: Provision for Obsolescence	1.63	129.98	1.81	174.45
Semi-finished goods		21.57		22.72
Traded goods	133.48		0.76	
Add: In transit	-	133.48	0.11	0.87
Finished goods	161.42		254.10	
Add: In transit	62.93	224.35	109.15	363.25
		525.94		**575.15**

Inventories have been valued at lower of cost (including excise duty where applicable) or net realizable value considering Note No.1.2.17 Accounting Policy.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note : 10 Trade Receivables

₹ in crore

	As at 31st March, 2018		As at 31st March, 2017	
Trade Receivables outstanding for a period more than six months from the date they are due for payment				
Subsidy (Government of India)#	256.83		136.32	
Others	11.73	268.56	11.62	147.94
Trade Receivables less than six months				
Subsidy (Government of India)#	3439.42		3908.60	
Others	227.30	3666.72	221.85	4130.45
Provision for doubtful receivables		(10.90)		(10.96)
		3924.38		**4267.43**
Aggregate of trade receivables:				
Unsecured, considered good (including debts backed by bank guarantees ₹ 4.06 crore, (CPLY ₹ 1.76 crore)		3924.38		4267.43
Unsecured, considered doubtful		10.90		10.96
Provision for doubtful receivables		(10.90)		(10.96)
		3924.38		**4267.43**

The Total Subsidy Receivable is ₹ 3696.25 crore

The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) scheme in a phased manner for various fertilizers. As per the earlier procedure 85% to 95% of subsidy to manufacturers was allowed on monthly basis based on receipt of fertilizer in the District and balance 5% (for Urea) and 10% to 15% (P&K) on confirmation of receipt of fertilizer by retailers through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under Direct Benefit Transfer scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through PoS machines.

Note: 11 Cash & Cash Equivalents

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Balances with banks		
Current accounts	0.90	0.31
Cheques in hand/remittances in transit	6.58	5.77
Cash on hand	0.01	0.03
	7.49	**6.11**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note: 12 Other Bank Balances

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Unclaimed dividend account	0.08	0.07
Margin Money against Bank Guarantees	2.25	2.12
	2.33	**2.19**

Note : 13 Loans

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good		
Loans to employees	2.22	2.36
Unsecured, considered good		
Loans to employees	1.50	0.15
	3.72	**2.51**

Note : 14 Other Financial Assets

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Security Deposits	24.12	23.82
Capital Grant recoverable from Government of India (GOI)$	202.48	599.75
Interest Subsidy recoverable from Government of India	3.54	34.29
Claims recoverable	3.40	9.94
Fixed deposit as case property *	1.32	1.32
	234.86	**669.12**
Unsecured, considered good from above	233.18	667.56
Unsecured, considered doubtful from above	1.68	1.55
Provision for doubtful advances	(1.68)	(1.55)
	233.18	**667.56**

$ Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia feed stock conversion project from `LSHS/FO' to `Gas' as disclosed in Note 23 & 30.

*As per direction of Court an amount of ₹1.32 crore (CPLY ₹ 1.32 crore) is being kept as case property.

Note : 15 Current Tax Assets (Net)

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Tax refunds	90.47	92.32
	90.47	**92.32**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note: 16 Other current assets

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good unless otherwise stated		
Advances		
Contractors	0.68	0.45
Suppliers $ #	414.45	261.65
Employees	2.28	2.26
Recoverable/Balances with customs and excise authorities	8.22	8.68
Others	118.72	30.57
	544.35	**303.61**
Unsecured, considered good from above	406.46	165.26
Unsecured, considered doubtful from above	137.88	138.35
Provision for doubtful advances	(8.97)	(8.71)
Provision for doubtful advances appropriated from reserve	(129.64)	(129.64)
	405.73	**165.26**

Includes an advance of ₹130.69 crore (CPLY ₹ 130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹129.64 crore (after recovery of ₹1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

$ Includes amount recoverable on account of Gas Pooling amounting to ₹ 275.39 crore (CPLY ₹ 116.91 crore)

Note: 17 Assets held for disposal

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Assets of Ammonia Plant (AFCP)	-	13.47
Others	2.58	2.38
	2.58	**15.85**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note : 18 Equity Share Capital

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Authorized	1000.00	1000.00
100,00,00,000 Equity Shares of ₹ 10 each		
Issued, Subscribed and Paid -up	490.58	490.58
49,05,78,400 Equity Shares of ₹ 10 each fully paid up		
	490.58	**490.58**

a. There has been no movement in the Issued, Subscribed and Paid -up capital of the Company during the year.

b. Terms/Rights attached to equity shares

The Company has only one class of equity share having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends approved by shareholders.

In the event of liquidation of the company, the holders of equity share will be entitled to receive remaining assets of the company, after distribution to creditors and all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder

c. Details of shareholders holding more than 5% shares in the company

₹ in crore

	31st March, 2018		31st March, 2017	
Particulars	**No**	**%**	**No**	**%**
Equity Shares of ₹ 10 each fully paid				
i) Government of India	366529532	74.71	440116292	89.71
ii) Life Insurance Corporation of India (LIC)	55523101	11.32	-	-

15% Equity (73586760 equity shares) of ₹ 73.59 crore was disinvested on 31st July 2017.

d. Movement of Equity Shares Capital

₹ in crore

	31st March, 2018		31st March, 2017	
Particulars	**No. of Shares**	**Amount (₹ In crore)**	**No. of Shares**	**Amount (₹ In crore)**
Opening Balance	490578400	490.58	490578400	490.58
Increase during the year	-	-	-	-
Closing Balance	**490578400**	**490.58**	**490578400**	**490.58**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note : 19 Other Equity

₹ in crore

		As at 31st March, 2018	As at 31st March, 2017
Capital Reserve			
Opening Balance		2.51	2.51
	A	**2.51**	**2.51**
General Reserve			
Opening Balance		332.89	322.85
Transferred from Statement of Profit & Loss		-	-
Transferred from Debenture Redemption Reserve		-	10.04
	B	**332.89**	**332.89**
Debenture Redemption Reserve			
Opening Balance		-	10.04
Less: Transferred to General Reserve		-	10.04
	C	**-**	**-**
Corporate Social Responsibility (CSR) Reserve*			
Opening Balance		2.50	4.01
Transferred from statement of Profit and Loss		4.35	1.11
Less: Transferred to statement of Profit and Loss (Refer Note 53)		2.97	2.62
	D	**3.88**	**2.50**
Surplus in Statement of Profit & Loss			
Opening Balance		996.32	859.16
Add : Transferred from CSR reserve		2.97	2.62
Less: Dividend Paid (including tax on dividend)		50.19	71.44
Less: Transferred to CSR reserve		4.35	1.11
		944.75	789.23
Profit/(Loss) for the year transferred from Statement of Profit and Loss		212.76	207.92
Profit/(Loss) for the year transferred from Other Comprehensive Income		(1.82)	(0.83)
Net Surplus	E	**1155.69**	**996.32**
Total (A+B+C+D+E)		**1494.97**	**1334.22**

* In terms of Section 135 of the Companies Act, 2013 read with guidelines on corporate social responsibility issued by Department of Public Enterprises (DPE), GOI, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The Company had opening CSR Reserve of ₹ 2.50 crore in respect of unspent CSR budget as per DPE guidelines. Budget of ₹ 4.35 crore was allocated as Companies Act, 2013 for FY 2017-18. The company has incurred an amount of ₹ 2.97 crore during the year ended 31st March, 2018 (CPLY ₹ 2.62 crore) leaving balance CSR fund of ₹ 3.88 crore as on 31st March, 2018.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note : 20 Borrowings

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Term Loans		
Foreign Currency Loans - External Commercial Borrowing from Bank (Secured)$	114.64	172.35
	114.64	**172.35**

$ Foreign Currency External Commercial Borrowing (ECB) loan from Bank, has been used for energy saving and urea capacity augmentation projects at Vijaipur and is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The ECB was earlier drawn from SBI, NY at rate of interest of 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility. ECB has been refinanced through DBS Bank, Singapore on 06.01.2016.

The rate of interest of refinanced ECB from DBS, Singapore is 3 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan has commenced from FY 2016-17. Foreign Currency External Commercial Borrowing (ECB) loan from DBS Bank is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The repayment of ECB loan will fall due for ₹ 55.64 crore in FY 2018-19, ₹ 58.06 crore in FY 2019-20 and ₹ 58.06 crore in FY 2020-21. A sum of ₹ 170.28 crore (₹ 114.64 crore + ₹ 55.64 crore) is outstanding as on 31.03.2018 out of which the installments due for payment upto 31st March, 2019 amounting to ₹ 55.64 crore is disclosed in Note 28 : Other Financial Liabilities.

Note : 21 Other Financial Liabilities

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Security Deposits	22.55	20.67
	22.55	**20.67**

Note : 22 Provisions

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits *^#	155.71	150.09
	155.71	**150.09**
*** Item wise breakup of Provisions for employee benefits**		
Earned Leave	60.86	73.68
Half Pay Leave	80.20	61.95
Post Retirement Settlement Benefits	1.40	1.34
Long Service Award	0.43	0.47
Social Security Benefits	4.92	5.01
Employees' Family Economic Rehabilitation Scheme	7.90	7.64
	155.71	**150.09**

^Short term Provision for Employee Benefits of ₹ 205.32 crore is disclosed in Note 29.

Includes liability of ₹ 21.13 crore towards actuarial provision due to pay revision.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note: 23 Deferred Government Grant

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Opening Balance#		
Non Current	2825.74	3007.04
Current	187.17	186.57
Add: Addition/Adjustment during the year (AFCP)*	194.41	6.43
Add: Addition/Adjustment during the year (Others)	-	0.03
Less : Depreciation transferred from Statement of Profit & loss Account (Note No. 41)	229.43	187.16
Less : Transferred Deferred Government Grant Current (Note 30)	211.37	187.17
	2766.52	**2825.74**

The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending the finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate. Adjustments, if any, on account of final settlement of LSTK (Lump Sum Turn Key) contracts and due to actual sales realization of the redundant assets discarded after conversion will be made in the year of occurrence. While arriving at the amount of grant accrued to the Company, the deduction has been made for the amount of disposable value of discarded assets.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

Note: 24 Deferred Tax Liability (net)

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Deferred tax assets (A)		
Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.	155.95	104.06
MAT Credit Entitlement -Assets	-	64.59
(A)	**155.95**	**168.65**
Deferred tax liability (B)		
Property, Plant & Equipment: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/amortization charged in Statement of Profit and Loss.	206.55	177.61
(B)	**206.55**	**177.61**
Net deferred tax Liability (B-A)	**50.60**	**8.96**

Movement in deferred tax components

₹ in crore

	At 1st April, 2017	Charged or (credited) to profit or loss	At 31st March, 2018
Expenses allowed on cash basis	104.06	(51.89)	155.95
Property, Plant & Equipment impact	(177.61)	28.94	(206.55)
MAT credit Entitlement	64.59	64.59	-
Total	**(8.96)**	**41.64**	**(50.60)**

Note : 25 Other Non Current Liabilities

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Others#	16.93	14.28
	16.93	**14.28**

Includes amount of ₹ 13.07 crore (CPLY ₹ 9.03 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

Note : 26 Borrowings

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Secured		
Cash credit from banks*	88.68	9.83
Working Capital Demand Loan#	1701.64	1548.90
Unsecured		
Commercial Paper	-	1440.00
Short Term loans from Banks	1100.11	155.00
	2890.43	**3153.73**

* Cash credit from Banks are secured by first charge ranking pari-passu inter-se against hypothecation of inventories, book debts and other current assets of the Company.

Working Capital Demand Loan from Banks are secured by pari-passu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.

Note : 27 Trade Payables

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Trade Payable to Micro, Small and Medium Enterprises (MSMED)*	2.78	2.24
Others$	488.30	403.20
	491.08	**405.44**

*Interest amount due to MSMED parties during the year is neither due/accrued/nor paid or payable.
$ Includes amount of ₹320.58 crore (CPLY ₹204.19 crore) on account of Gas supplies.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note:28 Other Financial Liabilities

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Current maturities of long term borrowings		
Foreign Currency Loan *	55.64	38.68
Rupee Term Loan #	-	769.85
Creditors for Capital Works	184.25	184.64
Security Deposits	126.10	93.87
Liability for employee benefits / remuneration $	171.87	58.20
Unclaimed dividend	0.08	0.07
Others	50.55	67.58
	588.49	**1212.89**

* Details in respect of Interest and terms of repayment of Foreign Currency Loan are disclosed in Note 20: Borrowings.

\# The borrowings of Rupee Term Loan from Banks for Ammonia Feedstock Conversion Projects was paid during the current year. Final Installment payment was made on 31.03.2018. The Loan was secured by first charge ranking pari-passu inter-se on entire Property, Plant & Equipment, movable and immovable (present & future) properties related to Nangal, Bathinda & Panipat units and second charge over the entire current assets and subsidy (excluding reimbursement related to energy savings and interest expenses) of the Company.

$ Includes amount of ₹ 109.95 crore towards liability for pay revision and gratuity.

Note : 29 Provisions

₹ in crore

	As at 31st March, 2018		As at 31st March, 2017	
Provisions for employee benefits*^#		205.32		78.87
Provision for Corporate Tax				
Provision for tax	79.46		76.27	
Advance Tax / TDS	(67.88)	11.58	(52.15)	24.12
Provision for Local Area Development tax		6.72		6.72
		223.62		**109.71**
*** Item wise breakup of provisions for employee benefits:**				
Gratuity		181.58		58.17
Earned Leave		9.58		9.09
Half Pay Leave		11.11		8.24
Post Retirement Settlement Benefits		0.17		0.17
Long Service Award		0.12		0.14
Social Security Benefits		0.90		1.16
Employees' Family Economic Rehabilitation Scheme		1.86		1.90
		205.32		**78.87**

^ Long term Provision for Employee Benefits of ₹ 155.71 crore is disclosed in Note 22.

\# Includes liability of ₹ 114.62 crore towards provision for increase in gratuity.

Note: 30 Deferred Government Grant

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Deferred Government Grant*#	211.37	187.17
	211.37	**187.17**

The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending the finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate. Adjustments, if any, on account of final settlement of LSTK (Lump Sum Turn Key) contracts and due to actual sales realization of the redundant assets discarded after conversion will be made in the year of occurrence. While arriving at the amount of grant accrued to the Company, the deduction has been made for the amount of disposable value of discarded assets.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

Non Current Deferred Government Grant is disclosed in Note No. 23

Note: 31 Other Current Liabilities

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Advances from customers	29.12	24.73
Statutory Dues	78.17	66.79
Others#	1.78	2.81
	109.07	**94.33**

Amount of ₹ 1.78 crore (CPLY ₹2.81 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 2018

Note : 32 Revenue from operations

₹ in crore

		Year Ended 31st March, 2018	Year Ended 31st March , 2017
Sale of Goods			
Finished goods		2270.57	2217.61
Traded goods		723.17	467.60
	(A)	**2993.74**	**2685.21**
Other operating revenue			
Subsidy from Government of India:			
Finished goods (Urea)-Subsidy			
Price subsidy		5133.44	4339.34
Freight subsidy		395.19	382.05
		5528.63	**4721.39**
Traded goods (Di Ammonium Phosphate) Subsidy			
Price subsidy		292.91	191.31
Freight subsidy		63.75	45.05
		356.66	**236.36**
Traded goods (Compost) Subsidy			
Price subsidy		1.75	0.40
Freight subsidy		-	-
		1.75	**0.40**
Traded goods (MOP) Subsidy			
Price subsidy		20.42	-
Freight subsidy		5.06	-
		25.48	**-**
Traded goods (APS) Subsidy			
Price subsidy		17.15	-
Freight subsidy		4.88	-
		22.03	**-**
Total subsidy$	(B)	**5934.55**	**4958.15**
Revenue from operations	(A+B)	**8928.29**	**7643.36**
Details of goods sold			
Finished goods (including subsidy)			
Urea		7625.23	6748.33
Industrial Products		163.71	188.28
Ammonia Sales		8.83	0.00
Bio Fertilizers		1.43	2.39
		7799.20	**6939.00**
Traded goods (including subsidy)			
Seeds		13.00	14.92
Compost (including subsidy)		4.78	1.09
Gas Swapping (Sale)		-	28.73
Di Ammonium Phosphate (Imported)		986.38	650.69
Bentonite Sulphur (Domestic)		0.10	0.06
Bentonite Sulphur (Imported)		0.16	8.37
Agro Chemicals		9.14	0.50
MOP		53.75	-
APS		61.78	-
		1129.09	**704.36**
		8928.29	**7643.36**
$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year			
Price Subsidy (Urea)		10.43	26.97
Freight Subsidy (Urea)		(10.22)	(7.56)
		0.21	**19.41**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note : 33 Other Income

₹ in crore

		Year Ended 31st March, 2018	Year Ended 31st March, 2017
Interest income			
Term Deposits etc.		3.62	7.10
Loan to employees		0.51	0.70
Others		12.97	8.08
	(A)	**17.10**	**15.88**
Other non-operating income			
Rent		13.40	14.64
Profit on sale of Property, Plant & Equipment (Net) #		40.06	1.74
Sale of Scrap		9.11	3.98
Miscellaneous income *		16.67	8.35
	(B)	**79.24**	**28.71**
	(A+B)	**96.34**	**44.59**

Includes amount of ₹ 36.96 crore on account of sale of redundant plant of AFCP.

* Includes amount of ₹2.60 crore towards commission on sale of imported urea on GoI account, dispatch money received of ₹0.87 crore, sale of energy renewable certificates ₹1.35 crore, penalty / Liquidity Damages (LD) ₹ 3.57 crore.

Note: 34 Cost of material consumed

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Raw Material (A)		
Inventory at the beginning of the year	1.39	2.44
Purchases	3222.66	2823.61
	3224.05	**2826.05**
Less:Inventory at the end of the year	(3.91)	(1.38)
Cost of raw material consumed	**3220.14**	**2824.67**
Packing material (B)	133.03	144.61
Stores and spares (C)	45.98	45.78
Cost of material consumed (A+B+C)	**3399.15**	**3015.06**
Itemwise break up of raw material consumed		
Natural Gas	3219.27	2822.17
Others	0.87	2.50
	3220.14	**2824.67**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note: 35 Purchase of Stock- in- Trade

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Traded goods purchased		
Imported		
Di Ammonium Phosphate	783.10	531.09
APS	90.50	-
MOP	39.56	-
NPK	86.48	-
Bentonite Sulphur	-	3.30
Indigenous		
Bentonite Sulphur	0.13	0.06
Agro Chemicals	8.76	0.72
Seeds	12.53	14.17
Compost	4.12	0.96
Gas Swapping Purchase	-	28.73
	1025.18	**579.03**

Note: 36 (Increase)/decrease in inventories

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Opening inventories		
Semi-Finished	22.72	15.48
Finished goods	364.12	321.73
	386.84	**337.21**
Closing inventories		
Semi-Finished	21.57	22.72
Finished goods	357.83	364.12
	379.40	**386.84**
(Increase)/decrease in inventories	7.44	(49.63)
Less: Excise duty included in change in inventories	0.74	(0.06)
Net (Increase)/decrease in inventories	**6.70**	**(49.57)**

Note: 37 Employee benefits expense

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Salaries, Wages and Bonus	557.30	410.75
Contribution to Provident and Other Funds	41.27	41.44
Gratuity Expenses	95.47	7.84
Welfare expenses#	31.09	28.05
	725.13 *	**488.08**

* An adhoc provision of ₹ 92.95 crore towards liability for pay revision, ₹ 152.75 crore towards liability for Gratuity/EL/HPL, totaling ₹ 245.70 crore (CPLY ₹ 25.20 crore) has been made as per DPE OM dated 03.08.2017. The corresponding liability amounting to ₹ 21.13 crore, ₹109.95 crore & ₹114.62 crore is disclosed in Note No. 22, 28 and 29 respectively.

\# Includes payment of ₹ 2.60 crore (CPLY ₹2.45 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note: 38 Power and fuel

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Purchased power	134.92	139.90
Coal	553.16	622.77
Natural gas	1692.86	1431.61
Cess on Electricity	18.55	18.84
	2399.49	**2213.12**

Note: 39 Repair and maintenance

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Plant and machinery	54.59	60.90
Buildings	10.18	8.64
Others	12.17	12.65
	76.94	**82.19**

Note: 40 Finance Costs

₹ in crore

	Year Ended 31st March, 2018		Year Ended 31st March, 2017	
Interest :				
Cash credit		161.45		157.62
Short term loans		8.56		5.71
Rupee Term Loan	44.17		129.32	
Less: Interest Subsidy recoverable/received from Government of India*	44.17	-	129.32	-
Others		17.11		23.54
Other Borrowing Cost		2.77		2.97
		189.89		**189.84**

* Represents Government of India Grant towards interest on borrowed funds taken for Feed Stock Conversion Project from `LSHS/FO' to `Gas' at Panipat, Bhatinda & Nangal Unit under the Government Policy.

Note: 41 Depreciation and Amortization Expense

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Depreciation / Amortization on tangible assets	296.57	264.85
Amortization of intangible assets	6.16	7.48
	302.73	**272.33**
Less : Depreciation on Property, Plant & Equipment against Govt Grant adjusted (Refer Note: 23 & 30)	229.43	187.16
	73.30	**85.17**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note : 42 Other expenses

₹ in crore

	Year Ended 31st March, 2018		Year Ended 31st March, 2017	
Rent		0.96		0.78
Rent for Godown		12.25		13.62
Rates and taxes		2.75		3.36
Insurance		10.27		9.05
Auditors' remuneration:				
Audit Fee	0.23		0.24	
Tax Audit Fee	0.04		0.06	
Certification and other fee	0.26		0.23	
Out of pocket expenses	0.01	0.54	-	0.53
Cost Audit Fee		0.01		0.01
Security Expenses		54.98		52.57
Printing and Stationery		1.37		1.17
Advertisement, Publicity and Sales Promotion		5.08		8.59
Directors' Fees		0.12		0.08
Telephone and Postage		2.03		2.10
Travelling		16.23		14.17
Water Charges		16.00		15.92
Provision for:				
Doubtful Advances	0.42		0.20	-
Others	(0.18)	0.24	(1.50)	(1.30)
Write Off:				
Stores and spares	5.20		7.67	
Others	0.28	5.48	0.11	7.78
Legal Expenses		0.79		0.75
Bank Charges		2.84		3.53
Demurrage and Wharfage		0.98		1.46
Exchange rate variation (net)		2.87		(0.21)
CSR Expenditure		2.97		2.62
Miscellaneous expenses		36.08		35.50
		174.84		**172.08**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note : 43 Income Tax Expense

₹ in crore

		Year Ended 31st March, 2018	Year Ended 31st March, 2017
Current Tax			
Current Tax on Profits for the year		79.46	76.27
Adjustments for Current Tax of prior periods			
Total Current tax expense	**(A)**	**79.46**	**76.27**
Deferred Tax			
Decrease / (increase) in deferred tax assets		12.70	43.15
(Decrease) / increase in deferred tax liabilities		28.94	(3.14)
Total Deferred Tax Expense / (benefits)	**(B)**	**41.64**	**40.01**
	(A+B)	**121.10**	**116.28**
Income Tax Relating to Other Comprehensive Income		0.96	0.44
Income Tax Expense		**122.06**	**116.72**

Reconcilation of the tax expense and the accounting profit multiplied by tax rate

₹ in crore

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Profit before tax	**334.83**	**324.88**
Tax at the enacted rate of 34.608%	115.88	112.44
Add :		
Tax effect of amount not deductable (taxable) while calculating taxable income		
Add :CSR Exp	1.03	0.91
Add : Interest on Income Tax	0.79	0.63
Add: Payment To Special Welfare Fund Not Allowable	0.01	0.01
Adjustment for deferred tax of prior period	4.35	2.73
Total Income Tax Expense	**122.06**	**116.72**

Note: 44 Earning per share:

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Profit/(Loss) after Tax (₹ Crore)	212.76	207.92
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	4.34	4.24

The Company has not issued any security which will have the effect of diluting earnings on equity.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note 45: Contingent liabilities

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Claims against the Company not acknowledged as debts		
a. **Pending Appellate/Judicial decisions:**		
Income tax	183.57	79.34
Purchase tax	-	1.30
Excise, customs and service tax	27.59	26.22
Value Added Tax	0.64	0.64
Land compensation/development claims	3.49	5.88
Arbitration and civil cases	366.29	64.41
b. Other claims	0.61	1.05
c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable	-	-
	582.19	**178.84**

Note 46 Capital and other commitments

₹ in crore

	As at 31st March, 2018	As at 31st March, 2017
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
a. Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	628.42	64.99
b. Unutilized amount of Letter of Credit	10.35	4.31

47.1 Ind AS-19: Employee Benefits

47.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹ 20 lakh to eligible employees who render continuous service of 5 years or more.
Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}	Payable on separation to eligible employees who have accumulated earned leave and half pay leave. During the service period encashment of accumulated earned leave is allowed in a financial year leaving minimum balance leave of 10 days.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹ 9.00 lakhs with minimum benefits of ₹ 1.00 lakhs).
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

47.1.2 Provident Fund: The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹ 27.05 crore (CPLY ₹ 27.09 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, 2018.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

47.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ in crore

		Gratuity		EL		HPL		PRSB		LSA		PF	
		17-18	16-17	17-18	16-17	17-18	16-17	17-18	16-17	17-18	16-17	17-18	16-17
(i)	**Reconciliation of present value of defined benefit obligations and plan assets:**												
1	Present value of projected benefit obligations at beginning of the year	182.08	186.32	82.76	80.28	70.19	60.18	1.51	1.42	0.61	0.65	948.37	903.97
2	Service Cost	9.97	3.99	3.60	3.86	3.76	2.91	0.06	0.06	0.03	0.03	27.05	27.09
3	Past Service Cost	106.60	-	-	-	-	-	-	-	-	-	-	-
4	Interest Cost	13.40	14.59	6.09	6.28	5.16	4.71	0.11	0.11	0.05	0.05	71.13	72.32
5	Actuarial (Gains) / Losses	3.46	1.05	27.90	23.76	17.52	9.34	0.06	0.15	-	(0.01)	(5.33)	6.69
6	Benefits Paid	(19.40)	(23.87)	(49.92)	(31.42)	(5.32)	(6.95)	(0.17)	(0.23)	(0.14)	(0.11)	(86.24)	(103.04)
7	Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	56.21	40.82
8	Transfer in	-	-	-	-	-	-	-	-	-	-	0.25	0.52
9	Present value of projected benefit obligations at close of the year [1 to 8]	296.11	182.08	70.43	82.76	91.31	70.19	1.57	1.51	0.55	0.61	1011.44	948.37
10	Fair Value of Plan assets at close of the year	(114.53)	(123.91)	-	-	-	-	-	-	-	-	(1162.82)	(1082.14)
11	Net Liability recognized in Balance Sheet at close of the year [9-10]	181.58	58.17	70.43	82.76	91.31	70.19	1.57	1.51	0.55	0.61	-	-
(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	123.91	136.94	-	-	-	-	-	-	-	-	1082.14	1022.58
2	Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	56.46	41.34
3	Expected Return on plan assets	9.12	10.72	-	-	-	-	-	-	-	-	71.13	72.32
4	Actual Company's contribution	0.01	0.02	-	-	-	-	-	-	-	-	27.05	27.09
5	Actuarial Gains/(Losses)	0.74	(0.07)	-	-	-	-	-	-	-	-	12.28	0.58
6	Benefits Payments	(19.25)	(23.70)	-	-	-	-	-	-	-	-	(86.24)	(103.04)
7	Past service Cost	-	-	-	-	-	-	-	-	-	-	-	21.27
8	Fair value of plan assets at close of the year (1+7)	114.53	123.91	-	-	-	-	-	-	-	-	1162.82	1082.14
9	Present value of defined benefit obligation	296.11	182.08	-	-	-	-	-	-	-	-	1011.44	948.37
10	Net liability recognized in the Balance Sheet at close of the year [9-8]	181.58	58.17	-	-	-	-	-	-	-	-	-	-
(iii)	**Expenses recognized in the Statement of Profit & Loss:**												
1	Service Cost	9.97	3.99	3.60	3.86	3.76	2.91	0.06	0.06	0.03	0.03	27.05	27.09
2	Past Service Cost	106.60	-	-	-	-	-	-	-	-	-	-	-
3	Interest Cost	13.40	14.59	6.09	6.28	5.16	4.71	0.11	0.11	0.05	0.05	71.13	72.32
4	Actuarial (Gains) / Losses	2.72	1.12	27.90	23.76	17.52	9.34	0.06	0.15	-	(0.01)	(5.33)	6.69
5	Expected return on Plan Assets	(9.12)	(10.72)	-	-	-	-	-	-	-	-	(71.13)	(72.32)
6	Total charged to P&L Account	123.57	8.98	37.59	33.90	26.44	16.96	0.23	0.32	0.08	0.07	-	-

(iv)	**Actuarial assumptions:**	**As at 31st March, 2018**	**As at 31st March, 2017**
1	Method used	Projected Unit credit	Projected Unit credit
2	Discount Rate (per annum)	7.70%	7.36%
3	Mortality Rate	Indian assured lives mortality (2006-08) modified ultimate	Indian assured lives mortality (2006-08) modified ultimate
4	Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Exectives 3%/2%/1%, depending upon age	Executives and Non Exectives 3%/2%/1%, depending upon age
5	Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	6.00%	5.50%

(v)	**Actuarial assumptions (PF):**	**As at 31st March, 2018**	**As at 31st March, 2017**
1	Discount Rate (per annum)	7.70%	7.50%
2	Interest Rate Guarantee	8.55%	8.65%
3	Yield on Assets based on the Purchase Price and Outstanding term of maturity	8.45%	8.82%

Sensitivity Analysis of the defined benefit obligation.

Effect of half percent point change in the Discount rate on Employee's Benefit Schemes

₹ in crore

Sr. No.	Particulars	0.5 percent point decrease in discounting rate	0.5 percent point increase in discounting rate
1	Gratuity	8.37	(7.97)

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	(5.16)	4.88

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 ₹ 181.58 crore (CPLY ₹ 58.17 crore) is unfunded as on 31st March, 2018. Other defined benefit obligations are unfunded.

47.1.4 Other Employee Benefit Schemes:

Provision of ₹ 0.12 crore (CPLY ₹ 0.64 crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been made on the basis of actuarial valuation and charged to the Statement of Profit and Loss account. A net liability of ₹ 15.58 crore (CPLY ₹ 15.70 crore) has been recognized in the Balance Sheet as at 31st March 2018 on account of these schemes.

47.1.5 Provident Fund: 12% of Basic Pay plus Dearness allowance contributed to the Provident Fund Trust of the Company. The Company does not anticipate any further obligation in the near foreseeable future having regard to the amount of the fund and return on investment as confirmed by the actuary.

(vi) The major categories of plans assets are as follows:

₹ in crore

Particulars	31st March, 2018				31st March, 2017			
	Quoted ₹	Unquoted ₹	Total ₹	in %	Quoted ₹	Unquoted ₹	Total ₹	in %
Equity instruments	17.67	-	17.67	1.78	10.56	-	10.56	1.13
Debt instruments	969.59	-	969.59	97.55	919.04	-	919.04	98.00
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	6.70	6.70	0.67	-	8.17	8.17	0.87
Total	**987.26**	**6.70**	**993.96**	**100.00**	**929.60**	**8.17**	**937.77**	**100.00**

Note 48 : Ind AS-108: Operating Segments

1. 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 Sulphur)

ii) Fertilizers Trading (Indigenous and Imported)

iii) Other Products (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme, and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

48.1.1 Geographical Segment: The operations of the company are conducted within India and there is no separate reportable geographical segment.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

48.1.2 The disclosure of segment-wise information is as below:

₹ in crore

PARTICULARS	Year ended 31st March, 2018	Year ended 31st March, 2017
SEGMENT REVENUE (NET SALES)		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	7626.66	6750.72
Fertilizer Trading	1106.95	660.21
Other Products	248.29	278.24
Eliminations	53.61	45.81
Total Segment Revenue	**8928.29**	**7643.36**
SEGMENT RESULTS		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	443.25	456.61
Fertilizer Trading	108.05	48.41
Other Products	31.51	45.08
Total Segment Results	**582.81**	**550.10**
Finance expenses	189.89	189.84
Unallocable Expenses (Net of unallocable income)	58.10	35.62
Profit / (Loss) Before exceptional item	**334.82**	**324.64**
Provision for Tax	122.06	116.72
Profit After Tax	**212.76**	**207.92**
Other comprehensive income (net of taxes)	(1.82)	(0.83)
Total Comprehensive Income	**210.94**	**207.09**
SEGMENT ASSETS		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	8406.56	9462.15
Fertilizer Trading	670.89	246.88
Other Products	119.47	118.79
Unallocable	429.64	352.34
Segment Assets	**9626.56**	**10180.16**
SEGMENT LIABILITIES		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4396.53	4121.90
Fertilizer Trading	21.71	13.14
Other Products	32.72	17.67
Unallocable	3190.05	4202.65
Segment Liabilities	**7641.01**	**8355.36**
CAPITAL EXPENDITURE		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	319.61	76.90
Fertilizer Trading	-	-
Other Products	0.12	0.11
Unallocable	7.28	0.52
Capital Expenditure	**327.01**	**77.53**
DEPRECIATION AND AMORTISATION EXPENSES		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	61.24	76.07
Fertilizer Trading	-	-
Other Products	10.75	8.46
Unallocable	1.31	0.64
Depreciation and Amortisation expenses	**73.30**	**85.17**
NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	6.12	6.23
Fertilizer Trading	-	-
Other Products	2.45	-
Unallocable	0.01	0.04
Non-cash expenses other than Depreciation and Amortisation	**8.58**	**6.27**

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note 49 Ind AS-24: Related Party Disclosures

A)	Nature of Relationship	Name of the Related Party
	Joint Ventures	Urvarak Videsh Limited Ramagundam Fertilizers & Chemicals Limited

B)	Nature of Relationship	Name of the Related Party
	Key Management Personnel	(i) Shri Manoj Mishra, Chairman & Managing Director (ii) Shri R. K. Chandiok Director (Finance) (iii) Shri D.S. Ahuja Director (Technical) (vi) Shri Rajkumar Company Secretary

C Key management personnel compensation

₹ in crore

	31st March 2018	31st March 2017
Short term employee benefits	1.56	1.41
Post employment benefits	0.13	0.11
Long-term employee benefits	-	-
Termination benefits	-	-
Total Compensation	**1.69**	**1.52**

d) Transactions with Related parties:

(i) During the year, there were transactions of ₹ 70.85 crore (CPLY ₹ 132.42 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹ 65.25 crore (CPLY ₹ 129.00 crore) and others ₹ 5.60 crore (CPLY ₹ 3.42 crore).

(ii) Remuneration to Key Management Personnel at (B) above is ₹ 1.69 crore (CPLY ₹ 1.52 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

Note 50: Ind AS-36: Impairment of assets

In accordance with Ind AS-36, the carrying amount of Property, Plant & Equipment have been reviewed at year-end for indication of impairent loss, if any, by considering assets of entire one plant as Cash Generating Unit. As there is no indication of impairment, no loss has been recognized during the year.

Note 51: Assets taken on Operating lease:

The Company's significant leasing arrangements are in respect of operating leases of premises for offices, godowns and residential use of employees & vehicles. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employee benefit expense remuneration and benefits include ₹ 1.13 crore (CPLY ₹ 0.79 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, godowns and vehicles, ₹ 13.30 crore (CPLY ₹ 11.94 crore) are shown in Rent (Other expenses Note: 42).

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note 52: As per requirements of the listing agreements with the stock exchanges, the requisite details of loans and advances in the nature of loans given by the Company are as under:

i) There are no loans and advances in the nature of loans to any subsidiary.

(ii) No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and

(iii) There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

Note 53: As per Section 135 of the Companies Act 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

₹ in crore

Particulars		Current period	Previous period
A	Balance of CSR Reserve carried forward from earlier year (As per DPE Guidelines)	2.50	4.01
B	Amount required to be spent during the year (As per Companies Act)	4.35	1.11
C	Total (A+B)	6.85	5.12
D	Amount Spent on CSR Expenses during the year*	2.97*	2.62
E	Closing Balance of CSR Reserve (D-E)	**3.88**	**2.50**
F	Total amount of ₹2.97 crores has been spent in cash during the year ended 31st March, 2018.		

***Break-up of the CSR expenses under major heads is as under:**

₹ in crore

Particulars		Amount
1	Health and Sanitation	1.15
2	Environmental & Sustainability	1.36
3	Education & Skill Development	0.46
	Total	**2.97**

Note 54 : Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders.

		Current year	Previous year
a)	Number of non resident shareholders	415	172
b)	Number of ordinary shares held by them	1638894	579078
c)	Amount of Dividend (₹ in Crore)	0.14	0.07

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note 55 : Fair Value Measurement

Financial instruments by category

₹ in crore

Particular	March 31, 2018			March 31, 2017		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investment	-	-	216.87	-	-	151.63
Loan to Employee	13.33	-	-	14.03	-	-
Other Financial Assets	-	-	241.38	-	-	777.98
Trade Receivables	-	-	3924.38	-	-	4267.43
Cash & Cash Equivalents	-	-	7.49	-	-	6.11
Other Bank Balances	-	-	2.33	-	-	2.19
Total financial assets	**13.33**	-	**4392.45**	**14.03**	-	**5205.34**
Financial liabilities						
Borrowings						
ECB Loan	-	-	170.28	-	-	211.03
AFCP Loan	-	-	-	-	-	769.85
Borrowings	-	-	2890.43	-	-	3153.73
Other Financial Liabilities	-	-	406.75	-	-	310.49
Security Deposits	148.65	-	-	114.54	-	-
Trade Payables	-	-	491.08	-	-	405.44
Total financial liabilities	**148.65**	-	**3958.54**	**114.54**	-	**4850.54**

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31st March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Investment in New India Co-operative bank		-	-	-	-
Financial Investments at FVOCI:		-	-	-	-
Total financial assets		-	-	-	-
Financial liabilities		-	-	-	-
Total financial liabilities		-	-	-	-

Notes to Consolidated Financial Statements for the year ended 31st March 2018

₹ in crore

At 31st March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	**-**
Investment in New India Co-operative bank		-	-	-	**-**
Financial Investments at FVOCI:		-	-	-	**-**
Total financial assets		**-**	**-**	**-**	**-**
Financial liabilities		-	-		**-**
Total financial liabilities		**-**	**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31st March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	216.87	**216.87**
Loans to employees		-	-	13.33	**13.33**
Other Financial Assets		-	-	241.38	**241.38**
Trade Receivables		-	-	3924.38	**3924.38**
Cash & Cash Equivalents		-	-	7.49	**7.49**
Other Bank Balances		-	-	2.33	**2.33**
Total financial assets		**-**	**-**	4405.78	**4405.78**
Financial Liabilities					
Borrowings					
ECB Loan		-	-	170.28	**170.28**
Borrowings		-	-	2890.43	**2890.43**
Other Financial Liabilities		-	-	406.75	**406.75**
Security Deposits		-	-	148.65	**148.65**
Trade Payables		-	-	491.08	**491.08**
Total financial liabilities		**-**	**-**	**4107.19**	**4107.19**

At 31st March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	151.63	**151.63**
Loan to Employee		-	-	14.03	**14.03**
Other Financial Assets		-	-	777.98	**777.98**
Trade Receivables		-	-	4267.43	**4267.43**
Cash & Cash Equivalents		-	-	6.11	**6.11**
Other Bank Balances		-	-	2.19	**2.19**
Total financial assets		**-**	**-**	**5219.37**	**5219.37**
Financial Liabilities					
Borrowings					
ECB Loan		-	-	211.03	**211.03**
AFCP Loan		-	-	769.85	**769.85**
Borrowings		-	-	3153.73	**3153.73**
Other Financial Liabilities		-	-	310.49	**310.49**
Security Deposits		-	-	114.54	**114.54**
Trade Payables		-	-	405.44	**405.44**
Total financial liabilities		**-**	**-**	**4965.08**	**4965.08**

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, 2018	NA	-
As at 31st March, 2017	NA	-

(iv) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-18		31-Mar-17	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment	216.87	216.87	151.63	151.63
Loan to Employee	13.33	13.33	14.03	14.03
Other Financial Assets	241.38	241.38	777.98	777.98
Trade Receivables	3924.38	3924.38	4267.43	4267.43
Cash & Cash Equivalents	7.49	7.49	6.11	6.11
Other Bank Balances	2.33	2.33	2.19	2.19
Total financial assets	**4405.78**	**4405.78**	**5219.37**	**5219.37**
Financial Liabilities				
Borrowings				
ECB Loan	170.28	170.28	211.03	211.03
AFCP Loan	-	-	769.85	769.85
Borrowings	2890.43	2890.43	3153.73	3153.73
Other Financial Liabilities	406.75	406.75	310.49	310.49
Security Deposits	148.65	148.65	114.54	114.54
Trade Payables	491.08	491.08	405.44	405.44
Total financial liabilities	**4107.19**	**4107.19**	**4965.08**	**4965.08**

The carrying amounts of trade receivables, trade payables, 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, security deposits and investment in government securities were calculated based on cash flows discounted using a current lending rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 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 2018

Note No. 56 Financial Risk Management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost.	Aging analysis, Credit Analysis, Post Dated Cheques and Security Deposit.	Diversification of bank deposits, credit limits and Bank Guarantees
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash Flow Forecasting, Monitoring of Forex Risk Management Policy	Forward Foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Monitoring of Forex Risk Management Policy	Interest Rate Swap

The company's risk management is carried out by a central treasury department and marketing department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, marketing manual, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, derivative financial instruments and investment of excess liquidity.

(A) Credit risk

Credit Risk refers to the risk of default on its obligations resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 3935.28 crore and ₹4267.43 crore as of 31st March, 2018 and 31st March, 2017, respectively. Trade receivables mainly constitute subsidy receivable from Government of India and from sale of fertilizers to dealers. Trade receivables from dealers are partially secured. Credit risk is being managed through credit approvals, establising credit limits and monitoring the creditworthiness of customers to allow credit terms in the normal course of business.

Breakup of Trade Receivables is as under:

Party Wise breakup of Trade Receivables				
Category	**31.03.2018**	**% of Total Debtors**	**31.03.2017**	**% of Total Debtors**
	₹ in crore		**₹ in crore**	
Govt of India (Subsidy)	3696.25	93.93	4044.93	94.79
Institutional Dealers	85.96	2.18	50.6	1.18
Private Dealers	153.07	3.89	171.9	4.03
	31.03.2018	**% of Debtors to Total Sales**	**31.03.2017**	**% of Debtors to Total Sales**
Total Sales	8989.28	43.78	7643.36	55.83

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ in crore

	31st March, 2018	**31st March, 2017**
Floating rate		
Expiring within one year (Bank Overdraft/CC Limit and other facilities)	3109.57	2046.27

The Bank Overdraft/Cash Credit (CC)/Short term loan (STL) facilities may be drawn at any time and may be called back by the bank at their discretion. The credit facilities of Banks are subject to compliance with sanctioned terms & conditions. The credit facilities have an average maturity of 1 year.

Notes to Consolidated Financial Statements for the year ended 31st March 2018

Note No. 57 Capital Management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of the capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt as per guidelines of Governement of India

Consistent with others in the industry, The company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain Debt Equity ratio within 2.5:1. The Debt Equit ratio is as follows:

₹ in Crores

	31st March 2018	31st March 2017
Net debt	3060.71	4134.61
Total equity	1987.4	1826.64
Net debt to equity ratio (in times)	**1.54**	**2.26**

(b) Dividends

₹ in Crores

	31st March 2018	31st March 2017
Equity shares		
Interim dividend for the year ended 31 March 2018 of	-	-
(31 March 2017 – INR 0) per fully paid share		
Final dividend for the year ended 31 March 2017 of INR 0.85	41.70	59.36
(31 March 2016 – INR 1.21) per fully paid share		

Dividend for the year ended 31.03.2017 is 20.11 % of PAT.

Dividend for the year ended 31.03.2016 is 30.11 % of PAT.

Note No. 58 Others

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year

For and on behalf of the Board of Directors

(N. S. Verma) CGM (F&A)	**(Rajkumar)** Company Secretary A-11914	**(R.K. Chandiok)** Director (Finance) DIN No.05146544	**(Manoj Mishra)** Chairman & Managing Director DIN No.06408953

For Chandiok & Guliani
Chartered Accountants

(B.B. Kalia)
Partner
Membership No.085772
Firm Regd. No. 001199N

For HDSG & Associates
Chartered Accountants

(Harbir Gulati)
Partner
Membership No.084072
Firm Regd. No. 002871N

Place: Noida
Date: 2nd May, 2018

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31ST MARCH 2018 AND MANAGEMENT REPLY THEREON

COMMENT	MANAGEMENT REPLY
The preparation of financial statements of National Fertilizers Limited (NFL) for the year ended 31st March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 02 May 2018.	
I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of National Fertilizers Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.	
Based on my supplementary audit, I would like to highlight the following significant matter under Section 143 (6) (b) of the Act which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related audit report.	
A. Comments on Financial Position	
Current Liabilities	
Other Financial Liabilities (Note No. 28) ₹ 588.49 crore	
NFL included revenue of ₹ 93.74 crore arising out of non-core activities such as interest on fixed deposits, loan to employees, rental income, profit on sale of property, plant and equipment, sale of scrap and miscellaneous income in Profit before tax (PBT) and accordingly provided ₹ 21.93 crore for payment of Performance related pay (PRP) for the year 2017-18 in violation of DPE guidelines[1] which stipulates that income from non-core activities should not be considered for calculation of PBT for payment of PRP. The provision for PRP as per DPE guidelines works out to ₹ 11.29 crore.	As per DPE circular W-02/0028/2017-DPE (WC)-GL-XIII/17 dated 03.08.2017 "The overall profits for distribution of PRP shall be limited to 5% of the year's profit accruing only from core business activities (without consideration of interest on idle cash / bank balances), which will be exclusively for executive and for non-unionized supervisors of CPSE. The ratio of break-up of profit accruing from core business activities for payment of PRP between relevant year's profit to Incremental profit shall be 65:35 to arrive at the Allocable profits and the Kitty factor."
Non-compliance to the DPE guidelines has resulted in overstatement of other financial liabilities and understatement of profit by ₹ 10.64 crore (₹ 21.93 – ₹ 11.29 crore).	Govt. Audit has observed that NFL included revenue (other Income) arising from non-core activities for calculation of provision for PRP. NFL through its various letters to Govt Audit submitted the detailed reasons/ justification for each item of other income in line with classification of item of Income as per Guidance Note on IND AS. In this connection, Guidance Note on Division II- IND AS Schedule III to the Companies Act 2013 of ICAI states as under-: *"Revenue from operation needs to be disclosed separately as revenue from*

[1]Department of Public Enterprises circular No. W-02/0028/2017-DPE(WC)-GL-XIII/17 Dated 03.08.2017.

	(a) Sale of products *(b) Sale of services and* *(c) Other operating revenues* *It is important to understand what is meant by the term "other operating revenues" and which items should be classified under this head vis-à-vis under the head "Other Income".* *The term "other operating revenue" is not defined. This would include Revenue arising from a company's operating activities i.e. either its principal or ancillary revenue-generating activities, but which is not revenue arising from sale of products or rendering of services. Whether a particular income constitutes "other operating revenue" or "other income" is to be decided based on the facts of each case and detailed understanding of the company's activities.* *The classification of income would also depend on the purpose for which the particular asset is acquired or held."* ***"Other Income*** *The aggregate of Other Income is to be disclosed on face of the Statement of Profit and Loss. As per Note 5 of General Instructions for the Preparation of Statement of Profit and Loss 'Other Income ' shall be classified as:* *a) Interest Income* *b) Dividend Income* *c) Other non-operating income (net of expenses directly attributable to such income)."* Company is of the view that even following the classification of income as per Companies Act 2013,all items of income disclosed under "Other Income" are found to be arising from core business activities of the company, a fact, which has not been appreciated by Govt Audit. The various types of Other Income are Rent, Profit on sale of Property / Plant & Equipment, Sale of Scrap, Miscellaneous Income consisting of Dispatch Money Received, Sale of Energy certificates, Penalty / Liquidated Damages (LD), etc. With regard to Interest on Idle cash/bank balances it is submitted that the company is not having any idle cash/bank balances of permanent nature. On the contrary, the company is incurring interest cost on permanent higher working capital borrowings due to delay in receipt of subsidy from GoI, in view of lower budget allocation for subsidy by GOI vis-a-vis subsidy payable. The delay in payment of subsidy leads to higher working capital requirements which have to be funded through short term borrowings resulting into higher interest costs. Due to unpredictability of exact timing of receipt of subsidy from GoI, the company necessarily has to borrow to meet exigencies of operation and simultaneously around the same time, if subsidy is received, such subsidy cannot be used to repay fixed tenure borrowings, therefore such short term surplus funds are kept in term deposits to reduce the overall interest cost of short term borrowings. Similarly, the interest on loans (Housing loans etc.) given to employees at subsidized rates, are out of working capital borrowing of the company. The other interest is mainly in the nature of Interest charged from dealers for delayed payment of sale proceeds, etc.

	The net finance cost pertaining to working capital after adjustment of Interest of ₹ 3.62 crore on fixed deposits for FY 2017-18 works out to ₹ 178.20 crore. Therefore no Interest Income is arising to company out of idle cash/bank balances. In view of difference arising in understanding and interpretation of DPE circular viz-a-viz provisions contained in the matter under Companies Act 2013, the matter has been referred to DPE for clarification vide letter dated 02.08.2018. Pending review, necessary reversal of provision for PRP has been made in the quarterly accounts for FY 2018-19.

For and on behalf of the
Comptroller and Auditor General of India

(Prachi Pandey)
Principal Director of Commercial Audit Board- II
New Delhi

Place : New Delhi
Dated : 13.07.2018

For and on behalf of the
Board of Directors

(Manoj Mishra)
Chairman and Managing Director

Place : New Delhi
Dated : 03.08.2018

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31ST MARCH 2018 AND MANAGEMENT REPLY THEREON

COMMENT	MANAGEMENT REPLY
The preparation of financial statements of National Fertilizers Limited (NFL) for the year ended 31st March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by Comptroller and Auditor General of India under Section 139(5) read with section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with section 129 (4) of the Act based on the independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 02 May 2018.	
I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) read with section 129 (4) of the Act of the consolidated financial statements of National Fertilizers Limited for the year ended 31 March 2018. We conducted a supplementary audit of the financial statement of National Fertilizers Limited, (the Company) Urvarak Videsh Limited and Ramagundam Fertilizers & Chemicals Limited (Joint Ventures) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.	
Based on my supplementary audit, I would like to highlight the following significant matter under Section 143 (6) (b) read with section 129 (4) of the Act which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related audit report.	
A. Comments on Consolidated Financial Position	
Current Liabilities	
Other Financial Liabilities (Note No. 28) ₹ 588.49 crore	
NFL included revenue of ₹ 93.74 crore arising out of non-core activities such as interest on fixed deposits, loan to employees, rental income, profit on sale of property, plant and equipment, sale of scrap and miscellaneous income in Profit before tax (PBT) and accordingly provided ₹ 21.93 crore for payment of Performance related pay (PRP) for the year 2017-18 in violation of DPE guidelines[1] which stipulates that income from non-core activities should not be considered for calculation of PBT for payment of PRP. The provision for PRP as per DPE guidelines works out to ₹ 11.29 crore.	As per DPE circular W-02/0028/2017-DPE (WC)-GL-XIII/17 dated 03.08.2017 "The overall profits for distribution of PRP shall be limited to 5% of the year's profit accruing only from core business activities (without consideration of interest on idle cash / bank balances), which will be exclusively for executive and for non-unionized supervisors of CPSE. The ratio of break-up of profit accruing from core business activities for payment of PRP between relevant year's profit to Incremental profit shall be 65:35 to arrive at the Allocable profits and the Kitty factor."
Non-compliance to the DPE guidelines has resulted in overstatement of other financial liabilities and understatement of profit by ₹ 10.64 crore (₹ 21.93 – ₹ 11.29 crore).	Govt. Audit has observed that NFL included revenue (other Income) arising from non-core activities for calculation of provision for PRP.

[1]Department of Public Enterprises circular No. W-02/0028/2017-DPE(WC)-GL-XIII/17 Dated 03.08.2017.

	NFL through its various letters to Govt Audit submitted the detailed reasons/ justification for each item of other income in line with classification of item of Income as per Guidance Note on IND AS. In this connection, Guidance Note on Division II- IND AS Schedule III to the Companies Act 2013 of ICAI states as under-: *"Revenue from operation needs to be disclosed separately as revenue from* *(a) Sale of products* *(b) Sale of services and* *(c) Other operating revenues* *It is important to understand what is meant by the term "other operating revenues" and which items should be classified under this head vis-à-vis under the head "Other Income".* *The term "other operating revenue" is not defined. This would include Revenue arising from a company's operating activities i.e. either its principal or ancillary revenue-generating activities, but which is not revenue arising from sale of products or rendering of services. Whether a particular income constitutes "other operating revenue" or "other income" is to be decided based on the facts of each case and detailed understanding of the company's activities.* *The classification of income would also depend on the purpose for which the particular asset is acquired or held."* ***"Other Income*** *The aggregate of Other Income is to be disclosed on face of the Statement of Profit and Loss. As per Note 5 of General Instructions for the Preparation of Statement of Profit and Loss 'Other Income ' shall be classified as:* *a) Interest Income* *b) Dividend Income* *c) Other non-operating income (net of expenses directly attributable to such income)."* Company is of the view that even following the classification of income as per Companies Act 2013,all items of income disclosed under "Other Income" are found to be arising from core business activities of the company, a fact, which has not been appreciated by Govt Audit. The various types of Other Income are Rent, Profit on sale of Property / Plant & Equipment, Sale of Scrap, Miscellaneous Income consisting of Dispatch Money Received, Sale of Energy certificates, Penalty / Liquidated Damages (LD), etc.

	With regard to Interest on Idle cash/bank balances it is submitted that the company is not having any idle cash/bank balances of permanent nature. On the contrary, the company is incurring interest cost on permanent higher working capital borrowings due to delay in receipt of subsidy from GoI, in view of lower budget allocation for subsidy by GOI vis-a-vis subsidy payable. The delay in payment of subsidy leads to higher working capital requirements which have to be funded through short term borrowings resulting into higher interest costs. Due to unpredictability of exact timing of receipt of subsidy from GoI, the company necessarily has to borrow to meet exigencies of operation and simultaneously around the same time, if subsidy is received, such subsidy cannot be used to repay fixed tenure borrowings, therefore such short term surplus funds are kept in term deposits to reduce the overall interest cost of short term borrowings. Similarly, the interest on loans (Housing loans etc.) given to employees at subsidized rates, are out of working capital borrowing of the company. The other interest is mainly in the nature of Interest charged from dealers for delayed payment of sale proceeds, etc. The net finance cost pertaining to working capital after adjustment of Interest of ₹ 3.62 crore on fixed deposits for FY 2017-18 works out to ₹ 178.20 crore. Therefore no Interest Income is arising to company out of idle cash/bank balances. In view of difference arising in understanding and interpretation of DPE circular viz-a-viz provisions contained in the matter under Companies Act 2013, the matter has been referred to DPE for clarification vide letter dated 02.08.2018. Pending review, necessary reversal of provision for PRP has been made in the quarterly accounts for FY 2018-19.

For and on behalf of the
Comptroller and Auditor General of India

(Nandana Munshi)
Director General of Commercial Audit
& Ex-officio Member, Audit Board-II, New Delhi

Place : New Delhi
Dated : 13.07.2018

For and on behalf of the
Board of Directors

(Manoj Mishra)
Chairman and Managing Director

Place : New Delhi
Dated : 03.08.2018

Notes

Hon'ble President giving Bureau of Energy Efficiency's First Prize for the Conservation of Energy in Fertilizer Sector for Panipat Unit to Sh. D.S. Ahuja, Director (Technical)

Hon'ble Prime Minister addressing top officials of the Central Public Sector Enterprises during the CPSEs Conclave Vision 2022

Sh. Manoj Mishra welcoming Smt. Sumitra Mahajan, Hon'ble Speaker, Lok Sabha on the occasion of Inauguration of an Exhibition organized by NFL on New India - We resolve to make

Smt. Sumitra Mahajan lighting the auspicious lamp to inaugurate an exhibition on New India- We resolve to make. Sh. Mukhtar Abbas Naqvi, Hon'ble Minister of Minority Affairs and the then Hon'ble Minister of State for Parliamentary Affairs is also present on the occassion

Regular Plant Visits by Top Management

Significant Events

श्री अनंत कुमार, माननीय रसायन एवं उर्वरक तथा संसदीय कार्य मंत्री, भारत सरकार से राजभाषा (हिन्दी) में उत्कृष्ट कार्य के लिए श्री मनोज मिश्रा, अध्यक्ष एवं प्रबंध निदेशक पुरस्कार प्राप्त करते हुए

Sh. Manoj Mishra, C&MD, NFL exchanging MoU documents with Ms. Bharathi Sivaswami Sihag, Secretary (Fertilizers) after signing MoU for 2018-19

Significant Events

Sh. Ananth Kumar,
Hon'ble Union Minister of Chemicals & Fertilizers and Parliamentary Affairs,
Sh. Manoj Mishra, C&MD, Sh. R. K. Chandiok, Director (Finance) & Sh. D. S. Ahuja, Director (Technical) lighting the lamp on the occasion of 44th Foundation Day

Sh. Manoj Mishra, C&MD welcomed Sh. Ananth Kumar, Hon'ble Union Minister of Chemicals & Fertilizers and Parliamentary Affairs on the occasion of 44th Foundation Day

Sh. Manoj Mishra, C&MD having discussion with Sh. Rao Inderjit Singh,
Hon'ble Minister of State (Independent Charge) for Ministry of Planning and MoS for Chemicals & Fertilizers during FAI Annual Seminar 2017 at New Delhi

Significant Events

(L-R) Smt. Seema Bahuguna, Secretary (DPE), Smt. Bharathi S Sihag, Secretary (Fertilizers), Sh. Manoj Mishra, C&MD, NFL during the brainstorming session on "Vision 2022" organized by Department of Fertilizers, GoI for CPSEs of Fertilizers Sector

(L-R) Sh. Prabhas Kumar, Director, Ms. Alka Tiwari, Joint Secy., Sh. Dharam Pal, Addl. Secy., Ms. Meenakshi Gupta, Addl. Secy. & FA, Sh. Niranjan Lal, Director, DoF participating in the Brainstroming Session on "Vision 2022" organized by Department of Fertilizers, GoI

Board of Directors of the Company during 43rd Annual General Meeting held at New Delhi

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National Fertilizers Limited

(A Government of India Undertaking)

CIN: L74899DL1974GOI007417

Regd. Office : Scope Complex, Core-III, 7 Institutional Area,
Lodhi Road, New Delhi - 1100003

Corporate Office : A-11, Sector-24, NOIDA - 201 301

Website : www.nationalfertilizers.com

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NATIONAL FERTILIZERS LIMITED

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

NOTICE OF 44th ANNUAL GENERAL MEETING

Notice is hereby given that the 44th Annual General Meeting of the Members of National Fertilizers Limited will be held on Thursday, the 27th day of September, 2018 at 2.30 PM at Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi – 110003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended March 31st 2018, 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 Rajiv Kumar Chandiok (DIN 05146544), 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 Smt. Meenakshi Gupta (DIN 07686646), who retires by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.

4. To fix remuneration of Statutory Auditors for the Financial Year 2018-19 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

   "RESOLVED THAT pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Statutory Audit Fee for the financial year 2018-19 be and is hereby fixed at ₹ 25.00 Lakh plus GST and reimbursement of actual TA and out of pocket expenses to the Auditors as per Company Rules."

SPECIAL BUSINESS

5. To ratify the remuneration of the Cost Auditors for the financial year ending March 31st 2019, 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. K.G. Goyal & Associates, M/s. K. L. Jaisingh & Co., M/s. Ravi Sahni & Co., M/s. Musib & Co. 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 31.03.2019 amounting to ₹ 50,000/-, ₹ 25,000/-, ₹ 25,000/-, ₹ 25,000/- respectively and additional fee of ₹ 15,000/- payable to M/s. K. L. Jaisingh & Co. as lead Cost Auditor, as also payment of TA/DA, GST and out of pocket expenses incurred by the Cost Auditors during the course of Cost Audit of the Units, as per the Company Rules, be and is hereby ratified.

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

Registered Office:
Scope Complex, Core-III,
7, Institutional Area,
Lodhi Road, New Delhi 110 003.
Date: 3rd August, 2018

By Order of the Board of Directors
For National Fertilizers Limited

Raj Kumar
Company Secretary
A-11914

NOTES:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts in respect of Special Business (Item No. 5) is annexed hereto. The relevant details as required under Regulations 36 (3) of SEBI (LODR) Regulations, 2015, of the persons seeking appointment / re-appointment as directors under Item no. 2 and 3 are also annexed.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote instead of himself. Such proxy need not be a member of the company. The instrument appointing the proxy should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting. A person can act as a proxy on behalf of members not exceeding fifty members and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Attendance Slip, proxy form and route map of venue of Annual General Meeting are available separately in the notice.
4. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2018 to 27.09.2018 (both days inclusive).
6. Board has not recommend dividend for the financial year 2017-18, considering the capex requirements of the company.
7. 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).
8. Members holding shares in physical form should notify change in their addresses, if any, to the Registrar & Transfer Agent specifying full address in block letters with code of their post offices. Members holding shares in electronic form (demat), should inform the change of address to their depository participant.
9. Members are requested to bring their Client ID and DP ID or Folio Numbers, as may be applicable, for easy identification of attendance at the meeting.
10. Electronic copy of the Notice of the 44th Annual General Meeting together with Annual Report for 2017-18 of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For Members who have not registered their email address, physical copy of the Notice alongwith Annual Report for 2017-18 indicating process and manner of e-voting along with attendance slip and proxy form are being sent in the permitted mode.

    Members may also note that Notice of 44th Annual General Meeting together with Annual Report for 2017-18 are also available on the Company's website www.nationalfertilizers.com for their download. The physical copies of the aforesaid documents are also be available at the Company's Registered Office.
11. 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.
12. **Unpaid/Unclaimed Dividend :**

    The Company has transferred the unpaid or unclaimed dividends declared upto financial year 2009-10, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Company has uploaded the details of unpaid and unclaimed dividend lying with the Company, as on 27.09.2017 (date of previous AGM) on the website of the Company (www.nationalfertilizers.com) as also available on the website of the IEPF Authority and the same can be accessed through the link http:/www.iepf.gov.in.

    Members, who have not so far encashed or not received the dividend, are requested to seek issue of duplicate warrant(s) by writing to the Registrar and Transfer Agents, M/s. MAS Services Limited, immediately. Members are requested to note that no claims shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first become due for payment. Due date for transfer of unclaimed dividend to IEPF for the financial year 2010-11 is 19.10.2018.

    Transfer of shares to IEPF

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

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

14. **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.

15. In accordance with the amendments to Regulation 40 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, to be made effective from 5th 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.

16. Pursuant to Section 143(5) of the Act, the Auditors of a Government Company have been appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of sub-section (1) of Section 142 of the Act, their remuneration has to be fixed by the Company in the meeting or in such manner as the Company in General Meeting may determine. Accordingly, resolution at Agenda Item No. 4 under the head of "Ordinary Business" has been proposed.

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

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

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

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

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

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

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

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

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

25. E-voting in compliance with provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members with facility to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means. The members whose names appear in the Register of Members / List of Beneficial Owners as on 20.09.2018 i.e. the date prior to commencement of Book Closure are entitled to vote on the resolutions set forth in this Notice. The members may cast their vote on electronic voting system from place other than the venue of the meeting (Remote E-voting) as detailed below:-

1.	Date and time of commencement of Remote E-voting	24th September, 2018 (9.00 AM)
2.	Date and time of ending of Remote E-voting	26th September, 2018 (5.00 PM)
3.	The Remote E-voting shall not be allowed beyond the said date and time. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.	
4.	Website details of the Company / Agency, where the Notice of AGM is displayed	www.nationalfertilizers.com www.evoting.nsdl.com
5.	Website for Remote E-voting	https://www.evoting.nsdl.com

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

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

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

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

c. Click on Shareholder-Login.

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

1. Your User ID details are given below :

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

2. Your password details are given below:

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

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

c) How to retrieve your 'initial password'?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

II. In case of Members receiving Physical copy of Notice of 44th Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)

a. Initial password is provided in the box overleaf.

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

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

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

C. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20.09.2018.

D. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 20.09.2018, may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or info@masserv.com.

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

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

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

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

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

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

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

By Order of the Board of Directors
For National Fertilizers Limited

Raj Kumar
Company Secretary
A-11914

Registered Office:
Scope Complex, Core -III,
7, Institutional Area, Lodhi Road, New Delhi 110 003.
Date: 3rd August, 2018

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 31st March, 2019

Pursuant to the recommendation of the Audit Committee, Board of Directors in its meeting held on 06.07.2018 have approved the appointment of Cost Auditors and fixed their remuneration to conduct Audit of records of the Company for the financial year 2018-19 as per the following details:-

Unit	Name of the Firm for Cost Audit	Fees (₹) (Excluding GST)
Vijaipur-I&II	M/s. K.G. Goyal & Associates	50000/-
Nangal	M/s. K. L. Jaisingh & Co.	25000/-
Bathinda	M/s. Ravi Sahni & Co.	25000/-
Panipat	M/s. Musib & Co.	25000/-
Consolidation of Cost Audit reports of all Units	M/s. K. L. Jaisingh & Co.	15000/-

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 2018-19.

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

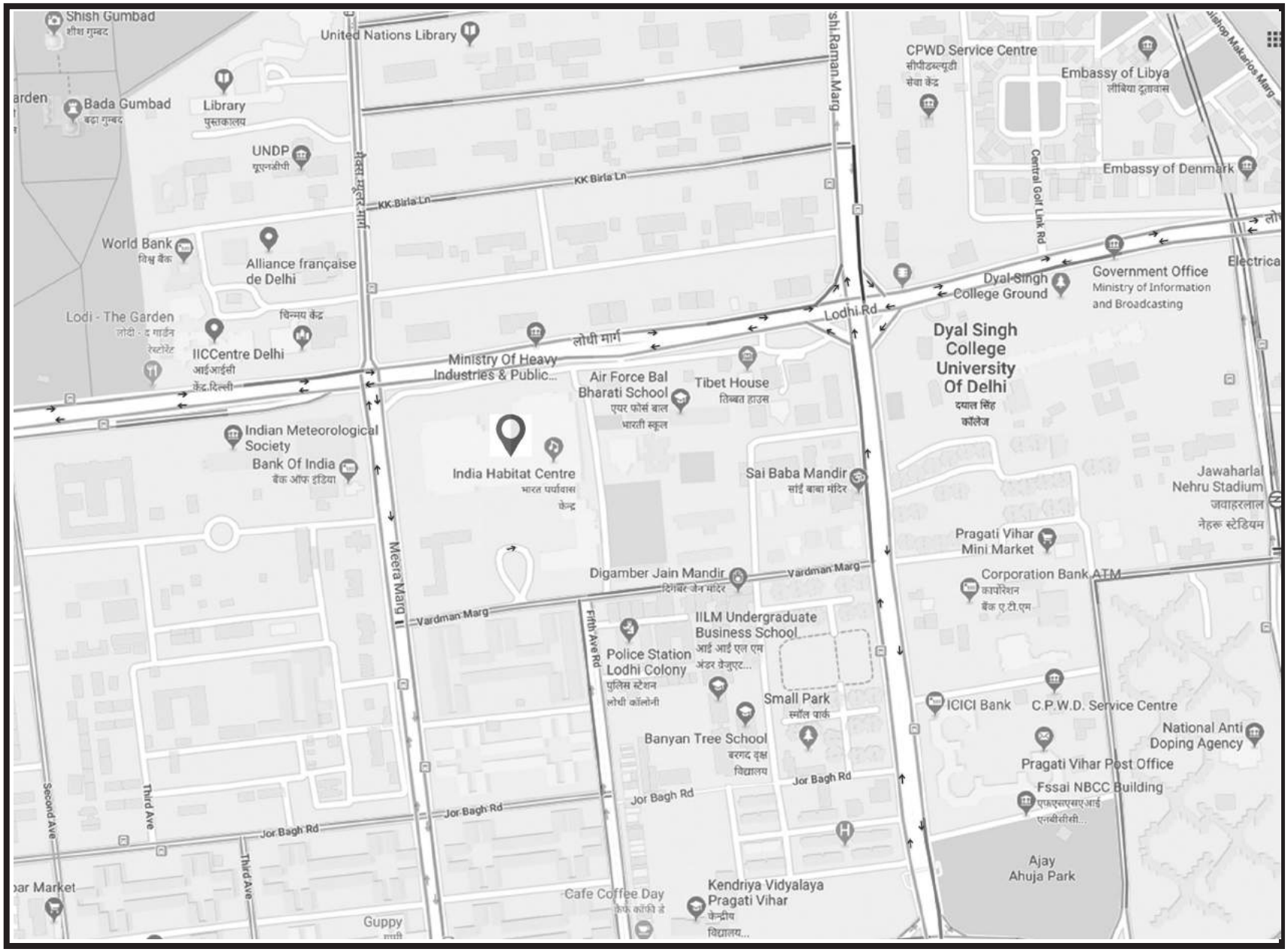
Raj Kumar
Company Secretary
A-11914

Registered Office:
Scope Complex, Core-III,
7, Institutional Area, Lodhi Road, New Delhi-110 003.
Date: 3rd August, 2018

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Name	Shri Rajiv Kumar Chandiok (DIN: 05146544)	Smt. Meenakshi Gupta (DIN: 07686646)
Date of Birth & Age	02.06.1959, (59 years)	27.11.1960, (57 years)
Date of Appointment	10.02.2015	11.01.2017
Qualification	A Chartered Accountant by profession	M.A. (Economics) and M.Sc. (Development Studies)
Terms & Conditions of appointment	Appointed as a Director (Finance) by President of India through DoF, Ministry of Chemicals & Fertilizers.	Appointed as Part-time Official Director by President of India through Ministry of Chemicals & Fertilizers.
Expertise in specific functional area	Shri Chandiok embodies an extensive experience spanning over 22 years in the Power Sector. Prior to PFC, he also worked with National Hydro Electric Power Corporation Limited (NHPC). During his stint at PFC, Shri Chandiok gained experience in multiple departments like Project Appraisal, Fund Raising, Marketing, Business Development and finally handled complete profile of Finance Division. He remained instrumental in drafting innovative schemes in PFC like funding of private sector in generation business. He also successfully handled maiden Initial Public Offer (IPO) of PFC, which gave him complete insight into the risk and returns of the business. The expertise of Shri Chandiok in Project Appraisal Techniques is well recognized not only in industry but also by the management and professional organization like PMI, ASCI, IIFT, CII, FICCI. He has attended various professional programmes in India and abroad particularly on Project Financing & Risk Analyses and Leadership. Shri Chandiok is also Director on the Board of Ramagundam Fertilizers and Chemicals Limited. He has also been entrusted with additional charge of the post of Director (Mktg.) w.e.f. 24.07.2018.	Smt Gupta is MA (Economics) from Delhi School of Economics and also holds Master of Science (Development Studies) from University of Bath, UK. She is also a Certified Fraud Examiner and Certified Internal Auditor. Smt Gupta joined Indian Audit & Accounts Service in 1984 and has served in various offices in North East, UP and Delhi. She was Assistant CAG and Director General in the Office of CAG of India. She also has trained officers in Bhutan and Indonesia and audited United Nations and various Indian Embassies abroad.
Number of Meetings of the Board held during the year and number of Board Meetings attended	8/8	6/8
Relationship with any other Director, Manager and other KMP of the Company	-	-
Directorship held in other Companies	Ramagundam Fertilizers and Chemicals Limited	Madras Fertilizers Limited Hindustan Organic Chemicals Limited Indian Potash Limited
Memberships/Chairmanship of Committees in other Companies	-	-
No. of Shares Held	1000	-

Route Map - Venue of 44th Annual General Meeting



NATIONAL FERTILIZERS LIMITED

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

PROXY FORM

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

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

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

(1) Name:_____ Address: _____

E-Mail Id:_____ Signature: _____, or falling him/her;

(2) Name:_____ Address: _____

E-Mail Id: _____ Signature: _____, or falling him/her;

(3) Name:_____ Address: _____

E-Mail Id:_____ Signature: _____

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 44th Annual General Meeting of the Company to be held on **Thursday, 27th September, 2018 at 02.30 PM** at Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi – 110003 and at any adjournment thereof in respect of such resolutions as are indicated below:-

Resolution No.	Description	**For	**Against
Ordinary Business			
1.	To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended March, 31st 2018, 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 Shri Rajiv Kumar Chandiok (**DIN 05146544**), as Director (Finance).		
3.	To appoint Smt. Meenakshi Gupta (**DIN 07686646**), as Director.		
4.	To fix remuneration of Statutory Auditors for the Financial Year 2018-19.		
Special Business			
5.	To ratify the remuneration of the Cost Auditors for the financial year ending March, 31st 2019.		

Signed this _____day of _____ 2018.

Signature of the Shareholder

_____ _____ _____

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

Affix Revenue Stamp

Cut the Revenue Stamp

Note : Please read instructions given overleaf carefully.

*Instruction for Shareholders.

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. A Proxy need not be a member of the Company.
3. For Resolutions, Statement pursuant to Section 102 of the Companies Act, 2013 and Notes, please refer to the Notice of 44th Annual General Meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. ****This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.**
6. This form of proxy shall be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.
7. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
8. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
9. If Company receives multiple proxies for the same holdings of a member, the proxy which is dated last will be considered valid; if they are not dated or bear the same date without specific mention of time, all such multiple proxies will be treated as invalid.

Notes

Notes

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E-COMMUNICATION REGISTRATION FORM

Folio No. (FOR PHYSICAL SHARES) : _____

Name of 1st Registered Holder : _____

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

Registered Address : _____

E-mail ID (to be registered) : _____

Phone No./Mobile No. : _____

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

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

(as appearing in the Company's records)

Date:_____

Notes:

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

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ATTENDANCE SLIP

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

I/We hereby record my/our presence at the 44th Annual General Meeting of the Company held on Thursday, 27th September, 2018 at 02.30 PM at Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi – 110003.

Name of Shareholders(s)_____

Name of Proxy(s)_____

Address _____

_____

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

Signature of Member(s)/Proxy

Note:

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

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