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

एन एफ एल
NFL

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

No. NFL/SEC/SE/61 **Dated: 18.12.2020**

Dy. General Manager (Corp. Relations) **BSE Limited,** **Floor 25, Phiroze-Jeejeebhoy Towers,** **Dalal Street,** **Mumbai – 400001.**	**Asstt. Vice President (Listing),** **National Stock Exchange Limited,** **Registered Office (Exchange Plaza),** **C-1, Block-G, Bandra Kurla Complex,** **Bandra (E), Mumbai – 400051.**
BSE Scrip Code: 523630	**NSE Symbol: NFL**

Sub: Revised Annual Report for the financial year 2019-20 as adopted by the members in their 46th Annual General Meeting of the Company

Dear Sir,

Please refer our earlier communication dated 20.11.2020 and 11.12.2020 wherein we had given Annual Report for F.Y. 2019-20 and Addendum to 46th Annual Report – Comments of Comptroller & Auditor General of India (C&AG) respectively.

In this regard, please find enclosed the revised Annual Report for the financial year 2019-20 incorporating Addendum to Annual Report, in terms of Regulation 34(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records.

Thanking you,

Yours faithfully,
For National Fertilizers Limited

18/12/2020

(Ashok Jha)
Company Secretary

Encl: As above.

एन एफ एल
NFL

46th ANNUAL REPORT 2019-2020

नेशनल फर्टिलाइज़र्स लिमिटेड
National Fertilizers Limited

VISION

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

MISSION

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

CONTENTS

Management Team 2
Board of Directors 3
Chairman's Message 4
Performance at a Glance 6
Board's Report 8
Management Discussion and Analysis Report 31
Business Responsibility Report 46
Corporate Governance Report 54
Certificate of Secretarial Auditor on Corporate Governance & Management's Explanation to Secretarial Auditor's Observations 84
Annual Report on Corporate Social Responsibility Activites 89
Particulars with respect to Conservation of Energy (Form A) 94
Particulars with Respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo (Form B) 95
Report on Safety, Environment and Sustainable Development 97
Particulars of Loans, Guarantees, Security and Acquisition under Section 186 of the Companies Act, 2013 (Form MBP-2) 99
Joint Venture/ Associate Companies (Form AOC-1) 100
Related Party Disclosures (Form AOC-2) 102
Report on Procurement from Micro and Small Enterprises (MSEs) during 2019-20 103
Initiatives taken for development of employees belonging to Scheduled Caste/Scheduled Tribes/Other Backward Classes (SC/ST/ OBC categories) 105
Secretarial Audit Report & Management's Explanation to Secretarial Auditor's observations 107
Secretarial Compliance Report 114
Certificate of Non-Disqualification of Director 119
Director's Profile 120
Independent Auditors Report (Standalone) 123
Balance Sheet (Standalone) 138
Statement of Profit & Loss (Standalone) 139
Cash Flow Statement (Standalone) 140
Statement of Changes in Equity (Standalone) 141
Company Overview and Significant Accounting Policies (Standalone) 142
Notes to Financial Statements (Standalone) 152
Independent Auditors Report (Consolidated) 197
Balance Sheet (Consolidated) 206
Statement of Profit & Loss (Consolidated) 207
Cash Flow Statement (Consolidated) 208
Statement of Changes in Equity (Consolidated) 209
Company Overview and Significant Accounting Policies (Consolidated) 210
Notes to Financial Statements (Consolidated) 220

Management Team

BOARD LEVEL

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

Sh. Yash Paul Bhola
Director (Finance) & CFO

Sh. Nirlep Singh Rai
Director (Technical)

CORPORATE OFFICE

Vigilance	Sh. Lalit M. Pandey, IRSME	Chief Vigilance Officer
Finance & Accounts, CO	Sh. N. S. Verma	Executive Director
Law, IA, CS & MS	Sh. R. K. Gogia	Executive Director
Corporate Affairs	Sh. Sohan Lal	Executive Director
Materials & Imports	Sh. J. P. Sachdeva	Executive Director
Finance & Accounts, CMO	Sh. Ashutosh Arora	Chief General Manager
Technical & Projects	Sh. S. K. Shukla	Chief General Manager
Human Resource & Administration	Sh. Dinesh Sood	Chief General Manager
Management Services	Sh. A. K. Agarwal	Chief General Manager
Marketing	Sh. Anil Motsara	Chief General Manager
Human Resource, CMO	Sh. S. C. Upadhyay	Chief General Manager
Human Resource	Ms. Jaya Dixit	General Manager
Finance & Accounts	Sh. J. Ramesh	General Manager
Marketing	Sh. Dhir Singh	General Manager
Projects	Sh. J. Chopra	General Manager
Information Technology	Sh. H. K. Varshney	Dy. General Manager (I/c)

UNITS HEADS

Sh. A. K. Jain
Executive Director
Bathinda Unit

Sh. H. R. Gupta
DGM (O&M)

Sh. J. S. Singh
Chief General Manager
Vijaipur Unit

Sh. Rajan Kanwar
GM (O&M)

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

Sh. S. K. Srivastava
GM (O&M)

Sh. Ratnakar Mishra
General Manager (I/c)
Panipat Unit

Sh. Vijay Kant Goyal
GM (O&M)

Ashok Jha
Company Secretary
A-14100

Auditors

Mehra Goel & Company
Chartered Accountants, New Delhi

S. Mann and Company
Chartered Accountants, New Delhi

Registrar and Transfer Agents

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

Board of Directors

Seated : (L-R)

Sh. Dharam Pal, Additional Secretary, Department of Fertilizers

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

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

Standing : (L-R)

Sh. Yash Paul Bhola, Director (Finance)

Sh. Nirlep Singh Rai, Director (Technical)

Sh. Pandya Ashwinkumar Balvantray
Non-official Independent Director

Sh. Anil Verma
Independent Director
upto 01.02.2020

Sh. Ramesh Kr. Agarwal
Independent Director
upto 01.02.2020

Sh. Devinder Singh Ahuja
Director (Technical)
upto 31.03.2020

Smt. Kalpana Saini
Independent Director
upto 24.04.2020

Sh. Manoj Mishra
Chairman & Managing Director
upto 02.06.2020

CHAIRMAN'S MESSAGE

Dear Shareholders,

The year 2019-20 had been a difficult year for the Global as well as Indian economy which was further impacted due to CoVID-19 pandemic disrupting entire supply and demand sides.

However, against this challenging backdrop, Agriculture is one sector in Indian economy which has largely been unaffected because of many factors primarily attributed to normal monsoon, preemptive actions undertaken by the Government to enable hassle free harvesting of Rabi crops, sowing of Kharif crops and uninterrupted supply chain for movement & sale of farm harvests and uninterrupted availability of farm inputs such as Seeds, Fertilizers, and Agro Chemicals etc.

I am pleased to share with you that during 2019-20, your Company has registered ever best sale of fertilizers to the tune of 57.04 LMT, comprising of 36.08 LMT of own Urea, 11.85 LMT of imported Urea and 9.11 LMT of non-Urea Fertilizers. Your Company has achieved higher sale by 16.51% as compared to previous year. Your Company's sale of fertilizers had been more than sale of all the fertilizer PSUs put together for the 2nd consecutive year. The major thrust of the company in overall sale was due to significant increase in import business and non-Urea business.

Your Company has achieved total turnover of ₹13,135.36 crore (increase of 6% over previous year). The sales turnover was higher over previous year mainly due to increase in sale of Imported (Non-Urea) Fertilizers by 2.69 LMT, increase in sale of Imported Urea by 8.15 LMT, increase in trading of domestic SSP Fertilizers, however it was partially offset by lower sale of own manufactured Urea by 2.90 LMT, decrease in Import Party Price and decrease in Gas prices.

Your Company is continuously augmenting its business of producing and trading certified seeds under its flagship Seeds Multiplication Program. In 2019-20, the Company has achieved the ever best production & sale of certified seeds to the tune of 1.38 Lakh Quintals.

Owing to highly regulated and low margin Urea sector, your company is consistently working on shifting its strategy. As a result, the composition of gross sale of the Company has undergone visible change over the years. This year, contribution of non-Urea business has increased to 31% as compared to 22% achieved last year. I am happy to share with you that as a long term strategy, your Company has been moving steadily to diversify its product line in order to increase margins. 'With this objective', your Company has added more products during the year i.e. Water Soluble Fertilizers, Calcium Nitrate & Single Super Phosphate (SSP) in its product basket.

During 2019-20, though your company has achieved record fertilizers sale, operating profit of the company of ₹80 crore has been on the lower side as compared to ₹408 crore in previous year mainly due to part mopping of energy norms with 5% penalty, lower production & higher energy consumption at Vijaipur due to reactor problem, increase in finance charges and employee remuneration. Further, due to retrospective withdrawal of the provision of minimum fixed cost by the government w.e.f. 02.04.2014 under NUP-2015, your company has to reverse the fixed cost subsidy income of ₹388.85 crore which has led to a loss before tax of ₹252.71 crore as compared to Profit before Tax of ₹463.37 crore of previous year.

As you know, your Company had maintained the momentum of the operations during lockdown triggered by CoVID-19 in close liaison with different government agencies despite disruption in supply chain. All the plants of the Company were kept operating with minimum required staff by following social distancing norm and other safety protocols during this lockdown period.

The progress of the ongoing energy reduction projects of installation of Gas Turbine Generators along with Heat Recovery Steam Generation Units at Panipat, Bathinda & Nangal, Energy Reduction Scheme at Vijaipur-I&II also remain adversely affected due to outbreak of CoVID-19 pandemic. The projects at Nangal, Panipat and Bathinda Units are now expected to be completed in December 2020 while energy reduction schemes at Vijaipur Units are now expected to be completed by June 2021. Your Company has also taken up the matter with the Government of India to provide suitable dispensation for the investment being made by the Company on these energy saving schemes.

Owing to CoVID-19 pandemic, the commercial operation schedule of Ramagundam Joint Venture Urea project of

your Company has also been affected due to delay in arrival of material, shortage of labour at site and delay in arrival of commissioning experts at site. The commercial production from RFCL project is now expected to be commenced shortly.

After commissioning of the project, NFL would be leveraging its existing marketing network to sell 100% Urea to be produced by this JV Company as per Marketing arrangement agreed with RFCL. NFL has geared up its marketing teams and network in southern states for marketing of RFCL urea. NFL is also extending Manpower Management Consultancy to the Ramagundam Plant which includes recruitment & training of RFCL employees.

In order to integrate and to bring transparency in various business processes, your Company is in the process of implementing ERP based integrated Software solution which is scheduled to be implemented across the company by July 2021.

Your Company is expanding its Seed business vertical. The Company has already commissioned its two Seeds Processing Units (SPUs) at Bathinda and Panipat during February, 2020 and August, 2020 respectively while the third SPU is coming up at Indore in Madhya Pradesh. The Company would be processing seeds to be grown & harvested under its flagship Seed Multiplication Program which was otherwise being processed through outsourcing to third party. The total seeds processing capacity of the Company after commissioning of all the 3 plants would be 1.20 Lakh quintals per annum.

I am pleased to inform that your company has also obtained NABL accreditation for its laboratory at Panipat Unit which will help the company to improve its testing standards and making the laboratory self-sustaining.

In order to promote appropriate use of fertilizers and to benefit farmers, your Company has strengthened its Soil Testing facility. The Company has recently launched five new Mobile Soil Testing Labs for testing the soil samples for Macro & Micro Nutrients at the doorstep of farmers free of cost. Other than the Mobile Soil Testing Labs, the Company is also serving farming community through six Static Soil Testing Labs located in different parts of country. All these Labs tested around 25000 soil samples free of cost in the year 2019-20.

Your Company is implementing various development activities under its Corporate Social Responsibility (CSR). During the year 2019-20, the focus of activities was on Health, School Education and Nutrition. The Company incurred an expenditure of ₹ 574.56 Lakh during the year.

The Company continued taking up wide range of welfare activities in different areas like Sanitation, Solar lights & Solar Panels, Environment etc. The Company also supported Government of India and State Government in Disaster Management by contributing and taking different initiatives in the relief work for CoVID-19 pandemic, Punjab Floods, Cyclone "Fani" and flood affected Assam. Your Company contributed ₹1.56 Crore towards PMCARES Fund to support Government efforts to combat CoVID-19 pandemic. This included contribution of one day's salary by NFL employees towards PMCARES Fund amounting to ₹92.00 Lakh and contribution of ₹64.00 Lakh from CSR funds. In addition to this, during the year, your company contributed an amount of ₹1.5 Crore for flood affected people of Assam. NFL's contribution included one day's salary of employees alongwith a sizeable contribution by the company.

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

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

I also take this opportunity to sincerely thank and laud my colleagues on the Board of Directors for their valuable guidance and support in running the affairs of the Company. I also wish to express my thanks to the Department of Fertilizers (Ministry of Chemicals and Fertilizers), Fertilizer Industry Coordination Committee (FICC), Railways, other Ministries and Departments of the Government of India and the various State Governments for their valuable guidance and look forward to their continued support.

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

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

With best regards,
Yours sincerely,

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

Performance at a Glance

Financial Highlights

Particulars	As per IND AS									
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Re-Assessed Capacity (RAC) (Lakh MT)	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31
Installed Capacity (Lakh MT)	35.68	35.68	35.68	35.68	35.68	35.68	35.68	34.92	32.31	32.31
Production (Urea) (Lakh MT)	37.27	38.59	38.10	38.10	37.99	36.39	36.36	32.11	34.01	33.80
Capacity Utilisation (Urea) (%) of RAC	115.4	119.4	117.9	117.9	117.6	112.6	112.5	99.4	105.3	104.6
Sales (Urea) (Lakh MT)	36.08	38.98	39.16	37.58	36.41	36.79	36.87	31.62	33.89	33.59
Bentonite Sulphur (MT)	7974	6746	254	-	-	-	-	-	-	-
Bentonite Sulphur (MT)	714	632	496	545	530	-	-	-	-	-
Sales (Traded Goods)										
Di - Ammonium Phosphate (MT)	685037	503858	327753	213871	50747	-	-	-	-	-
Bentonite Sulphur (MT)	-	-	63	3356	1481	866	1931	381	436	1481
Zinc Sulphate (MT)	-	-	-	-	-	-	249	-	-	-
Compost (MT)	25016	21315	11695	2660	-	-	-	9594	1144	646
Muriate of Potash (MOP) (MT)	74069	-	27463	-	-	-	-	-	-	-
Ammonium Phosphate Sulphate (APS) (MT)	38698	25802	26435	-	-	-	-	-	-	-
Urea (Imported) (MT)	1184952	370447	-	-	-	-	-	-	-	-
NPK 12:32:16 (MT)	50153	68380	-	-	-	-	-	-	-	-
NPK 10:26:26 (MT)	18735	-	-	-	-	-	-	-	-	-
Water Soluable (NPK 19:19:19) (MT)	237	-	-	-	-	-	-	-	-	-
Calcium Nitrate 100% Water Soluble Fertilizer	216	-	-	-	-	-	-	-	-	-
SSP Plain Powder (MT)	9767	-	-	-	-	-	-	-	-	-
Agro Chemicals (KG/Ltrs)	288214	640533	369533	25350						
Seeds (Quintal)	138009	70786	53290	43754	60912	44062	76706	112493	109837	55014

(₹in Crores)

Sales - **Finished Goods (including Urea, IP & Bio Fertilizers) (a)**	2106	2238	2271	2218	2129	2044	1936	1670	1919	1841
Sales - **Traded Goods (b)**	2565	1680	723	467	235	15	33	30	23	32
Subsidy (c)	8111	8296	5934	4958	5430	6461	6048	5020	5363	3918
TURNOVER (Net) (incl. Subsidy) (d=a+b+c)	**12782**	**12214**	**8928**	**7643**	**7794**	**8520**	**8017**	**6720**	**7305**	**5791**
Other Operating Service/Revenue	353	215	26	-	-	-	-	-	-	-
Revenue from operations	**13135**	**12429**	**8954**	**7643**	**7794**	**8520**	**8017**	**6720**	**7305**	**5791**
Other Income (e)	**57**	**52**	**62**	**45**	**47**	**37**	**38**	**37**	**37**	**44**
Total Expenses (f)	**12276**	**11416**	**8418**	**7088**	**7237**	**8138**	**7883**	**6740**	**7000**	**5533**
Earnings before depreciation, interest and tax (EBIDTA) (g=d+e-f)	916	1065	598	600	604	419	172	17	342	302
Interest and Finance Charges (h)	406	317	190	190	228	301	204	130	67	9
Depreciation (i)	374	285	73	85	87	73	129	118	91	89
Exceptional Items	389									
Profit/(Loss) before Tax (j=g-h-i)	**-253**	**463**	**335**	**325**	**289**	**45**	**-161**	**-231**	**184**	**204**
Tax Expenses (k)	-82	165	122	117	90	19	-71	-60	57	65
Profit/(Loss) after Tax (l=j-k)	-171	298	213	208	199	26	-90	-171	127	139
Other Comprehensive Income (m)	**(25)**	**(2)**	**(2)**	**(1)**	**(7)**	**-**	**-**	**-**	**-**	**-**
Total Comprehensive Income (Net of tax) (l+m)	**-196**	**296**	**211**	**207**	**192**	**-**	**-**	**-**	**-**	**-**
Gross Block	**5220**	**5545**	**7667**	**7376**	**7287**	**7227**	**7182**	**5717**	**2958**	**2930**
Net Fixed Assets	3726	3993	4080	4059	4259	4487	4682	3501	550	599
Current Assets, Loans and Advances	9813	9493	5246	5779	6810	7241	6743	4285	3206	2244
Current Liabilities and Provisions	9281	8349	4265	4355	5323	5888	6041	1430	1600	998
Working Capital	532	1144	981	1424	1487	1353	702	2855	1606	1246
Long Term Borrowings	769	341	171	981	1828	2643	3518	3912	1601	191
Short Term Borrowings	7334	6122	2890	3154	4296	5002	4040	1703	1384	422
Net Worth (Paid up Capital+ Reserve & Surplus)	1921	2219	1987	1827	1691	1509	1494	1584	1754	1672
Capital Employed	1662	2151	1872	1872	2616	3424	4039	4923	4123	702

Key Indicators

Particulars	As per IND AS									
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
EBITDA/ Turnover (%)	7.17	8.72	6.70	7.85	7.75	4.91	2.15	0.25	4.68	5.21
Receivable (in days)	215	210	160	204	225	215	211	171	121	101
Inventory (in days) - Finished Goods	27	40	0	17	15	3	7	12	6	4
Return on Net Worth (%)	-	13.45	10.71	11.40	11.77	1.77	-	-	7.24	8.31
Return on Capital Employed (%)	-	13.87	11.38	7.95	5.81	0.64	-	-	18.10	10.39
Earning per Share of ₹10 (₹)	-	6.08	4.34	4.24	4.05	0.53	-	-	2.58	2.82
Debt/Equity Ratio (Long Term+Short Term)	4.22 : 1	2.91 : 1	1.54 : 1	#2.26 : 1	#3.62 : 1	#5.07 : 1	#5.06 : 1	#3.55 : 1	1.70 : 1	0.37 : 1
Current Ratio	1.06 :1	1.14 :1	1.26 :1	1.33 :1	1.28 :1	1.27 :1	1.12 :1	3.00 :1	2.00 :1	2.25 :1
Value Added per Employee (₹In Lakhs)	73	72	61	70	55	39	32	24	26	23
Dividend (₹In Crores)	46.60	91.24	-	41.70	59.36	8.34	-	-	38.27	41.70
Dividend as % of Net Worth	2.43	4.11	-	2.28	3.51	0.56	-	-	2.18	2.49
Dividend as % of Profit after tax (PAT)	-	30.57	-	20.11	30.87	31.78	-	-	30.20	30.11
Profit (PAT) per employees (₹In Lakhs)	-	8.95	6.20	5.92	5.35	0.69	(2.21)	(3.99)	2.81	2.96
Interest Coverage Ratio (No. of Times)	2.26	3.36	3.15	3.16	2.65	1.39	0.84	0.13	5.10	33.56
Debt Service Coverage Ratio (No. of Times)	1.95	2.84	2.35	2.06	2.13	0.94	0.66	0.62	4.72	36.40
Book Value per share (₹)	39.16	45.23	40.51	37.23	34.46	30.19	30.45	32.28	35.76	34.09
Price Earning Ratio**	-	5.81	12.43	18.08	6.99	67.97	-	-	30.27	40.86
Employees (Nos.) at the end of Financial Year	3339	3333	3430	3517	3595	3798	4068	4291	4515	4699

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

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

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

Board's Report

To,

Dear Members,

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 46th 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 2019-20 and the Auditors' Reports and Comments of Comptroller & Auditor General of India (C&AG).

During the year, the loss before Tax was ₹252.71 crore as against Profit before tax of ₹463.37 crore achieved during CPLY. The decrease in profit is mainly due to increase in energy consumption, reduction in energy norms (5% penalty), for the FY 2019-20 (2% in FY 2018-19) pursuant to DoF notification dated 28.03.2018, decrease in contribution due to lower production of Urea (by 1.32 LMT) and lower sale of Urea (by 2.90 LMT), decrease in contribution from industrial product, increase in finance charge, increase in employee remuneration and increase in repair & maintenance expenses etc. In addition, Company has reversed fixed cost subsidy income of ₹388.85 crore (shown as exceptional item) due to deletion of para 3.2 of MNPS III policy regarding minimum fixed cost retrospectively w.e.f. 02.04.2014 (DoF letter dated 30.03.2020). Energy consumption per MT of Urea at all Units was within revised energy norms for FY 2019-20 fixed by GOI under New Urea Policy 2015 except for Vijaipur-I & Vijaipur-II units.

The energy consumption per MT of Urea at NFL plants during 2019-20 was as follows:

(Gcal/MT/Urea)

Units	Revised Energy Norms for 2019-20	Actual Energy	
		2019-20	2018-19
Nangal	7.065	6.722	6.728
Panipat	7.558	6.956	6.700
Bathinda	7.430	6.864	7.719
Vijaipur-I	5.884	5.950	5.885
Vijaipur-II	5.500	5.527	5.438

Financial Highlights

Your Company's key financial parameters during the year 2019-20 and important financial highlights are as under: -

(₹in crore)

Sr. No.	Particulars	2019-20	2018-19
01.	Sale of Urea quantity in (LMT)	36.08	38.98
02.	Sale quantity of other Fertilizers (LMT)	20.96	9.97
03.	Sale of Urea	1911.85	2024.83
04.	Subsidy on Urea	6898.51	7496.73
05.	Total Sales of Urea (3+4)	**8810.36**	**9521.56**
06.	Sale of other products including subsidy	3971.35	2692.47
07.	Sales Turnover (5+6)	**12781.71**	**12214.03**
08.	Sale of Services	4.70	10.28
09.	Other Operating Revenue	348.95	204.82
10.	Revenue from operations (7+8+9)	**13135.36**	**12429.13**
11.	Other Income	56.50	51.52
12.	Total Revenue (10+11)	**13191.86**	**12480.65**
13.	Total Expenses	12275.82	11415.89
14.	Earnings Before Interest, Depreciation and Taxes (EBIDTA)[12-13]	**916.04**	**1064.76**
15.	Interest	405.47	316.36

Sr. No.	Particulars	2019-20	2018-19
16.	Depreciation	374.43	285.03
17.	Profit Before Exceptional Item and Tax (14-15-16)	**136.14**	**463.37**
18.	Exceptional Item	**388.85**	**-**
19.	Profit Before Tax (PBT) (17-18)	**(252.71)**	**463.37**
20.	Provision for tax	(81.70)	164.92
21.	Profit After Tax (PAT) (19-20)	**(171.01)**	**298.45**
22.	Other Comprehensive Income (Net of Tax)	(25.30)	(2.37)
23.	Total Comprehensive Income (21+22)	**(196.31)**	**296.08**

RESERVES

Capital Reserves

The balance as at 31.03.2020 amounted to ₹2.51 crore, which is at the same level as was in the previous year.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) fund stood at ₹9.64 crore as on 31.03.2020 as compared to ₹7.89 crore on 31.03.2019.The reasons for the same are detailed in Report on CSR is appended as **Annexure- 5** forms part of this report.

General Reserves

No amount was transferred during the year to General Reserve from the surplus. The General Reserve as on 31.03.2020 stood at ₹332.89 crore at same level as was on 31.03.2019.

Surplus

The balance retained in the surplus as at 31.03.2020 is ₹1094.96 crore as compared to ₹1393.04 crore during the previous year.

Dividend

The Board of Directors, in its meeting held on 09.03.2020, had declared an interim dividend @ 9.50 % (₹0.95/- per share) on the paid-up equity share capital of the Company to its shareholders as on record date 20.03.2020. The interim dividend was paid to the shareholders within 30 days from the date of declaration.

Major events during the year

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

FY 2019-20 has witnessed the best ever achievement in overall sale of Fertilizers due to significant increase in import business of the Company during the year. Your Company has achieved ever best sale of fertilizers to the tune of 57.04 LMT comprising of 36.08 LMT of own Urea, 11.85 LMT of imported Urea and 9.11 LMT of non-Urea Fertilizers against CPLY of 48.96 LMT that comprised of 38.98 LMT of own Urea, 3.71 LMT of imported Urea and 6.27 LMT of non-Urea Fertilizers thus exhibiting higher sale by 16.51% as compared to previous year. Your Company's sale of fertilizers was more than sale of all the fertilizer PSUs put together during the year. Contribution of Non-Urea business to the top line of the Company increased to over 31% during the year as compared to 22% of the CPLY.

Your Company has achieved the ever best sales of certified seeds to the tune of 1.38 Lakh Quintals since start of its flagship Seeds Multiplication Program in 2015. The sale of Bio-Fertilizers & City Compost of 714 MT & 25016 MT respectively achieved during the year was also the ever best.

On the new investment front, your Company has commissioned its first Seeds Processing Unit (SPU) at Bathinda during February, 2020 and Second SPU at Panipat in August, 2020 while work on another SPU i.e. at Indore is under way and likely to be commissioned by end of 2020-21. Your Company is also in the process of implementing energy saving schemes at its plants to meet the new energy norms under NUP-2015 and all out efforts are being made to contain the delay caused by disruptions arising out of countrywide lockdown due to spread of CoVID-19.

Your Company has also added some more products such as Water Soluble Fertilizers, Calcium Nitrate & Single Super Phosphate (SSP) in its basket during the year.

Further, in order to integrate different business processes to bring in more efficiency and visibility, your Company has already engaged a System Integrator to implement the ERP system which is likely to be rolled out across the Company within one year period.

Material changes and commitments

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

Details of revision of Financial Statements or Board's Report

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

General Information

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

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

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

b) Brief description of business segments and geographic segments;

Business Segment

In the light of present diversified business activities vis-à-vis IND AS 108 on Segment Reporting following operating segments have been considered for Segment Reporting for the Annual Accounts for the FY 2019-20:

i) Own Fertilizers (Urea, Bio Fertilizers and Bentonite Fertilizers).

ii) Fertilizers Trading (Indigenous and Imported).

iii) Other Products & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme etc.).

c) External environment and economic outlook;

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

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

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

Capital Structure

Preference and Equity Shares

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

Equity Shares with Differential Rights

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

Employees Stock Option

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

Shares to Trustees for benefit of employees

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

Other securities which carries right of conversion into equity shares

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

Details of Deposits

The Company has not accepted any deposits during the year.

Credit Rating

During FY 2019-20, the credit rating of the Company was maintained with two credit rating agencies as under:

Rated Amount (₹in crore)

Instruments	ICRA				INDIA RATINGS			
	Credit Ratings	Limits	Credit Ratings	Limits	Credit Ratings	Limits	Credit Ratings	Limits
	2018-19		2019-20		2018-19		2019-20	
Long Term Fund Based Working Capital Faclities								
Cash Credit	[ICRA] AA(Stable)	5000	[ICRA] AA-(Stable)	5000	IND AA/Stable	6000	IND AA/Negative	6000
Term Loan	[ICRA] AA(Stable)	207	[ICRA] AA-(Stable)	1044	-	-	-	-
ECB	[ICRA] AA(Stable)	156	[ICRA] AA-(Stable)	123.75	IND AA/Stable	156	IND AA/Negative	156
Short Term Fund Based Working Capital Faclities								
Commercial Papers	[ICRA] A1+	6000	[ICRA] A1+	7000	[IND] A1+	6000	[IND] A1+	6000
Short Term Non Fund Based Working Capital Faclities								
LC/BG	[ICRA] A1+	3000	[ICRA] A1+	3000	[IND] A1+	2000	[IND] A1+	2000

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

Buy-Back of Securities

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

Sweat Equity

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

Disinvestment of GOI Equity

There was no disinvestment of GOI shareholding during the FY 2019-20.

Statement of deviation(s) or variation(s)

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

Foreign Exchange Earnings/Outgo

The Foreign Exchange earned in terms of actual inflows during the year were ₹3.51 crore and the Foreign Exchange outgo during the year in terms of actual outflow amounted to ₹2237.80 crore.

Borrowings

Long Term Loans

To meet the funding requirement for energy saving and capex schemes, Company has entered into a Rupee Term Loan Agreement with SBI on 24.12.2018 for ₹1044 crore. Long term borrowings as on 31.03.2020 were ₹768.84 crore which included outstanding against Rupee Term Loan of ₹701.25 crore and external commercial borrowings (ECBs) of ₹67.59 crore.

Short Term Loans

Short Term borrowings of ₹7333.77crore (previous year ₹6122.11 crore) were outstanding as on 31.03.2020.

Debt Equity Ratio

Debt equity ratio as on 31.03.2020 has increased to 4.22:1 as compared to 2.91:1 of previous year due to increase in borrowings.

Revenue

The Company has achieved Revenue from Operations of ₹13135.36 crore during 2019-20 as against ₹12429.13 crore during previous year and total income of ₹13191.86 crore during 2019-20 as against ₹12480.65 crore during previous year as detailed below:

(₹in crore)

Particulars	2019-20	2018-19	Change
Sale of products (including subsidy)	12781.71	12214.03	567.68
Sale of services	4.70	10.28	(5.58)
Other Operating revenue	348.95	204.82	144.13
Revenue from operations	13135.36	12429.13	706.23
Other income	56.50	51.52	4.98
Total Revenue	**13191.86**	**12480.65**	**711.21**

Urea and other fertilizers

The Company has achieved the Urea Production of 37.27 LMT with an overall capacity utilization of 115.35% during 2019-20 against previous year production of 38.59 LMT achieved during 2018-19 (CPLY).

The Company has also produced 12807 MT of Bentonite Sulphur (BS) during the year against CPLY of 8567 MT, achieving a growth of around 50%.

On the sales front, the Company has achieved ever best sale of Fertilizers of 57.04 LMT that includes sale of 36.08 LMT of own Urea, 11.85 LMT of Imported Urea, 9.11 LMT of Non-Urea Fertilizers including 0.25 LMT (25016 MT) of Compost during 2019-20 surpassing previous best of 48.96 LMT during 2018-19 which includes sale of 38.98 LMT of own Urea, 3.71 LMT of Imported Urea, 6.27 LMT of Non-Urea Fertilizers including 0.21 LMT of Compost, thus exhibiting higher sale by 16.51 % as compared to previous year. The detailed quantity of break-up of sale of urea and other fertilizers is as under:

(Lakh MT)

Product	2019-20	2018-19	Change
1. Manufactured			
a) Urea	36.08	38.98	-2.90
b) Bentonite Sulphur	0.08	0.07	0.01
c) Bio-Fertilizers	0.007	0.006	0.001
2. Traded Goods			
a) Imported			
i) DAP	6.85	5.04	1.81
ii) MOP	0.74	-	0.74

Product	2019-20	2018-19	Change
iii) NPK (12-32-16)	0.50	0.68	-0.18
iv) NPK (10-26-26)	0.19	-	0.19
v) APS	0.39	0.26	0.13
vi) Calcium Nitrate 100% water soluble fertilizers	0.002	-	0.002
vii) NPK (19-19-19) 100% water soluble fertilizers	0.002	-	0.002
b) Indigenous			
i) Imported Urea (On Govt. A/c)	11.85	3.71	8.14
ii) SSP	0.10	-	0.10
iii) City Compost	0.25	0.21	0.04
Total Fertilizers	**57.04**	**48.95**	**8.09**

Industrial Products

The Company registered sale of Nitric Acid of 69436 MT during 2019-20 as compared to previous sale of 70606 MT during 2018-19. The Company also recorded sale of Ammonium Nitrate to the tune of 8341 Mt during 2019-20 as compared to sale of 12929 MT achieved during 2018-19.

In terms of revenue generation from production and sale of Industrial products, the Company achieved sale of Industrial-Products (IP) comprising of Nitric Acid, Sodium Nitrate, etc. to the tune of ₹170.45 crore during 2019-20 against CPLY of ₹200.90 crore.

Bio-Fertilizers

The Company sold 714 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹2.05 crore in F.Y. 2019-20 as against 632 MT of ₹1.82 crore during CPLY.

Import & sale of Fertilizers

The sale of imported non-Urea Fertilizers by the Company has witnessed a growth of 45% during 2019-2020 over the CPLY. The Company sold 8.67 LMT of imported non-Urea Fertilizers including DAP, MOP, APS, NPK etc. worth ₹2879.20 crore during 2019-20 against 5.98 LMT worth ₹2173.37 crore during 2018-19.

Apart from the above, NFL also sold 11.85 LMT of Urea imported in government account out of 11.13 LMT received & 1.25 LMT opening balance available at three ports during 2019-20.

Domestic Trading of Agro Products

The Company has registered total revenue of ₹66.00 crore towards trading of various agro products such as seeds, pesticides & compost during the year against ₹45.43 crore during CPLY.

Gross Sale Composition

Item	% of total Sale Composition		% Increase/(Decrease)
	2019-20	2018-19	
Urea (manufactured)	68.93	77.96	(11.58)
Other Fertilizers	31.07	22.04	40.97

Owing to shift in strategy of the Company, the composition of gross sale of the Company has undergone visible change. Against the Urea (main product) contribution of 94.49% in the overall revenue of the Company during 2015-16, Urea contribution has reduced to 68.93% while contribution of non-Urea business has increased to 31.07% during 2019-2020.

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 2019-20, 36 Dealer's/Retailer's Orientation Programmes were conducted and more than 2500 dealers/ retailers were facilitated by upgrading their knowledge regarding fertilizers/ agro products and improved crop practices so that latest information can be disseminated to farmers at point of purchase. Information on Bio-fertilizers and City Compost has also been given in each and every training 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. 44 Farmer Training programmes were organized during 2019-20 and more than 3100 farmers got benefited. Through these educational programmes, farmers were sensitized to issues related with soil fertility status including deficiency of various nutrients, their remedy to increase fertilizer use efficiency and maximize yields. The farmers have also been educated on benefits of long term usage of Bio-fertilizers and City Compost through these programmes.

During the year 2019-20, your Company collabourated with state governments and Krishi Vigyan Kendras (KVKs) in the Lead Fertilizer State (LFS) states of Punjab, HP, J&K, Delhi, MP, Chhattisgarh and Bihar to organize Fertilizer Application Awareness Programme. First phase of this biennial programme was started by the government during the month of October (before Rabi season) to disseminate the knowledge among farmers on optimum use of fertilizer nutrients. More than 2200 farmers got benefitted through 26 such programmes.

Agriculture Universities, Research Stations, KVKs are the knowledge centers for latest farming techniques, new and high yielding crop varieties, innovative technologies in agriculture and allied agriculture sectors etc. During the year, an opportunity was given to the farmers to practically visit the above places by organizing farmers visit to nearby Agriculture University/Research Station/ KVKs. More than 700 farmers got benefitted through 11 programmes during the year 2019-20.

During the year 2019-20, total 240 demonstrations had been laid out at farmers' fields to demonstrate benefits of use of Bio-fertilizers, City Compost and Bentonite Sulphur, respectively on crop growth and yield as compared to farmer's own practices.

Your Company is playing a vital role in supporting farmers by undertaking soil analysis for macro and micro nutrients through its 6 Static and 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 24300 soil samples were collected analyzed for macro and micro nutrients and recommendations were given to the farmers. To strengthen the soil testing and farm advisory services, Company has placed orders to purchase 05 new Mobile Soil Testing Labs for the States of UP, MP, Haryana and Telangana.

During the year 2019-20, your Company continued its endeavour to render soil testing services at all the farmers' doorstep by organizing soil testing campaigns. During these campaigns, services of our Mobile Soil Testing Vans and labouratory staff were suitably utilized for collecting soil samples by demonstrating the correct method of sampling to the farmers and by offering on the spot soil analysis and advisory on the basis of soil test results. Other than this, 29 Jeep campaigns were organized in the States of Punjab, Haryana, Rajasthan, HP, J&K, UP, Bihar & Jharkhand at more than 200 places. Farmers were educated to adopt new techniques in agriculture like judicious use of fertilizers, pesticides, Bio-fertilizers, etc. Jeep campaigns were also widely used for giving information regarding new products launched by the Company and to share its benefits to farmers. More than 18,000 farmers got benefitted by these programmes.

Agricultural Exhibitions and Krishi Melas aim to bring stake holders from all disciplines of Agriculture like farming, livestock, dairy, import and export, poultry and horticulture sectors under one roof and provide opportunity to demonstrate their products, exchange their views and share ideas for the growth, sustainability and development of these vital sectors of our economy. Participation in agro exhibitions and University Kisan Melas is a very effective way to communicate directly with the farmers and also to interact with the scientists and experts from various agricultural fields. During the year 2019-20, your Company participated in 27 Krishi Melas/Agriculture Exhibitions organized by leading Agriculture Universities, Agriculture Departments etc. in the States of Punjab, Haryana, UP, Uttarakhand, Bihar, MP, Rajasthan and J&K which was attended by more than 21000 persons in related fields.

As per guidelines of Department of Fertilizers (DoF) and with the objective to provide all the agricultural inputs and services to the farmers under one roof along with soil testing and advisory services, 100 Kisan Suvidha Kendras (KSKs) were opened by your Company all across its marketing territory. During the year 2019-20, 57 farmers training programmes

were organized in these KSKs and more than 3300 farmers got benefitted. More than 88000 leaflets on NFL products and various crops were also distributed to farmers through programmes organized in these KSKs.

Projects

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

Management Discussion & Analysis Report

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

Business Responsibility Report

As required under Regulation 34 of SEBI (LODR) Regulations, 2015, the Business Responsibility Report of the Company for the financial year ended 31.03.2020 is appended as **Annexure -2** forms part of this Report. Business Responsibility Policy is available on the website of the Company at www.nationalfertilizers.com.

Stakeholders' relationship

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

Customers' relationship

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

Corporate Governance

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

The Secretarial Auditor of the Company have examined and certified Company's compliance with respect to conditions enumerated in SEBI (LODR) Regulations, 2015 and DPE guidelines on Corporate Governance. Secretarial Auditor Certificate on Corporate Governance and explanations of the Management to Secretarial Auditors' observations during the year 2019-2020 is appended as **Annexure-4** forms part of this Report.

Visits of Parliamentary Committees during 2019-2020

During the year 2019-2020, Parliamentary Committee on welfare of Other Backward Classes visited and interacted with the Company at Mumbai on 13-01-2020.

Material Orders of Regulators

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

1.0 Revised Emission Norms for Nitric Acid Plant

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

In this context, NFL has implemented in house modification and added caustic scrubbing system which has resulted in reducing the NO_x emissions below the prescribed limits. The plant is now able to operate without any constraint of regulatory order.

2.0 Implementation of NUP-2015 Energy Norms

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

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

The above projects are at various stages of execution. Due to spread of pandemic and other unavoidable reasons, anticipated completion of these projects has been adversely affected. One of the schemes at Vijaipur I namely Revamp of synthesis gas compressor and turbine has been carried out in September,2020 using remote advisory services of the OEM M/s MCO-Japan while the balance schemes are now expected to be completed by June, 2021. Similarly, for Nangal, Panipat and Bathinda Units , the schemes are expected to be completed by December, 2020 subject to availability of commissioning of experts.

NFL has been requesting DoF for suitable dispensation for recovery of its investment or for continuation of its existing norms. DoF vide letter dated 07.07.2020 extended the energy norms upto 30.09.2020 and informed that no further extension shall be provided. However, NFL vide its letter dated 18.09.2020 has requested DoF for extension of existing energy norms upto 31.03.2021 for Nangal, Panipat and Bathinda and upto 30.06.2021 for Vijaipur- I, as the completion of various projects has been delayed due to spread of Pandemic. NFL has also requested DoF for a holistic review of implementation of target energy norms under NUP-2015 to provide for recovery of capital investment made at its Units at Nangal, Panipat and Bathinda by continuing the existing energy norms (as applicable for 1st half of 2020-21) for a period of 3.5 years after implementation of the schemes.

In case, NFL's request is not agreed by DoF to extend its support for continuation of existing energy norms or suitable dispensation for recovery of investment, the profitability of Company may be adversely affected.

3.0 Plastic Waste Management Rules, 2016

The Ministry of Environment Forests and Climate Change (MoEF & CC), Government of India, vide gazette Notification dated 18.03.2016 has specified rules for Plastic Waste Management. The Rules fix the responsibility of local bodies, Gram Panchayat and Waste generators, as well as producers, importers and brand owners for collection and management of plastic waste.

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

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

Further, amendment dated 27.03.2018 on the above rules, defines alternate use for resource conservation. Considering that empty fertilizer bags are used multiple times by the farmers, the objective of resource conservation is being fulfilled. NFL applied for registration as Brand Owner with CPCB, as required under the new rules. However, its application was not accepted & CPCB desired complete plan for recycle/reuse of the product bags.

Since these rules apply to the complete fertilizer industry which is finding difficulty in complying with the said notification, Fertilizer Association of India (FAI) took up the matter with MoEF & CC through DoF for exemption of fertilizer industry. Meanwhile in a NGT order dated 04.12.2019, NGT has directed MoEF & CC to develop a common and practical approach for complying with the rules under Extended Producer Responsibility (EPR). The same is awaited.

The Right to Information

In consonance with the spirit of Right to Information Act, the Company has created necessary mechanism as required under the Act. The Public Information Officers and Appellate Authorities are effectively responding to the requests and appeals of the applicants. The names of all PIOs/ Appellate Authorities/ Transparency Officer are displayed on the Company's website. During the year, 700 RTI applications were received and were dealt with as per provisions under Right to Information Act, 2005.

Vigil Mechanism

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

Whistle Blower Policy

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

Integrity Pact

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

Vigilance

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

Regular and preventive vigilance activities such as surprise checks, vigilance clearance for administrative decisions, enforcement of transfer policy and rotation of officers on sensitive posts was carried out by maintaining close coordination with the Management.

At the same time, investigation of complaints received from various sources and follow up of pending departmental action on previous investigated cases was also done with due diligence.

The case relating to the execution of annual rate contract maintenance at Panipat remains pending. Against 'Dealer Appointment case' the matter is closed for below Board level officials and for two Board level officers the case is in progress. During the year 2019-20, Vigilance Division submitted a report dated 27.11.2019 to CVC/DoF regarding the matter of payment of allowances to employees in NFL.

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

MoU

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

Based on financial performance and achievement of other parameters laid down, your Company has been rated "Very Good" as per the Memorandum of Understanding (MoU), signed with the Government of India for the financial year 2018-19. The performance of the Company under MoU for 2019-20 is also under evaluation. Further, Company is in the process of finalizing the MoU targets with DPE before signing the MoU for the financial year 2020-21 with DoF which would be the 30th year of the Company under MoU system.

Awards & Accolades received during 2019-20

- Panipat Unit received **"HSE Excellence Chemical Company of the Year award"** in the award ceremony held in Mumbai on 21.06.2019.
- Bathinda Unit received first prize for **Best Achievement in Hindi Work for the year 2018-19** on 25.06.2019 by Town Official Language Implementation Committee, Bathinda.
- Bathinda Unit has been declared winner of **Golden Peacock Award for energy efficiency 2019.**
- Nangal & Vijaipur Units have been declared winners of 19th **Annual Greentech Environment award 2019.**
- Vijaipur Unit has been selected for **"Grow Care India Gold Safety Award 2019"** for outstanding achievement and performance in Occupational Health & Safety.
- Panipat Unit has been selected for prestigious **"Gold Award"** under APEX India Energy Efficiency Award-2019. The award presented to Panipat Unit by Apex India Foundation on 25.09.2019.
- Bathinda Unit bagged **"Gold Award"** under APEX India Energy Efficiency Award 2019 in Fertilizer Sector. Bathinda Unit and Panipat Unit are the only two Units who have been selected for this prestigious Award of Energy Efficiency in Fertilizer Sector.
- Nangal and Vijaipur plants received **"Greentech Environment Awards"** for outstanding achievement in Environment Management.
- NFL received **Best Fertilizer PSU Award-2019** 2nd time in a row during Dun & Bradstreet PSU Awards 2019 in recognition of Best-Ever performance of the Company over last four years.
- NFL, Vijaipur Unit has been awarded **National Safety runners up award by DGFASLI**, Ministry of Labour & Employment for outstanding achievement & performance in Occupational Health & Safety. Award received on 17.09.2019 at Vigyan Bhawan.
- NFL, Vijaipur Unit has won **"FAI Award for Excellence in Safety for the year 2018-19"** jointly with RCFL, Thal.
- NFL, Nangal Unit has been declared Runner up for **"FAI Award for the Best Technical Innovation actually implemented in the field of fertilizer production technology for the year 2018-19.**
- NFL, Bathinda & Panipat Units have jointly won**"FAI Award for improvement in overall performance of the Company for the year 2018-19".**
- NFL's Video film titled "fdlku cVkukbV lYQj l lQy Qly" has been adjudged as the "Second Best Video Film" by FAI.
- Nangal Unit received **Green Tech Safety award 2019** for best practices in Safety Award from Greentech association in 18th annual Greentech awards 2019.
- Bathinda Unit has won the **Green Tech Safety Award for the year 2018-19.**
- **C&MD, NFL received Leadership award from Governance Now** for outstanding performance of the Company since last four years.
- Panipat Unit also received International Fertilizer Association (IFA) Protect and Sustain (P&S) Certificate for initiatives on Safety Health and Environmental Management (SHE).

Initiatives under Corporate Social Responsibility

The Company is implementing various developmental activities under its Corporate Social Responsibility (CSR). In the year 2019-20, the focus of CSR activities of the Company was on the themes given by Department of Public Enterprises (DPE) i.e. Health, School Education and Nutrition.

The Company allocated a CSR budget of ₹750 Lakh for the FY 2019-20 and incurred an expenditure of ₹574.56 Lakh during the year.

The Company also undertook welfare activities in other areas like sanitation, installation of solar lights & panels, environment & disaster management. One of the major CSR project the Company undertook was "Improvements to Channenhalli Tank at Channenhalli Village, Bangalore Urban District" at a budget of ₹300.00 Lakh for the sustainable

development of the village. The project is in progress. This project will help in water conservation in the area, improvement in water table and will also help in beautification and cleanliness of the area.

Under health programme, this year Company organized free health check up camps for school children. These camps provided overall health check up of children with special emphasis on eye and dental check up. For women, free screening programmes were organized for early detection of cervical cancer with emphasis on general awareness and education on menstrual hygiene. These projects were executed in Delhi, NCR areas. In addition to these, all the Units organized health camps for the welfare of people living in the vicinity of the Plant. Panipat Unit organized bi-monthly health clinic in a nearby Nangal Kheri village, which was deprived of basic medical facilities. These clinics were organized with the help of Company's doctors & medical staff. Free medicines were also distributed in these clinics. These clinics were to continue for the whole year. Similarly, Vijaipur Unit organized cancer screening and awareness camps for the surrounding communities in district Guna in Madhya Pradesh.

In the area of education, all the Units of the Company have supported government schools in their vicinity through provision of essential materials and infrastructure. Nangal Unit provided school desks & benches, fans, water coolers, water purifiers etc. to government schools in Nangal, Punjab. The Panipat Unit has installed smart classrooms in 14 government schools in the district.

The Company also supported State Governments in Disaster Management by contributing through various initiatives for relief works during Punjab floods, cyclone "Fani" in Odisha and floods in Assam. The Company also contributed ₹63.94 Lakh towards PM CARES FUND to support Government's efforts for prevention of CoVID-19 pandemic.

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

Research and Development

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

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

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

NFL Board in its 423rd meeting held on 28.03.2018 accorded approval for sponsoring the pilot study at ICAR – NDRI, southern regional station, Bengaluru, for project titled "Cow dung processing and its conversion to Bio-fortified fertilizer with enhanced functionality" with budget estimates of ₹129.74 Lakh spread over a period of three years. Agreement for the subject R&D work had been signed between NFL and NDRI on 14.09.2018.

A total payment of ₹23 Lakh has been made to NDRI for execution of the said R&D work. Purchase of cow dung digester with accessories and dewatering pump have been placed by NDRI. The project is expected to be completed by Dec., 2021.

Indian Council for Fertilizer and Fertilizer Technology Research (ICFFTR)

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

Therefore, in line with the direction of Department of Fertilizers, Indian Council for Fertilizers and Fertilizer Technology Research was formed as a society jointly by NFL, RCF, FAGMIL, PDIL, FACT, BVFCL, MFL, FCIL and HFCL in Aug, 2019. NFL, RCF and FAGMIL being the founder members of the society provided corpus fund of ₹2 crore, ₹2 crore and ₹1 crore respectively.

The society has two administrative organs named Governing Council and Executive Committee. Secretary (Fertilizers), DoF is the ex-officio chairman of Governing Council. C&MD – NFL, C&MD – RCF and C&MD – FAGMIL shall be ex-officio chairman of Executive Committee on rotation basis. At present, C&MD – RCF is ex-officio chairman of Executive Committee.

Governing Council and Executive Committee have held two and four meetings respectively. At present, ICFFTR is funding following Research proposals:

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

Further, ICFFTR has signed MoU with Institute of Competitiveness (IFC) regarding "Proposal on Transformation of Indian Fertilizer Subsidy Programme". IFC is an international initiative centered in India, dedicated to enlarging and purposeful disseminating of the body of research and knowledge on competition and strategy, as pioneered over the last 25 years by Professor Michael Porter of the Institute for Strategy and Competitiveness at Harvard Business School.

ICFFTR has also signed MoU with International Fertilizer Development Centre (an autonomous non-profit international research centre) for collabouration for fertilizer research in India in thematic areas such as Energy efficiency improvement of the fertilizer manufacturing plants, Pilot plant development in India, Introduction of Masters and PhD programmes on Fertilizer education and research in India, Basic and strategic research on new fertilizer molecules, Policy recommendation and market reforms.

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 is appended as **Annexure-6** forms part of this Report.

Safety, Environment and Sustainable Development

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

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

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

Joint venture /Associates Companies

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

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

During the year 2019-20, Company has not acquired or formed any new subsidiary, associate or joint venture. Similarly no subsidiary, associate or joint ventures have been ceased by way of sale of shares, amalgamation, winding up etc.

Related Party Disclosures

The particulars of contracts/arrangement entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including arm's length transactions under third proviso thereto are disclosed in Form AOC-2 and the same is appended as **Annexure-10** forms part of this Report. Related Party Transaction Policy of the Company is available at www.nationalfertilizers.com.

Capital Expenditure (CAPEX)

The achievement in CAPEX is ₹102 crore excluding capital work in progress (CWIP) in the year 2019-20.

Risk Management

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

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

Under Risk Management policy, all the potential risks including risks arisen out of CoVID-19 along with mitigation actions undertaken were reviewed by Risk Assessment and Risk Management Committees. Some of the risks having huge financial impact as identified & reviewed by the Company include tightening of energy norms w.e.f. 01.10.2020 without govt. dispensation, deletion of minimum fixed cost for Vijaipur-I Unit retrospectively, delay in execution of ongoing projects such as energy reduction projects & RFCL Urea Project (a Joint Venture of the Company) due to CoVID-19 and higher interest burden due to delay in receipt of the subsidy from the Govt.

Internal Financial Controls

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

Particulars of Employees

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

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

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

Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 which stipulates that 25% of total annual procurement of goods and services shall be made by all Central Ministries/Departments /CPSEs from Micro & small Enterprises (MSEs). Within this percentage, a sub total of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs and 3% from MSEs owned by women. The requisite information for the year 2019-20 is appended as **Annexure-11** forms part of this Report.

Human Resource Management

The Company has a manpower strength of 3339 regular employees as on 31.3.2020, which comprises of 1616 Executives and 1723 Non- Executives. Company promotes the employment of women and 211 women employees are on its roll, which is 6.32% of the total work force. The detailed analysis with regard to human resource including training and executive development programme have been made in the Management Discussion and Analysis Report.

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

Policy on Prevention, Prohibition and Redressal of Sexual harassment of women at work place is in line with the requirements of the Sexual Harassment of women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. Seven programmes related to Gender Sensitization and Prevention, Prohibition and Redressal of sexual harassment of women at workplace were held during the year 2019-2020. No complaint of sexual harassment was received in the year 2019-20.

Implementation of Official Language Policy

Company is making constant 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 use of official language. Total 36 meetings of OLIC were held during the year.

To promote the use of Official Language 'Hindi', 36 Hindi workshops were organized during the year in which 987 employees have actively participated. Hindi Pakhwada was organized in all the Units/Offices of the Company to commemorate Hindi Diwas. During the year, 51 Programmes/Competitions were organized in order to promote Hindi and a total of 1014 employees participated in them. Under the 'Cash Incentive Scheme', 54 employees were awarded cash prizes for doing their official work in Hindi.

'National Fertilizers Limited' Corporate Office, Noida was entrusted with the responsibility of operating a newly constituted 'Town Official Language Implementation Committee (TOLIC) (Undertaking) Noida' in August, 2019, for all the undertakings in Noida region by the Department of Official Language, Ministry of Home Affairs, Government of India and the Chairman and Managing Director of the Company has been nominated as Chairman of the said committee and Deputy Manager (Official Language), NFL as Member Secretary. Under this committee 35 undertakings/offices of Noida region have been included. After the formation of "Town Official Language Implementation Committee (Undertaking), Noida", the first half-yearly meeting of the committee was held on 14.11.2019, under which the logo of TOLIC (Undertaking) Noida logo was inaugurated. The meeting was also attended by nominated Head of Member Offices (No. 35) and other Official Language Officers, alongwith Deputy Director (Implementation) of the Regional Implementation Office (Northern Region-2), Ghaziabad.

NFL Corporate Office, Noida successfully organized 'Rajbhasha Sammelan', a one-day event for all Fertilizer PSUs under the aegis of Department of Fertilizers on 03.03.2020. There were 71 participants in the event from Fertilizers PSUs, TOLIC (Undertaking) Noida and Regional Implementation Office (Northern Region-2), Ghaziabad, NIC.

NFL Panipat Unit has been awarded Rajbhasha Shield as First Prize and Certificate by TOLIC Panipat for doing excellent work in Hindi during the year 2019-20.

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is functional in all Units/Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer has been appointed in each Unit/Office and Chief Liaison Officer at CO, NOIDA to ensure due compliance of orders and instructions pertaining to reservation for SCs and STs and other concessions admissible to them. Meetings were periodically held at Unit level as well as at corporate level with the SC/ST Employees Welfare Associations by the Management for redressal of grievances of SC/ST employees. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for attending such programmes conducted by external agencies. During 2019-20, 4200 training man-days were imparted to SC/ST and OBC employees (including both in-house as well as external training programmes). A statement showing representation of employees belonging to Scheduled Caste/Scheduled Tribes/Other Backward Classes/Persons is appended as **Annexure-12** forms part of this Report.

Presidential Directives

Schedule of Compliances with Presidential Directive issued during financial year 2019-20 and during last three year preceding the financial year 2019-20 is as below:

Financial Year	Content of Presidential Directives	Compliance
2019-20	NIL	NIL
2018-19	Presidential Directive for pay revision	Complied
2017-18	NIL	NIL
2016-17	NIL	NIL

Information Technology

Several business applications have been implemented over time by IT department in the Company on different servers at Plants, Marketing and Corporate Office. Over the past several years, operations of the Company have grown, both in scope as well as geographical reach. NFL has always tried to be in line with the latest digital technologies in its day-to-day activities. Almost all the business applications are running in on-line mode. Web-based Marketing Management & Information System module across the plants, ports and the marketing network has captured all production, imports, sales and marketing activities on digital platform. This has reduced the lead time of various operations to a great extent.

To increase real-time visibility of production, imports, stocks and sales, a Management dashboard has been made available to the senior management.

Company has taken initiatives by inviting online applications for registration of new dealers as per approved vacancies, online proposals for startups and online applications for vacancies in the Company. Payment gateway as per Central Board of Direct Taxation (CBDT) compliance has been integrated.

Centralized portal for the employee related activities have been brought under the ambit of Human Resource Management System (HRMS). This has brought increased transparency in all kinds of employees related activities.

Keeping abreast with the latest compliance guidelines of the government/ CBDT regarding indirect taxations, e-Invoicing, integration of payment gateway and other compliances, IT team has been facilitating the Company to meet various timelines.

Training through Webinars and meetings through various virtual meeting platforms have been adopted by the Company.

In order to integrate various business processes and further improve visibility and transparency in the system Enterprise Resource Planning (ERP) is being implemented. The project is named 'SANGAM' Software aligned for NFL's growth and modernization.

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

1. Impact of the CoVID-19 pandemic on the business

a) The outbreak of Coronavirus pandemic globally and in India, in general, has disrupted significantly the economic activities across the world causing slowdown in economic growth.

b) Urea production remained uninterrupted during lockdown as all the 5 plants of NFL continued operation at full load except for reduction in load for few days due to limitation of bags with minimum manpower required to operate the plants and after taking all precautions required in the lockdown guidelines. The production levels could be sustained due to sufficient inventory of raw material and other intermediates like chemicals, consumables and available unfilled capacity of silos for stocking the final product urea.

c) However, NFL faced many challenges during lockdown with regard to:

i) Restriction in evacuation of Urea from the plants mainly due to non-availability of adequate labour and trucks arising due to stringent restrictions imposed by the local administration. This problem eased to some extent after issue of revised guidelines by Government notifying movement of fertilizers under the exempt category.

ii) Difficulty in movement & availability of inputs like neem oil, PP thread and chemicals (Sulphuric acid, caustic lye, liquid chlorine, cooling water chemicals etc.) due to shortage of trucks and operational difficulties faced by the suppliers due to shortage of manpower, raw material and non-availability of trucks for movement.

iii) Supply of bags was most affected as a result NFL was constrained to reduce the plant load of some of its plants for few days resulting in loss of production. As of now, situation with respect to bag availability is yet to normalize and bag supplies continue to remain constrained.

iv) Delay in Execution of on-going Energy Saving Schemes & Joint Venture Project (RFCL) of the Company due to stoppage of project activities at site because of shortage of labour and delay in the visit of the foreign experts for commissioning of these projects due to travel restrictions arising from CoVID-19.

v) All ongoing recruitments for NFL and RFCL held up due to nation-wide lockdown imposed by Government to contain the spread of CoVID-19.

d) All the Plants are operating in accordance with statutory guidelines with respect to CoVID-19.

2. Ability to maintain operations including the Plants/Offices functioning & closed down

a) The Company received all required support from Central & State Government to address the disruptions in the supply chain.

b) The Company maintained all the business at Corporate & Marketing Office during lockdown through Work from Home using various on line platforms (Virtual meetings)/Social media tools such as Whatsapp Group, twitter etc.

c) Committee/Board approvals (Circular Resolution) obtained through E-Mails during Lockdown period.

d) Overall, Fertilizers being covered under essential commodity, the Company continued its operations during the period of lockdown. There were intermittent disruptions in the supply chain. Hence, overall there has been no major impact on the businesses of the Company.

3. Schedule, if any for restarting the operations

a) All the Urea plants are operating in accordance with the statutory guidelines with respect to CoVID-19 ensuring health and safety of the employees.

b) Commissioning of the energy saving projects at Units, earlier scheduled in March to May 2020 has been rescheduled in September/October 2020 & March/April 2021 due to lockdown triggered from CoVID-19.

4. Steps taken to ensure smooth functioning of Operations

a) Close coordination/liaison maintained with Local administration/State & Central Government Authorities/ Railways for expeditious action on various restrictions during lockdown on movement of the finished product and raw material.

b) Special Task Forces constituted at Units to ensure adequate preventive measures against spread of CoVID-19. The special task force has been assigned the task of planning and overseeing the preventive actions taken in the Unit.

c) Masks distributed amongst NFL employees, CISF, Private security, Contractors' employees & other people along with Sanitizers, Soap, Liquid Soaps, Hand Gloves, etc. as per requirement.

d) The factory premises, plant area, township area, public places, offices building (including washrooms, floors, staircase and handrails), lifts, etc. are being regularly disinfected/sanitized for prevention against Corona.

e) NFL Marketing staff is taking all prescribed precautions to fight CoVID-19 at rake points. All truck drivers, labourers are being given masks and using hand sanitizers before transportation of Urea at various rake points across the country and at the bagging section of the factory.

f) The roster drawn for all employees, including apprentices, contractual & outsourced employees etc. who required rendering essential services, keeping in view the work/production exigencies.

g) Adequate IT infrastructure was made available to the employees who were required to Work from Home during lockdown period.

h) All meetings, conferences, trainings, sport activities and official functions deferred. Essential meetings are being conducted through Video conferencing to the extent possible. Digital media for official communication is being encouraged to minimize the physical movement of people.

i) Do's and Don'ts displayed to prevent spread of CoVID-19 at entrances of factory gate, office buildings and other public places, apart from arranging pep-talks for staff deployed in factories.

j) Employees as per guidelines were allowed to come to office while rest of the employees are allowed to work from home and were advised to be available on telephone/electronic means of communication at all times & not to leave station.

k) Sanitization of all the computer systems, surfaces (e.g. desks and tables) & objects (telephone, keyboards) with disinfectants.

l) Training programmes for employees are being conducted through Webinars/Virtual mode.

5. Estimation of the future impact of CoVID-19 on its operations

a) The Company continues to face shortage of empty bags from the suppliers leading to disruption in dispatches of material from the plants/ports causing piling up of stocks at Units/Ports.

b) Further delay in resumption of International Flights/VISA restriction/quarantine requirements due to CoVID-19 may delay the commissioning of the on-going projects of the Company.

c) Production and sale of Nitric Acid is badly affected due to poor demand in the market.

d) Recruitment action in hand both for NFL and RFCL could be delayed further as it will not be possible to make available manpower for NFL and RFCL within the scheduled time.

6. Details of impact of CoVID-19 on Listed Entity's

- **Capital & Financial Resources and Profitability**

a) Delay in execution of the on-going projects of the Company due to CoVID-19 has led to time & cost overrun impacting adversely on the financial performance of the Company.

b) Execution of Company's Joint Venture Urea project namely RFCL (Ramagundam Fertilizers & Chemicals Limited) is also getting delayed due to CoVID-19 causing extra equity burden on the Company due to cost overrun and loss of income from marketing of Urea as 100% marketing rights are with NFL.

- **Liquidity position**

The Company is facing liquidity constraint due to delay in release of fertilizer subsidy by the Government owing to inadequate subsidy budget. The unprecedented higher borrowings to manage working capital requirement has led to incurrence of huge interest cost to the Company.

- **Ability to service debt and other financing arrangements**

The Company has ensured timely payment of statutory dues, LC, Loan and Interest payments. It has also ensured forex liabilities are adequately hedged as per policy.

- **Assets**

The Company has been executing some on-going projects and the pandemic has certainly delayed certain processes. The Company continues to closely monitor and assess the situation with respect to these projects along with planned capex requirements.

Given the uncertainties associated with nature, condition and duration of CoVID-19, the impact assessment on the Company's financial statements will be continuously made and provided as required.

Adequate disclosures along with its Q4 and for FY2020 audited financials statements provided in July 2020.

- **Internal financial reporting and control**

The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31.03.2020.

- **Supply chain**

Supply chain disruption has impacted businesses across the country. The Company has taken various measures to mitigate the supply chain disruptions.

- **Demand for its products/services**

a) To mitigate the demand disruption, the Company is focusing on the following:

- Develop new dealers/customers/markets; Discount on firmed volumes

- New product offerings
- Increased engagement with customers

b) Nitric Acid Business: The downstream users of Nitric Acid have been impacted due to the outbreak of CoVID-19 which in turn has impacted the demand for Weak Nitric Acid of the Company. Slow pick up in activities is being witnessed as the lockdown is being removed gradually.

7. Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business

There are no such contracts/agreements which would lead to non-fulfilment of the obligations by any party that shall have any significant impact on the business.

8. Other relevant material updates about the listed entity's business

Nothing is there at this stage. The Company has been proactively intimating stock exchanges from time to time for any material developments/updates.

AUDITORS

Statutory Auditors

The Statutory Audit of your Company was conducted by Chartered Accountants firms M/s. S. Mann & Company and M/s Mehra Goel & Co., Joint Auditors appointed by Comptroller & Auditor General of India (C&AG). Auditor's Report on the Financial Statements including consolidated Financial Statements of the Company for the financial year 2019-20 is attached.

M/s Mehra Goel & Co. & M/s. Arun K. Agarwal & Associates, Chartered Accountants have been appointed as Joint Statutory Auditors for FY 2020-21 by C&AG. A Proposal authorising Board of Directors to decide & fix remuneration of Statutory Auditors appointed by the Comptroller and Auditor General of India for the F.Y. 2020-21 is placed for your approval.

Explanation in response to Auditor's Qualification

Statutory Auditors of the Company have issued an Audit Report with Unmodified opinion on Audited Financial Results of the Company (Standalone & Consolidated) for the financial year ended 31.03.2020.

Comments of C&AG

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

Cost Auditors

As prescribed under 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 2019-20 was carried out by Cost Auditors M/s R. K. Patel & Co., M/s Musib & Co. M/s Ravi Sahni & Co., & M/s K. L. Jaisingh & Co. as prescribed under the Companies Act, 2013 and Rules framed thereunder. M/s R. K. Patel & Co. acted as the Lead Cost Auditor. Consolidated Cost Audit Report for the financial year 2018-19 was filed with Ministry of Corporate Affairs (MCA) on 26.09.2019.

Internal Auditors

Company has an Internal Audit Department headed by an Executive Director. To carry out Non-technical Audit, your Company had appointed nine Chartered Accountant firms namely M/s. G.S. Mathur & Co., M/s. Goyal Parul & Co., M/s. Laxmi Tripti & Associates, M/s. Raj Har Gopal & Co., M/s. S.Tandon & Associates, M/s. Chaturvedi & Co., M/s. Amit Ray & Co., M/s. S.N. Kapur & Associates and M/s Ray & Ray for the year 2019-20. Technical Audit and EDP Audit was carried out by in-house internal audit teams. System Audit was also carried out for Corporate Office and Central Marketing Office.

Secretarial Auditors

M/s Parveen Rastogi & Co., Practicing Company Secretaries was appointed by the Board for undertaking the Secretarial Audit for the Financial Year 2019-20 in terms of Section 204 of Companies Act, 2013 and Rules made there under. Secretarial Audit Report for the year 2019-20 and Management's explanation to Secretarial Auditor's observations are appended as **Annexure-13** forms part of this Report.

Annual Secretarial Compliance Report for the Financial Year ended 31.03.2020 issued by M/s Parveen Rastogi & Co., Practicing Company Secretaries, under Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as **Annexure-14** forms part of this Report.

Compliance with Secretarial Standards

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

Audit Committee

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

Nomination & Remuneration Committee and Remuneration Policy

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

Stakeholders Relationship Committee

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

Corporate Social Responsibility and Sustainable Development Committee

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

Company's policy on Director's appointment and remuneration

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

Board & Committee Meetings

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

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

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

Investor Education and Protection Fund

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

During the year 2019-20, ₹95,820 have been transferred to Investor Education and Protection Fund on account of unpaid/ unclaimed dividend on 19.11.2019. Further, pursuant to Section 124(6) of the Companies Act, 2013 and Rules notified

thereunder, Company has transferred 6761 shares, against which dividend remained unclaimed/unpaid for consecutive period of seven years, to the demat account of IEPF. The details of the dividend and shares transferred to IEPF Account are available at the website of the Company www.nationalfertilizers.com.

Listing

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

Listing Fee

Company has paid requisite listing fee to the stock exchanges during the year 2019-20.

Service to Shareholders

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

Code of Conduct

Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31.03.2020. 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 2019-20.

Details of the sickness of the Company

Not applicable.

Management

Key Managerial Personnel (KMP)

In compliance with provisions of Section 203 of the Companies Act, 2013, Key Managerial Personnel (KMP) position as on 31.03.2020 as follows:

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

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

Shri Yash Paul Bhola, Director (Finance) w.e.f. 03.09.2019 & Chief Financial Officer w.e.f. 05.11.2019.

Shri Rajiv Kumar Chandiok, Director (Finance) & Chief Financial Officer (CFO). [Ceased to be Director (Finance) & CFO w.e.f. 28.06.2019].

Shri Devinder Singh Ahuja, Director (Technical). [Ceased to be Director (Technical) w.e.f. 31.03.2020].

Shri Raj Kumar, Company Secretary. (Ceased to be Company Secretary w.e.f. 31.01.2020).

Shri Ashok Jha, Company Secretary. (Appointed as Company Secretary w.e.f. 01.02.2020)

Board of Directors

Changes in Composition

Shri Rajiv Kumar Chandiok [Director (Finance) & CFO] and Ms. Bhavnaben Kardambhai Dave, (Independent Director) ceased to be Directors of the Company w.e.f. 28.06.2019 and 30.06.2019 respectively on completion of their term.

Shri Yash Paul Bhola was appointed as Director (Finance) on 03.09.2019 vide Order No. 82/3/2013-HR-I dated 03.09.2019 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

Shri Anil Verma, (Independent Director) and Dr. Ramesh Kumar Agarwal, (Independent Director) ceased to be Directors of the Company w.e.f. 01.02.2020.

Shri Devinder Singh Ahuja Director (Technical) ceased to be Director of the Company w.e.f. 31.03.2020.

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

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

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

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

Shri Virendra Nath Datt, Director (Marketing) has been entrusted with the Addl. Charge of Chairman & Managing Director w.e.f. 03.06.2020 vide order no. 86/05/2008-HR-PSU dated 01.06.2020 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

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

Re-appointment of Directors at the AGM

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Partha Sarthi Sen Sharma (DIN: 03210350) and Shri Yash Paul Bhola (DIN: 08551454), will retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

Nomination and Remuneration Committee has recommended the appointment of Shri Nirlep Singh Rai at the ensuing AGM as Director of the Company liable to retire by rotation in terms of Section 152 of the Act.

Notices have been received under section 160 of the Companies Act, 2013 regarding appointment of Shri Nirlep Singh Rai (DIN: 08725698) and Shri Pandya Ashwin Kumar Balvantray (DIN: 03068985) as Directors at the ensuing Annual General Meeting. Brief profile of the Directors is attached to the Corporate Governance Report.

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

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

Re-appointment of Independent Directors

As per Section 149(10) of the Companies Act, 2013, none of the Independent Directors has been reappointed on the Board of the Company during the FY 2019-2020.

Disqualifications of Directors

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

Remuneration to Directors

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

Performance evaluation of Board and Directors

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

Directors' Responsibility Statement

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

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2019-2020 and of the loss of the Company for that period;

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

d) the Directors had prepared the annual accounts on a going concern basis;

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

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

Acknowledgements

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

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

The Board would like to place on record its appreciation to the hard work, commitment and unstinting efforts put in by the employees at all levels throughout the year especially in CoVID-19 pandemic situation. Board also place on record active support and cooperation received from Employees Trade Union and Officers Association for sustained improvements.

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

Annexure -1

Management Discussion and Analysis (MDA)

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

Novel CoVID-19 pandemic triggered from Corona Virus emerged from China in 2019 has wreaked havoc and devastated the global economy by disrupting its entire supply and demand sides. Several countries across the world resorted to lockdowns to "flatten the curve" of the infection which has brought the entire economic activity across the world to the standstill. According to the International Monetary Fund (IMF), due to this pandemic, the global economy is expected to shrink by over 3 per cent in 2020, the steepest slowdown since the Great Depression of the 1930s.

Crude Oil prices have also witnessed a steep fall due to extreme fall in demand of petrol & diesel owing to stoppage of transportation & Industrial activities as well as paralysis of aviation sector across the world during the lockdown.

During 2019-20, even before the breakout of CoVID-19, the macro-economic environment in the country had been challenging with lower GDP growth rates, liquidity crunch and increased unemployment rate as a result Indian economy during 2019-20 grew by 4.2%, slowest in last 11 years. The impact of the coronavirus pandemic on Indian economy has been equally disruptive like other big countries. During lockdown, core sector of the economy such as coal, cement, steel, refinery, fertilizers, crude oil experienced loss of production. As per RBI, GDP growth of the country during 2020-21 is expected to be in negative territory.

However, the IMF is projecting India's GDP growth for the Financial Year 2021-22 as one of the highest i.e. around 1.9% amongst G-20 nations. Even some of the Industry experts and economists are of the opinion that country's GDP could even shrink 0.9 per cent in case the CoVID-19 outbreak extends and spreads further. **Moody's (Credit rating agency) has also downgraded India's sovereign rating to BAA3' from 'BAA2' and also maintained the outlook from 'stable' to 'negative'.**

In order to rebuild economy, Government of India (GoI) has announced stimulus measures amounting to 10 percent of GDP and emphasized on Atma Nirbhar Bharat in various segments of the economy to reduce dependency on imports.

There have been negative implications of CoVID-19 pandemic on the farm economy, nonetheless rural economy is doing better than the urban economy which is still grappling with CoVID-19. However, against this challenging backdrop, Agriculture is one sector in Indian economy which is providing a beckon of hope due to normal monsoon during 2020-21.

GoI kept most of the agriculture activities including production and movement of fertilizers under essential services during lockdown to ensure hassle free harvesting of Rabi crops, sowing of Kharif crops and uninterrupted supply chain for movement & sale of farm harvests and uninterrupted availability of farm inputs such as Seeds, Fertilizers, and Agro Chemicals etc.

Similarly, Global fertilizer markets continue to be challenged by the logistical and associated economic impacts of CoVID-19. But the impacts are highly uneven across markets and as a result prices of fertilizers in International market are currently highly volatile.

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

At the macro-level, CoVID-19 is likely to affect agriculture and non-agriculture sectors differently as on one hand, the non-agriculture sector is projected to follow a V-shaped recovery, the agriculture growth rate, on the other hand, will follow moderate deceleration in the medium and long-term without sharp decline or sharp increase in output.

Further in view of the normal monsoon, area sown in Kharif season has been more than last year and therefore demand for fertilizers remained buoyant.

As far as NFL is concerned, all its Urea plants kept running with minimum required staff by following social distancing norm and other safety protocols during lockdown period despite various constraints during lockdown in the country.

The Government has recently enacted three major Acts for reforms in farm sector via legislations:

a) Amendment in Essential Commodities Act vide which Commodities like cereals, pulses, oilseeds, edible oils, onion and potatoes are removed from list of essential commodities. This will allay fears of private investors of excessive regulatory interference in their business operations.

   The freedom to produce, hold, move, distribute, and supply will lead to harnessing of economies of scale and attract private sector/ foreign direct investment into agriculture sector. It will help drive up investment in cold storages and modernization of food supply chain.

b) Introduced a new law i.e. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 which will create an ecosystem where the farmers and traders will enjoy freedom of choice of sale and purchase of agri-produce. It will also promote barrier-free inter-state and intra-state trade and commerce outside the physical premises of markets notified under State Agricultural Produce Marketing legislations. This is a historic-step in unlocking the vastly regulated agriculture markets in the country.

c) The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 which will act as a catalyst to attract private sector investment for building supply chains for supply of Indian farm produce to global markets. Farmers will get access to technology and advice for high value agriculture and get ready market for such produce.

Fertilizer Industry Structure & Developments

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

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

The country, during the year has produced Urea of 24.46 Million tons and imported 9.12 Million tons to meet the total consumption of around 33.57 million tons of Urea. Under vision 2022 of New India to become self-reliant in Urea, new Urea plants are being set up in the country, however completion of these projects earlier scheduled in 2023 are likely to be delayed due to CoVID-19. Overall sale of fertilizers in the country during 2019-20 was 613.77 Lakh MT against CPLY of 578.63 LMT (Growth of 6.07%).

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

Government of India vide its policy letter dated 30.03.2020 deleted the provision of minimum fixed cost of ₹2300 per MT retrospectively w.e.f. 02.04.2014 under MNPS-III which has mainly affected the viability of Vijaipur-I unit of the Company.

In order to push reforms in Fertilizer sector related to rationalization of logistics for movement of fertilizers, promotion of new/alternative fertilizers, administrative & legal reforms in fertilizer sector, balanced & sustainable use of fertilizers and Direct Fertilizer Subsidy in Farmers' accounts, Department of Fertilizers have formed 5 working groups for Chintanshivir towards fertilizing the future.

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

the farmers to boost the use of city compost to improve soil quality and increase yield of crop in line with a policy of the government on city compost under the Swachh Bharat Abhiyan.

Many challenges being faced by Fertilizer Industry which need to be addressed including 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 has further aggravated the problem of working capital due to change of subsidy payment from supply to sale. Lack of availability of domestic gas, increasing trend in the price of RLNG and lower price of Urea in international market is also adversely impacting the profitability of the Urea manufactures.

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

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

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

Strength and weakness

Strengths

- Large player in domestic Urea Production (15% share in total production of the country).
- A multi-product Company with well established "Kisan" Brand.
- Majority equity held by GoI.
- Pan India distribution and sales network with least marketing cost amongst Urea players in the Country.
- Three plants located in the most intensive fertilizers consuming States i.e. Punjab and Haryana.
- Manufacturing Facilities for Industrial Products.
- Skilled & Experienced workforce.
- Adequate Infrastructure for future expansion/sharing.
- Well established eco-system for Seed Production & Sale.

Weaknesses

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

Opportunities & Threats

Opportunities

- Leverage of existing Pan India marketing network for undertaking trading and other businesses.

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

Threats

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

Revenue

The Company has achieved Revenue from Operations of ₹13135.36 crore during 2019-20 as against ₹12429.13 crore achieved during previous year and total income of ₹13191.86 crore during 2019-20 as against ₹12480.65 crore during previous year as detailed below:

(₹in crore)

Particulars	2019-20	2018-19	Change
Sale of products (including subsidy)	12781.71	12214.03	567.68
Sale of services	4.70	10.28	-5.58
Other Operating revenue	348.95	204.82	144.13
Revenue from operations	13135.36	12429.13	706.23
Other income	56.50	51.52	4.98
Total Revenue	**13191.86**	**12480.65**	**711.21**

Segment wise or product wise performance

Urea and other fertilizers

The Company has achieved the Urea Production of 37.27 LMT with an overall capacity utilization of 115.35% during 2019-20 against previous year production of 38.59 LMT achieved during 2018-19 (CPLY).

The Company has also produced 12807 MT of Bentonite Sulphur (BS) during the year against CPLY of 8567 MT, achieving a growth of around 50%.

On the sales front, the Company has achieved ever best sale of Fertilizers of 57.04 LMT that includes sale of 36.08 LMT of own Urea, 11.85 LMT of Imported Urea, 9.11 LMT of Non-Urea Fertilizers including 0.25 LMT (25016 MT) of Compost during 2019-20 surpassing previous best of 48.96 LMT during 2018-19 which includes sale of 38.98 LMT of own Urea, 3.71 LMT of Imported Urea, 6.27 LMT of Non-Urea Fertilizers including 0.21 LMT of Compost, thus exhibiting higher sale by 16.51 % as compared to previous year.

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

(Lakh MT)

Product	2019-20	2018-19	Change
1. Manufactured			
a) Urea	36.08	38.98	-2.90
b) Bentonite Sulphur	0.08	0.07	0.01
c) Bio-Fertilizers	0.007	0.006	0.001
2. Traded Goods			
a) Imported			
i) DAP	6.85	5.04	1.81
ii) MOP	0.74	-	0.74
iii) NPK (12-32-16)	0.50	0.68	-0.18
iv) NPK (10-26-26)	0.19	-	0.19
v) APS	0.39	0.26	0.13
vi) Calcium Nitrate 100% water soluble fertilizers	0.002	-	0.002
vii) NPK (19-19-19) 100% water soluble fertilizers	0.002	-	0.002
b) Indigenous			
i) Imported Urea (On Govt. A/c)	11.85	3.71	8.14
ii) SSP	0.10	-	0.10
iii) City Compost	0.25	0.21	0.04
Total Fertilizers	**57.04**	**48.95**	**8.09**

Industrial Products

The Company registered sale of Nitric Acid of 69436 MT during 2019-20 as compared to previous sale of 70606 MT during 2018-19. The Company also recorded sale of Ammonium Nitrate to the tune of 8341 MT during 2019-20 as compared to sale 12929 MT achieved during 2018-19.

In terms of revenue generation from production and sale of Industrial products, the Company achieved sale of Industrial-Products (IP) comprising of Nitric Acid, Sodium Nitrate, etc. to the tune of ₹170.45 crore during 2019-20 against CPLY of ₹200.90 crore.

Bio-Fertilizers

The Company sold 714 MT of Bio Fertilizers (Solid & Liquid) to the tune of ₹2.05 crore in F.Y. 2019-20 as against 632 MT of ₹1.82 crore during CPLY.

Import & sale of Fertilizers

The sale of imported non-Urea Fertilizers by the Company has witnessed a growth of 45% during 2019-2020 over the CPLY. The Company sold 8.67 LMT of imported non-Urea Fertilizers including DAP, MOP, APS, NPK etc. worth ₹2879.20 crore during 2019-20 against 5.98 LMT worth ₹2173.37 crore during 2018-19.

Apart from the above, NFL also sold 11.85 LMT of Urea imported in government account out of 11.13 LMT received & 1.25 LMT opening balance available at three ports during 2019-20.

Domestic Trading of Agro Products

The Company has registered total revenue of ₹66.00 crore towards trading of various agro products such as seeds, pesticides & compost during the year against ₹45.43 crore during CPLY.

Gross Sale Composition

Item	% of total Sale Composition		% Increase/(Decrease)
	2019-20	2018-19	
Urea (manufactured)	68.93	77.96	(11.58)
Other Fertilizers	31.07	22.04	40.97

Owing to shift in strategy of the Company, the composition of gross sale of the Company has undergone visible change. Against the Urea (main product) contribution of 94.49% in the overall revenue of the Company during 2015-16, Urea contribution has reduced to 68.93% while contribution of non-Urea business has increased to 31.07% during 2019-2020.

Projects completed/underway

Due to CoVID-19 triggered lockdowns around the world, execution of the ongoing energy saving projects of NFL have been hit hard due to shortage of labour at sites and delay in visits of foreign experts for erection/commissioning activities at site due to cancellation of all the international flights in the country. The further progress of RFCL project, a JV endeavour of the Company has also been impacted due to reasons as mentioned above. The inordinate delay in execution of these projects due to CoVID-19 shall be adversely impacting the financial performance of the Company during 2020-21. The status of all the NFL's ongoing projects is as under:

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

NFL, in association with EIL and FCIL formed a Joint Venture (JV) Company in Feb, 2015 as Ramagundam Fertilizers & Chemicals Limited (RFCL) to revive the old FCIL plant at Ramagundam with annual installed capacity of 12.71 LMT of Urea. The revised cost of project is ₹6165 crore with equity participation of 26% each of NFL and EIL, 11% each of FCIL and State of Telangana, 14.3% of GAIL and 11.7% of a Consortium led by M/s HTAS, Denmark.

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

After completion of gas pipeline by GITL, gas flow to RFCL started on 02.11.2019. Pre-commissioning activities started with availability of gas. Scheduled commercial operation date (SCOD) of 30.06.2020 has been affected due to impact of nationwide lockdown emerging out of CoVID-19 pandemic. Various disruptions due to lockdown such as delay in arrival of material, shortage of labour at site and delay in arrival of commissioning experts at site due to suspension of International Flights are going to further delay the completion of the project. Overall physical progress of the project is 99.67%. The commercial production from RFCL project is now expected to be commenced by mid of November, 2020.

Seeds Processing Plant at Bathinda and Panipat

Regarding setting up of Seeds Processing Plants at Bathinda, Panipat & Indore, the Company has already commissioned its two seeds processing plant at Bathinda and Panipat during February, 2020 and August, 2020 respectively, while at Indore, progress is underway. The Company would be processing the seeds to be grown & harvested under its flagship Seed Multiplication Program which was otherwise being processed through outsourcing to third party. The total seeds processing capacity of the Company after commissioning of all the 3 plants would be 1.20 Lakh quintals.

Integrated Energy Saving Projects

The stringent energy norms stipulated under New Urea Policy-2015 are to be implemented w.e.f. 01.10.2020 for all the NFL's plants except Vijaipur-II which was already implemented w.e.f 01.04.2018. In order to meet these new energy norms, the Company is already in the process of setting up Gas Turbine Generators along with Heat Recovery Steam Generation (HRSG) Unit at Panipat, Bathinda & Nangal Units with a total project cost of ₹675 crore. These energy saving schemes were initially scheduled to be commissioned by 30.11.2019 i.e. within 22 months from the date of LoI. The work on the project was in advanced stage of completion until March 2020, however due to CoVID-19, these schemes are likely to be further delayed due to disruptions such as poor availability of labour at site and non-arrival of foreign experts for erection/

commissioning activities due to travel restrictions owing to CoVID-19. Similarly, due to CoVID-19, implementation of energy saving schemes at Vijaipur Units is also getting delayed.

One of the schemes at Vijaipur I namely Revamp of synthesis gas compressor and turbine has been carried out in September,2020 using remote advisory services of the OEM M/s MCO-Japan while the balance schemes are now expected to be completed by June,2021. Similarly, for Nangal, Panipat and Bathinda Units , the schemes are expected to be completed by December,2020 subject to availability of commissioning of experts.

Efforts are being made to commission the above energy saving schemes by expediting the visits of commissioning experts and through remote technical advisory services.

NFL has been requesting DoF for suitable dispensation for recovery of its investment or for continuation of its existing norms. DoF vide letter dated 07.07.2020 extended the energy norms upto 30.09.2020 and informed that no further extension shall be provided. However, NFL vide its letter dated 18.09.2020 has requested DoF for extension of existing energy norms upto 31.03.2021 for Nangal, Panipat and Bathinda and upto 30.06.2021 for Vijaipur- I, as the completion of various projects has been delayed due to spread of Pandemic. NFL has also requested DoF for a holistic review of implementation of target energy norms under NUP-2015 to provide for recovery of capital investment made at its Units at Nangal, Panipat and Bathinda by continuing the existing energy norms (as applicable for 1st half of 2020-21) for a period of 3.5 years after implementation of the schemes.

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

Setting up of manufacturing facilities for Agrochemicals at Bathinda

In order to make self-sufficient in Agro-Chemicals business, NFL has planned to set up an Agro-chemical manufacturing facilities at Bathinda. Consultant was lined up for preparation of Techno-Economic Feasibility Report. Considering the financial viability, NFL decided to set up agrochemicals plant at Bathinda, having a total CAPEX of the project approx. ₹9.31 crore.

Consultant has been lined up to facilitate for setting-up of manufacturing facilities of Agro-Chemicals and work has been started. Completion of plant is expected by August, 2021.

Industrial Safety, Ecology & Pollution Control

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

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

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

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

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

of Liquid Ammonia and Chlorine Gas.

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

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

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

Outlook

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

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

Risk & Concerns

The major risk & concerns of NFL are outlined below:

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

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

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

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

Corporate Social Responsibility

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

Risk Management Policy

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

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

Under Risk Management policy, all the potential risks including risks arisen out of CoVID-19 along with mitigation actions undertaken were reviewed by Risk Assessment and Risk Management Committees. Some of the risks having huge financial impact as identified & reviewed by the Company include tightening of energy norms w.e.f. 01.10.2020 without govt. dispensation, deletion of minimum fixed cost for Vijaipur-I Unit retrospectively, delay in execution of ongoing projects such as energy reduction projects & RFCL Urea Project (a Joint Venture of the Company) due to CoVID-19 and higher interest burden due to delay in receipt of the subsidy from the Govt.

Internal Control Systems and their adequacy

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

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

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

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

Internal Financial Controls and its effectiveness

As per assessment done by auditor, internal controls over periodic financial reporting in the Company for the year 2019-2020 have been found operating effectively as at 31.03.2020. Further, Company is gearing up to integrate different business functions in a seamless way to gain greater benefits in terms of improved MIS, faster declaration of results and greater analysis of operational parameters which shall facilitate easier decision making and improved control on financial reporting for which Company has already engaged a system integrator for implementation of SAP (ERP) across the Company.

Financial Performance

During the year, Company achieved revenue from operations of ₹13135.36 crore (including subsidy of ₹8111.36 crore) compared to ₹12429.13 crore of CPLY (including subsidy of ₹8295.68 crore). The sales turnover is mainly higher due to increase in sale of DAP of ₹478.12 crore (higher quantity sale of 1.81 LMT), MOP by ₹185.54 crore, APS by ₹40.20 crore, NPK by ₹61.16 crore, Imported Urea by ₹566.96 crore (by quantity sale of 8.14 LMT) and SSP powder & plane by ₹5.40 crore which was partially offset by lower sale of NPK 12:32:16 by ₹61.30 crore, which was partially offset by lower sale of manufactured urea by 2.90 LMT, decrease in import party price and decrease in Gas prices.

During the year, the loss before tax was ₹252.71 crore as against Profit before tax of ₹463.37 crore achieved during CPLY. The decrease in profit is mainly due to increase in energy consumption, reduction in energy norms (5% penalty), for the FY 2019-20 (2% in FY 2018-19) pursuant to DoF notification dated 28.03.2018, decrease in contribution due to lower production of Urea (by 1.32 LMT) and lower sale of Urea (by 2.90 LMT), decrease in contribution from industrial product, increase in finance charge, increase in employee remuneration and increase in repair & maintenance expenses etc. In addition, Company has reversed fixed cost subsidy income of ₹388.85 crore (shown as exceptional item) due to deletion of para 3.2 of MNPS III policy regarding minimum fixed cost retrospectively w.e.f. 02.04.2014 (DoF letter dated 30.03.2020).

Short term borrowings of the Company as at 31.03.2020 stood at ₹7,333.77 crore, including cash credit utilization, short term loans and working capital demand loan, etc. as compared to ₹6,122.11 crore as at 31.03.2019 mainly due to higher subsidy receivable of ₹6990 crore as compared to ₹6562 crore in CPLY and lower receipt of subsidy viz-a-viz subsidy due from FICC due to budget limitations. Short term borrowings include Special Banking Arrangement (SBA) of ₹1215.14 crore (₹1451.73 crore during previous year).

Analysis of the Financial Performance of the Company

a) Revenue from Operations

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Revenue from Operations	13135.36	12429.13	6

Reason for variation:

Gross sales turnover was increased mainly due to higher sale quantity of traded fertilizers by 10.84 LMT, which was partially offset due to decrease in sale of Urea (own manufactured by 2.90 LMT).

b) Consumption of Raw Materials

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Raw Materials Consumed	4577.13	4738.34	-3

Reason for variation:

The decrease in cost of Raw Material is due to decrease in average price of gas to USD 11.95 /MMBTU during FY 2019-20 as compared to USD 12.19/MMBTU during CPLY i.e. decrease of 1.97% and lower production of urea by 1.32 LMT.

c) Finance Cost

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Finance Cost	405.47	316.36	28

Reason for variation:

Finance Cost has been increased due to higher average borrowings of ₹6279.31 crore as compared to ₹4336.07 crore during CPLY due to higher purchase of imported fertilizers from 9.89 LMT to 20.87 LMT and lower receipt of subsidy and increase in interest on Rupee Term Loan from SBI by ₹4.07 crore.

d) Repairs & Maintenance

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Repairs and Maintenance	84.44	71.68	18

Reason for variation:

Repair and Maintenance was higher mainly at Vijaipur Unit (₹8.75 crore) and Bathinda (₹4.30 crores).

e) Employees Benefits

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Employee Remuneration & Benefits	599.32	556.01	8

Reason for variation:

Employee Benefit Expenses has increased mainly on account of actuarial provision of EL & HPL of ₹11.76 crore, additional provision towards wage revision of ₹10.06 crore and general increase in salary due to annual increment & Dearness Allowance etc.

f) Power and Fuel

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Power and Fuel	3105.44	3122.74	-1

Reason for variation:

Power and Fuel expenses have decreased mainly due to decrease in average gas price from USD 12.19/ MMBTU during CPLY to USD 11.95/ MMBTU during 2019-20 i.e. a decrease of 1.97% and decrease in Urea production by 1.32 LMT.

g) Freight and Handling

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Freight and Handling	1018.39	797.24	28

Reason for variation:

Freight and Handling expenses has increased mainly due higher sale of traded fertilizers by 10.98 LMT as compared to CPLY.

h) Other Expenses

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Other Expenses	214.98	184.13	17%

Reason for variation:

Other expenses have increased as compared to CPLY mainly due to increase in Rent for Godown, Water Charges, Exchange rate variation, CSR Expenditure, Travelling and Security Expenses.

i) Other Operating Revenue

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Amortisation of Deferred Govt. Grant	278.11	183.89	51
Others	70.84	20.93	24
Total	**348.95**	**204.82**	**70**

Reason for Variation:

The other operating revenue has increased mainly due to disclosure of deferred Govt Grant by ₹94.22 crore in other operating revenue, Insurance claim by ₹41.57 crore and increase in recoveries on delayed payment on credit sales and higher sale of scrap by ₹8.15 crore in comparison to CPLY.

j) Other Income

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Other income comprising of interest income and other non-operating income.	56.50	51.52	10

Reason for Variation:

Other income has increased mainly due to increase in write back of provision for expenses.

Financial Status

a) Fixed Assets

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Tangible Assets	3723.17	3989.94	-7
Intangible Assets	2.41	3.51	-31
Capital work in progress	656.30	133.38	392
Total	4381.88	4126.83	6

Reason for Variation:

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

b) Non-current Investment

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Investments (Net of Provisions)	341.56	273.72	25

Reason for Variation:

Increase due to increase in equity investment in Ramagundam Fertilizers & Chemicals Limited during 2019-20.

c) Inventories

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Raw Materials	0.48	1.58	-70
Stores and Spares (Incl. packing material)	290.65	186.01	56
Semi-finished/finished products	985.35	1398.45	-30
Total	**1276.48**	**1586.04**	**-20**

Reason for Variation:

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

d) Trade Receivables

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Gross Debtors – FICC	6990.11	6561.90	7
- Others	755.07	604.67	25
Less: Provision for Doubtful Debts	(9.85)	(10.81)	-9
Net Debtors	7735.33	7155.76	8

Reason for Variation:

Trade Receivables have increased during 2019-20 mainly due to increase in subsidy receivable from Government of India and increase in receivables from market.

e) Current Assets – Other Financial Assets

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Other Financial Assets	288.71	234.65	23

Reason for Variation:

Other Financial Assets includes Capital Subsidy receivable from GOI for Ammonia Feed Stock Changeover Project (AFCP) has increased due to increase in Claim recoverable by ₹52.42 crore.

f) Current Liabilities

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Short Term Borrowings	7333.77	6122.11	20
Trade Payables	896.66	621.03	44
Other Financial Liabilities	674.26	1200.65	-44
Provisions	230.85	217.80	6
Total	**9135.54**	**8161.59**	**12**

Reason for Variation:

The current liabilities are increased during 2019-20 due to higher purchase of traded goods, increase in short term borrowing due to lower receipt of subsidy.

g) Non-current Liabilities

(In ₹crore)

Particulars	FY 2019-20	FY 2018-19	Change (%)
Long Term Borrowings-SBI	701.25	218.40	221
Long Term Borrowings-ECB	67.59	123.09	-45
Total	**768.84**	**341.49**	**125**

Reason for Variation:

Long term borrowing have increased during 2019-20 mainly due to Rupee Term Loan availed from State Bank of India for financing energy saving schemes and general capex of all units. The same was partially offset by repayment of External Commercial Borrowings (ECB).

Human Resource Management

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

The Company has manpower strength of 3339 employees as on 31.03.2020, which comprises of 1616 Executives and 1723 Non-Executives. The Company promotes the employment of women and 211 women employees are on its roll, which is 6.32 % of the total work force.

To improve skills and instill behavioral and personality development traits in all supervisory staff and managerial cadre, NFL organized number of training programmes (in-house as well as external) on contemporary subjects during the year. The training programmes were identified through Performance Management System by synchronizing organizational needs with individual needs. The Company also organized specially designed training programmes for developing women employees in various areas of expertise. In these diverse programmes, 12149 man-days training were imparted to employees and 924 man-days training to women employees.

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

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

The industrial relations at all Units/ Offices of NFL during 2019-20 remained cordial.

Details of Significant changes in Key Financial Ratios

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

Sr. No.	Particulars	2019-20	2018-19	% Change	Remarks
1.	Inventory Turnover Ratio	11.29:1	14.42:1	(22)	Inventories have decreased due to lower stock of traded goods

Sr. No.	Particulars	2019-20	2018-19	% Change	Remarks
2.	Debt Equity Ratio	4.22:1	2.91:1	45	Increased due to increase in borrowings
3.	Earnings per share (₹)	-3.49	6.08	(157)	Decrease due to loss in current financial year

Cautionary Statement

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

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

Annexure-2

Business Responsibility Report

Preamble

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

Section A

General Information about the Company

Sr. No.	Particulars	Details
01.	Corporate Identity Number (CIN) of the Company	L74899DL1974GOI007417
02.	Name of the Company	National Fertilizers Limited
03.	Registered address	Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi -110003
04.	Website	www.nationalfertilizers.com
05.	E-mail id	investor@nfl.co.in
06.	Financial Year reported	2019-20
07.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing of Urea. Code- 20121.
08.	List three key products/services that the Company manufactures/provides (as in balance sheet)	i) Own Fertilizers (Urea, Bio Fertilizers and Bentonite Fertilizers). ii) Fertilizers Trading (Indigenous and Imported). iii) Other Products & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme etc.).
09.	Total number of locations where business activity is undertaken by the Company: a) Number of International Locations b) Number of National Locations	 NIL 10 **Registered Office:** New Delhi **Corporate Office:** Noida **Units:** Nangal, Panipat, Bathinda, Vijaipur-I & II **Zonal Offices:** Chandigarh, Lucknow, Bhopal, Hyderabad
10.	Markets served by the Company- Local/State/ National/International	National (PAN India)

NFL was incorporated on 23.08.1974 at New Delhi. It has an authorized share capital of ₹1000 crore and paid up and subscribed share capital of ₹490.58 crore out of which Government of India's share is 74.71% and 25.29% share is held by financial institutions, public & others.

The Company has five gas based Urea plants viz. Nangal & Bathinda plants in Punjab, Panipat plant in Haryana and two plants at Vijaipur in Madhya Pradesh with a total annual capacity of 35.68 LMT (Annual reassessed capacity - 32.31 LMT) of Urea. The Company also has a Bio- Fertilizers Plant at Vijaipur with annual capacity of 660 tonnes and a Bentonite Sulphur plant of 25000 MT per annum at Panipat Unit. It also manufactures other allied Industrial products like Nitric Acid,

Ammonium Nitrate, Sodium Nitrate & Nitrite from its Nangal Unit and undertakes import & sale of other fertilizers like DAP, MoP, NPKS along with domestic trading of various agro-inputs like certified seeds, agrochemicals, Bentonite Sulphur, City Compost, SSP through its existing vast dealer's network under single window concept. The Company has also been producing and selling its own certified Seeds under Company's flagship Seed Multiplication Program (SMP).

The Company has commissioned its Seeds Processing Plant at Bathinda Unit during February, 2020 and at Panipat Unit in August, 2020 while one seed processing plant, at Indore is being set up which are likely to be completed by March, 2021. The Company is also setting-up an Agro Chemicals plant at Bathinda.

Apart from above, the Company is also in the process of revamping its Urea plants at Panipat & Bathinda units including new prilling towers to improve the prill size.

SECTION B

Financial details of the Company for 2019-20:

Sr. No.	Particulars	Details
01	Authorized Capital	₹1000 crore
02.	Paid up Capital	₹490.58 crore
03.	GoI Share	74.71 %
04.	Net Worth	₹1920.94 crore
05.	Capital Employed	₹1662 crore
06.	Revenue from Operations	₹13135 crore
07.	Profit/(Loss) Before Tax	(₹252.71) crore
08.	Profit/(Loss) after Tax	(₹171.01) crore
09.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	For details please refer **Annexure-5** of Board report.
10.	List of activities in which expenditure in 9 above has been incurred	For details please refer **Annexure-5** of Board report.

Section C

Other Details

Participation of subsidiaries and business partners in BR initiatives:

NFL has no subsidiary, however the details of its joint Venture Company viz. Ramagundam Fertilizers & Chemicals Limited are provided in the Annual Report of the Company for FY 2019-20. This JV Company of NFL fully endorses the BR Principles. However, the initiatives and programs on social and environment issues are decided and undertaken by the independent Board of the JV Company. Further, the Company expects and encourages its suppliers/dealers to conduct their business in a responsible manner.

Section D

Business Responsibility (BR) Information

Governance related to BR:

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

Name: Shri Rakesh Kumar Gogia

Designation: Executive Director (MS)

Email-id: rgogia@nfl.co.in

Business Responsibility head:

DIN: 07823778

Name: Shri Virendra Nath Datt

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

Telephone Number: 0120-2412383

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

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

About the BR Report

Business Responsibility report of the Company for the year 2019-20 is in accordance with SEBI requirements. A soft copy of this report is also being made available on the Company's website **www.nationalfertilizers.com.**

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

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

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

Section E

Principle-wise Performance

Principle 1: (Practicing Good Corporate Governance)

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

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

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

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

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

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

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

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

- All the plants of NFL are certified under integrated system of ISO-9001, ISO-14001 and OHSAS-18001 for compliance and maintenance of quality, environment and occupational health and safety management respectively which ensure that all the goods and services procured, manufactured and delivered by NFL comply with the principles of labour practices, human rights, ethics, occupational health, safety and environment.
- The Company revamped its old energy intensive Fuel Oil based plants located at Panipat, Bathinda & Nangal for feedstock changeover from Fuel Oil to environmental friendly and clean fuel i.e. natural gas during 2012-13 & 2013-14. This has resulted in significant reduction in energy consumption and carbon footprints. Boilers at these plants were also modified for change of support fuel from Fuel Oil to Natural gas.
- 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.
- Purge Gas recovery System installed at Vijaipur-II in 2015-16 to reduce possible NO_x (Green House Gas) emissions.
- NO_x emissions (gaseous effluent) from Nitric Acid plant at Nangal Unit being converted into saleable products viz. Sodium Nitrate & Sodium Nitrite. NO emissions have been further reduced to meet the new stringent norms of the GoI through internal modifications.
- 100% production of Neem Coated Urea commenced at NFL during 2014-15 which has contributed to the improvement in overall Urea use efficiency in the country.

- Roof Solar Power plants of 90 KW & 100 KW set up at its Corporate Office, Noida and Bathinda Unit.
- 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.
- Replaced large size energy intensive motors with state-of-the-art new machines including variable frequency drives to reduce unproductive energy consumption.
- Replaced 100% conventional lights (Florescent Tube Lights) with LED lights at Plants/Offices.
- Apart from the above, the Company is in the process of setting up Gas Turbine Generators (GTGs) with Heat Recovery Steam Generation Units (HRSG) at its 3 plants at Panipat, Bathinda & Nangal in order to save energy consumption and carbon footprints
- Energy Saving Schemes are also being implemented at Vijaipur Units. The Company has also initiated action for revamp the Urea plants at Panipat & Bathinda units along with new prilling towers to reduce energy consumption & improvising the prill size.
- 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.
- Marketing of City Compost through its existing Dealers' network.
- Exploring marketing of organic pesticides.

Principle 3: Employee Well Being

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

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

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

Employee Strength

The Company had 3339 employees as at the end of FY 2019-20, of which 211 were female employees, 1417 were SC/ST/OBC employees and 45 persons were with disabilities. Adequate representation has been given to the employees belonging to SC/ST/OBC communities.

Employee Benefits

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

Freedom of Association

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

- National Fertilizers Employees Union (NFEU) for all the 4 Manufacturing Units, Corporate Office and Marketing division which are recognized under Industrial dispute Act,1947 (ID Act 1947).
- Confederation of all the above 6 recognized Unions (CCRU).
- Officers Associations at all the above 6 locations and Federation of these officers Associations (FOA).
- SC/ST Association at each Unit for periodical meetings with Management for redressal of the grievances of SC/ST employees.
- Coordination Committee of SC/ST associations at Corporate Office.
- 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 major complaints/cases have been filed/pending with the Company during the year 2019-20.

Employee Training & Development

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

Some of the highlights of 2019-20:

- Total training to all employees: 12149 man-days.
- Total training to women: 924 man-days.
- Total training to SC/ST employees: 2513 man-days.

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

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

Principle 4: (Stakeholder Engagement)

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

Principle 5: (Human Rights)

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

- Employees

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

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

Principle 6: (Preservation of Environment)

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

- Implementing Gas Turbine Generator along with Heat Recovery Steam Generation Unit at its three plants at Panipat, Bathinda & Nangal replacing coal based.
- Captive power plant to reduce energy consumption/carbon footprints.
- Implementing various energy saving schemes at Vijaipur Units.
- Almost 100% LEDs installed at Units in place of conventional lighting to reduce power consumption.
- In-house modification carried out to reduce NO_x (GHG) emission in Nitric Acid Plant at Nangal Unit.
- Roof top solar plants of 100 KW & 90 KW set up at Corporate Office and Bathinda Unit respectively.
- There is growth of more than 17 % in sale of city compost by the Company in 2019-20 over previous year. Extensive field trials/training being provided to the farmers for the efficacy of Compost.
- Exploring trading of Bio-Pesticides for organic farming.
- Zero effluent discharge from the manufacturing Units and recycling of waste water after treating the effluents for plantation in the township.
- Massive afforestation undertaken in and around plant and township areas.
- Vermi-culture composting system started at Vijaipur & Nangal Units for in-house consumption in horticulture.
- Rain water harvesting.
- Fly ash from local ash ponds at Panipat, Bathinda & Nangal is being disposed of through outside parties for land filling and cement industries.
- Online monitoring system installed at all the 5 Units for liquid effluents and stack emissions.

Principle 7: (Responsible Advocacy)

NFL applies its prudence and actively participates in fertilizer policy making process of GoI through various associations/ bodies. Being one of the largest players in Urea sector in India, NFL enjoys the significant role in the Fertilizers Association of India which takes up important and vital issues with the Government for resolution. The Company is an active member of various associations, bodies, Chambers and Associations. Some of the major associations of which NFL is a part of, are listed hereunder:

- Standing Committee on Public Enterprises (SCOPE)
- Fertilizer Association of India (FAI)
- International Fertilizers Association (IFA)
- Confederation of Indian Industry (CII)
- National Seeds Association of India (NSAI)

Principle 8: (Inclusive Growth & Equitable Development)

The Company has been on the forefront towards inclusive growth and undertaken various projects/provided assistance in this area under CSR during 2019-20 in the vicinity of the Company's manufacturing Units/Offices such as :

- Provided infrastructure & facilities such as desks, celling fans, water coolers, water purifiers in government schools.
- Setting up and running of computer lab and library in a Govt. Girls College.
- Provided Smart class rooms for Deaf & Dumb students.
- Installation of solar street LED lights in 15 villages.
- Improvements to Channenhalli Tank at Channenhalli Village, Bangalore Urban District.
- Support for coaching of under privileged and talented students of Punjab and Haryana & MP for admissions in IIT/NITs.
- Organized Regular Health check-up, eye screening, cataract operations & cancer screening camps.
- Management of Soil Health and Productivity through City Compost in 14 villages of Chandigarh, Bhopal and Lucknow Zone.
- Support & help to farmers through free distribution of agro input kits in cyclone " FANI" affected districts of Odisha.
- Relief kits in flood affected Assam.
- Contribution to PM CARES FUND for CoVID-19.

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

Principle 9: (Customer Value)

- 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, SSP, Water Soluble fertilizers, Certified Seeds, Crops protection chemicals, compost etc.
- 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.
- The Company ensures compliance of specifications of the finished products as per FCO Specifications. Recently Company promptly & successfully addressed a complaint received regarding inadequate Neem coating on Urea at its Bathinda & Nangal plants through strengthening of the Neem coating system at these plants ensuring adequate Neem coating of Urea.
- The Company has a robust system to promptly register and resolve the customer complaints received from the market.
- 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.
- The Company is envisaging revamp of Urea manufacturing facilities at Bathinda and Panipat Units including construction of new prilling towers based on natural draft to further bring down energy consumption and improving prill size for better acceptability of the product in the market.
- Providing multiple products and services under the single roof from 100 Kisan Suvidha Kendras.
- Responding to the queries of farmers & dealers through Kisan Call Center operational on all working days.
- Under Agricultural Extension Services, soil testing for analysis of macro and micro nutrients is being undertaken to enhance balanced fertilization to improve soil health.

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

Annexure–3

Corporate Governance Report (2019-20)

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

1. Company's Philosophy on Code of Corporate Governance

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

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

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

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

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

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

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

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

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

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

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

1.1. The Rights of Shareholders

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

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

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

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

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

1.2 Timely Information

The Company sends notices/information through email to all shareholders who have provided their e-mail

id with the Company and/ or depository participants and to all others physically by post/courier for providing timely information.

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

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

1.3 Equitable Treatment

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

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

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

In line with the SEBI (Prohibition of Insider Trading) Regulations, 2015, and amendments thereto, the Company has put in place "The Code of Conduct for Regulating & Reporting Trading by Designated Persons & their Immediate Relatives" for National Fertilizers Limited".

The code is applicable to all the Insiders of the Company, which also ensures to prevent unauthorised dealing by them in shares of the Company. The code is also available at the website of the Company i.e. www.nationalfertilizers.com.

1.4. Role of Stakeholders in Corporate Governance

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

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

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

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

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

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

1.5 Disclosure and Transparency

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

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

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

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

1.6 Responsibilities of the Board of Directors

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

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

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

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

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

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

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

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

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

2. BOARD OF DIRECTORS

2.1 Size of the Board

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

2.2 Composition of the Board

The Board of Directors as on 31.03.2020 comprised of Seven Directors i.e. Chairman & Managing Director, Three Whole-time Functional Directors i.e. Director(Technical), Director(Finance) and Director(Marketing), Two Government of India nominees and One Independent Director. Brief profile of the Directors is set-out in **Annexure 16** of the Annual Report.

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

Sr. No.	Period		Composition of the Board		
	From	To	Total Directors	Independent Directors	Other Directors
01.	01.04.2019	28.06.2019	10	4	6
02.	29.06.2019	30.06.2019	9	4	5
03.	01.07.2019	02.09.2019	8	3	5
04.	03.09.2019	01.02.2020	9	3	6
05.	02.02.2020	31.03.2020	7	1	6

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

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

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

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

2.3 Tenure of Directors

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

2.4 Other details relating to the Board

Details regarding tenure, number of other Directorships/Committee Memberships viz. Audit Committee and Stakeholders Relationship Committee and Nomination and Remuneration Committee, held by Directors as on 31.03.2020 are tabulated below:-

Sr. No.	Director (S/Shri)	Category	Tenure		In other Boards/Committees		
			From	To	Directorship	Membership	Chairmanship
01.	Manoj Mishra^	C&MD	03.06.2015	Continuing^	1	-	-
02.	Rajiv Kumar Chandiok*	ED	10.02.2015	28.06.2019	-		
03.	Devinder Singh Ahuja**	ED	06.02.2017	31.03.2020	1	-	-
04.	Yash Paul Bhola#	ED	03.09.2019	Continuing	1		
05.	Virendra Nath Datt^	ED	11.10.2018	Continuing^	1	-	-
06.	Dharam Pal	NED-Govt. Nominee	09.02.2016	Continuing	2	-	-
07.	Partha Sarthi Sen Sharma	NED-Govt. Nominee	28.12.2018	Continuing	2	-	-
08.	Ms. Bhavnaben Kardambhai Dave***	NEID	01.07.2016	30.06.2019	-		
09.	CA Anil Verma****	NEID	14.02.2017	01.02.2020	-		

Sr. No.	Director (S/Shri)	Category	Tenure		In other Boards/Committees		
			From	To	Directorship	Membership	Chairmanship
10.	Dr. Ramesh Kumar Agarwal****	NEID	14.02.2017	01.02.2020	-		
11.	Dr. (Mrs.) Kalpana Saini^^	NEID	18.05.2017	Continuing	-		

C&MD- Chairman & Managing Director, ED– Executive Director, NED–Non-Executive Director, NEID–Non-Executive Independent Director. ^Shri Manoj Mishra ceased to be C&MD w.e.f. 02.06.2020, Shri Virendra Nath Datt Director (Marking) has entrusted the additional Charge of C&MD w.e.f. 03.06.2020; #Appointed as ED w.e.f. 03.09.2020; *Ceased to be ED w.e.f. 28.06.2019; **Ceased to be ED w.e.f. 31.03.2020; ***Ceased to be NEID w.e.f. 30.06.2019, ****Ceased to be NEID w.e.f. 01.02.2020 and ^^Ceased to be NEID w.e.f. 24.04.2020.

2.5 Independent Directors

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

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

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

Further, Smt. Bhavnaben Kardambhai Dave ceased to be NEID w.e.f. 30.06.2019, Shri Anil Verma & Dr. Ramesh Kumar Agarwal ceased to be NEID w.e.f. 01.02.2020 and Dr. (Mrs.) Kalpana Saini ceased to be NEID w.e.f. 24.04.2020 on completion of their respective terms. Shri Pandya Ashwin Kumar Balvantray was appointed as NEID on the Board of NFL w.e.f. 04.05.2020 in terms of DoF order no.78/2/2006-HR(PSU) dated 01.05.2020.

2.6 Board Meetings, Agenda & Minutes

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

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

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

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

2.7 Board Meetings held

During the year, Board met nine (09) times as detailed below:-

Sr. No.	Meeting No.	Date of Meetings
01.	434	15.04.2019
02.	435	02.05.2019
03.	436	04.06.2019
04.	437	02.08.2019
05.	438	18.09.2019

Sr. No.	Meeting No.	Date of Meetings
06.	439	05.11.2019
07.	440	18.12.2019
08.	441	31.01.2020
09.	442	09.03.2020

The minimum and maximum interval between any two Board Meetings was 17 days and 59 days respectively.

2.8 Attendance at the Board Meetings and Annual General Meeting

Details of attendance of the Directors at the Board Meetings and at the last Annual General Meeting held on 18.09.2019 are as follows:

Sr. No.	Name of the Director (S/Shri)	Category	Board Meetings held during 2019-20 and Attendance thereat		Attendance at last Annual General Meeting
			Held	Attended	
01.	Manoj Mishra	C&MD^	9	9	Present
02.	Rajiv Kumar Chandiok*	ED	3	3	N.A.
03.	Devinder Singh Ahuja**	ED	9	9	Present
04.	Virendra Nath Datt	ED^	9	7	Present
05.	Shri Yash Paul Bhola (from 03.09.2019)	ED	5	5	Present
06.	Dharam Pal	NED-Govt. Nominee	9	5	Not Present
07.	Partha Sarthi Sen Sharma	NED-Govt. Nominee	9	6	Not Present
08.	Ms.Bhavnaben Kardambhai Dave***	NEID	3	3	N.A.
09.	CA Anil Verma****	NEID	8	8	Present
10.	Dr. Ramesh Kumar Agarwal****	NEID	8	5	Present
11.	Dr. (Mrs.) Kalpana Saini#	NEID	9	7	Not Present

C&MD – Chairman & Managing Director, ED – Executive Director, NED – Non-Executive Director, NEID – Non-Executive Independent Director. ^Shri Manoj Mishra ceased to be C&MD w.e.f. 02.06.2020, Shri Virendra Nath Datt Director (Marking) has entrusted the additional Charge of C&MD w.e.f. 03.06.2020, *Ceased to be ED w.e.f. 28.06.2019, **Ceased to be ED w.e.f. 31.03.2020, ***Ceased to be NEID w.e.f. 30.06.2019, ****Ceased to be NEID w.e.f. 01.02.2020 and #Ceased to be NEID w.e.f. 24.04.2020.

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

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

- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- Quarterly Financial Results of the Company;
- Annual Financial Statements including Consolidated Financial Statements, Management Discussion & Analysis, Directors' Report etc.;
- Minutes of the Meetings of the Audit Committee and other Committees of the Board;
- The information on recruitment and remuneration of senior executives just below the Board level, including appointment or removal of Company Secretary;
- Major capital investments, formation of Joint Ventures, R&D project or technical collabouration agreement;
- Significant labour problems and their proposed solutions. Any significant development in the areas of

Human Resource/Industrial Relations like signing of wage agreement, Incentive Schemes, Medical facilities, implementation of Voluntary Retirement Scheme etc.;

- Disclosure of Interest by Directors about Directorships and Committee positions occupied by them in other companies;
- Report on compliance of various laws and Information relating to major legal disputes;
- Short term Investment of surplus funds;
- Status of Borrowings;
- Any contract(s) in which Director(s) is/are deemed to be interested;
- Award of large contracts;
- Report on performance of various units/functions;
- Review of risk factors including Foreign Exchange transactions;
- Other materially important information;
- Show cause, demand, prosecution notices and penalty notices, which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Transactions involving substantial payment towards goodwill, brand equity, or intellectual property;
- Sale of material nature, of investments, satisfactory assets, which is not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.;
- Review of Whistle blower Policy of the Company;
- Declaration of independence by Independent Director;
- Quarterly Status of Investor Complaints;
- Quarterly Report Compliance with Corporate Governance norms;
- Review of Corporate Social Responsibility (CSR) Policy of the Company;
- Review of Health, Safety and Environment Policy;
- Action taken report on matters desired by the board;
- Changes in significant accounting policies and practices and reason for the same;
- Any other information required to be presented to the Board.

2.10 Separate Meeting of Independent Directors

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

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

During the year under review, two (2) meetings of the Independent Directors were held on 04.06.2019 and 02.08.2019.

2.11 Disclosure of relationships between Directors inter-se

No relationships between Directors inter-se have been reported.

2.12 Number of shares and convertible instruments

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

2.13 Web link details of familiarization programmes imparted to Independent Directors

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

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

2.14 Policy on Board Diversity

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

2.15 Performance evaluation of Directors

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

Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification No.GSR463(E) dated 05.06.2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that sub sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.

MCA vide notification dated 05.06.2015 has also notified that in case of government companies Section 134(3)(p) shall not apply in case the directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company.

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

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

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

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

performance of the Board and individual Directors. Performance of the Company is reviewed on quarterly basis through Quarterly Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters.

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

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

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

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

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

2.16 Skills, expertise and competencies of the Board of Directors

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

3. Committees of the Board

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

i) Audit Committee;

ii) Stakeholders Relationship Committee;

iii) Nomination and Remuneration Committee;

iv) Corporate Social Responsibility & Sustainable Development Committee; and

v) Risk Management Committee;

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

3.1 Audit Committee

The Company endeavours that the constitution, quorum, scope etc. of the Audit Committee is in line with Section 177 of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and guidelines on Corporate Governance as issued by Department of Public Enterprises. As on 31.03.2020, the Composition of Audit Committee w.e.f. 02.02.2020 was not proper due to non-appointment of requisite number of Independent Directors by the Department of Fertilizers, Government of India. The scope of Audit Committee inter-alia includes the following:-

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

2) recommendation for 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7) reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

8) approval or any subsequent modification of transactions of the listed entity with related parties;

9) scrutiny of inter-corporate loans and investments;

10) valuation of undertakings or assets of the listed entity, wherever it is necessary;

11) evaluation of internal financial controls and risk management systems;

12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14) discussion with internal auditors of any significant findings and follow up 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.

21) Reviewing the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.

COMPOSITION & ATTENDANCE AT THE MEETINGS

3.2 Details of Audit Committee meetings

Composition of the Audit Committee and attendance

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

(in Nos.)

Sr. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2019-20	
			From	To	Held	Attended
01.	Dr. (Mrs.) Kalpana Saini#	Chairperson	02.02.2020	Continuing	01	00
		Member	31.01.2018	01.02.2020	05	05
02.	CA Anil Verma	Chairperson	21.02.2017	01.02.2020	05	05
03.	Ms. Bhavnaben Kardambhai Dave*	Member	13.07.2016	30.06.2019	02	02
04.	Dr. Ramesh Kumar Agarwal	Member	21.02.2017	01.02.2020	05	02
05.	Devinder Singh Ahuja**	Member	21.02.2017	31.03.2020	06	06
06.	Virendra Nath Datt***	Member	30.10.2018	19.07.2019	02	01
		Member	02.02.2020	Continuing	01	01

*Ceased to be member w.e.f. 30.06.2019. **Ceased to be member w.e.f. 31.03.2020, ***Ceased to be member w.e.f. 19.07.2019 & re-appointed w.e.f. 02.02.2020 and #appointed as Chairperson w.e.f. 02.02.2020 & Ceased to be member w.e.f. 24.04.2020.

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

3.3. Meetings

During the year 2019-20, the Audit Committee met six (6) times as detailed below:-

Sr. No.	Meeting No.	Date of Meetings
01.	122	02.05.2019
02.	123	04.06.2019
03.	124	02.08.2019
04.	125	04.11.2019
05.	126	30.01.2020
06.	127	09.03.2020

3.4 Stakeholders Relationship Committee

The Stakeholders Relationship Committee is in line with the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The scope of the Stakeholders Relationship Committee inter-alia includes the following:-

1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non- receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.

2) Review of measures taken for effective exercise of voting rights by shareholders.

3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

3.4.1 Composition

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

(in Nos.)

Sr. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2019-20	
			From	To	Held	Attended
01.	Dr. (Mrs.) Kalpana Saini#	Chairperson	02.02.2020	Continuing	-	-
02.	CA Anil Verma**	Chairperson	21.02.2017	01.02.2020	01	01
03.	Rajiv Kumar Chandiok*	Member	10.02.2015	28.06.2019	N.A.	N.A.
04.	Devinder Singh Ahuja**	Member	21.02.2017	01.02.2020	01	01
05.	Virendra Nath Datt	Member	01.08.2019	Continuing	01	01
06.	Shri Yash Paul Bhola##	Member	02.02.2020	Continuing	-	-

*Ceased to be member w.e.f. 28.06.2019, **Ceased to be member w.e.f. 01.02.2020, #Appointed as Chairperson w.e.f. 02.02.2020 & Ceased to be member/Chairperson w.e.f. 24.04.2020 and ##Appointed as member w.e.f. 02.02.2020.

3.4.2 Meetings

During the year 2019-20, the Stakeholders Relationship Committee met once and was attended by all the Members and Chairperson as detailed below:-

Sr. No.	Meeting No.	Date of Meetings
01.	07	05.11.2019

3.4.3 Compliance Officer

Shri Ashok Jha, Company Secretary, is the Compliance Officer w.e.f. 01.02.2020 (earlier Company Secretary, Shri. Raj Kumar was Compliance Officer upto 31.01.2020) and has been entrusted with the responsibility for redressal of Shareholders and investors grievances and reports the same to the Committee. Details of the same are also available on the website of the Company at www.nationalfertilizers.com.

3.4.4 Summarized information on complaints

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

During the Financial Year under review quarter wise investor Complaints details are given below:-

Quarter Ended	Complaints Received	Complaints Resolved	Complaints Pending
30.06.2019	NIL	NIL	NIL
30.09.2019	NIL	NIL	NIL
31.12.2019	03	03	NIL
31.03.2020	NIL	NIL	NIL
Total	**03**	**03**	**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. As on 31.03.2020, the composition of Nomination and Remuneration Committee w.e.f 02.02.2020 was not proper due to non–appointment of requisite number of Independent Directors by the Department of Fertilizers, Government of India.

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

Remuneration of employees consisting of basic pay, perquisites, performance Incentives, retirement benefits

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

Terms of reference of the committee is as per provision of Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The committee identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. Further, in terms of the DPE Guidelines, every Central Public Sector Enterprise is required to constitute a Nomination & Remuneration Committee headed by an Independent Director to decide the Annual Bonus/Variable. Pay Pool and policy for its distribution across the executives and non-unionized supervisors. The Board has constituted a Nomination and Remuneration Committee. Composition of the Committee for the year 2019-20 and thereafter is as follows:-

(in Nos.)

Sr. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2019-20	
			From	To	Held	Attended
01.	Dr. Kalpana Saini#	Chairperson	02.02.2020	Continuing	N.A.	N.A.
		Member	31.01.2018	01.02.2020	01	01
02.	Dr. Ramesh Kumar Agarwal*	Chairperson	21.02.2017	01.02.2020	01	01
03.	Manoj Mishra^	Member	13.01.2016	Continuing	01	01
04.	Ms. Bhavnaben Kardambhai Dave	Member	13.07.2016	30.06.2019	01	01
05.	CA Anil Verma*	Member	21.02.2017	01.02.2020	01	01
06.	Partha Sarthi Sen Sharma	Member	05.11.2019	Continuing	N.A.	N.A.

*Ceased to be member w.e.f. 01.02.2020, #appointed Chairperson w.e.f. 02.02.2020 & Ceased to be member/ Chairperson w.e.f. 24.04.2020 and ^Ceased to be member w.e.f. 02.06.2020

3.5.2 Meetings

During the year 2019-20, the Nomination and Remuneration Committee met once as detailed below:-

Sr. No.	Meeting No.	Date of Meetings
01.	10	04.06.2019

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

3.6.1. Composition

The Constitution of the Committee is as under

(in Nos.)

Sr.No	Name of Director (S/Shri)	Status	Period		Meetings during 2019-20	
			From	To	Held	Attended
01.	Ms. Bhavnaben Kardambhai Dave	Chairperson	21.02.2017	30.06.2019	01	01
02.	CA Anil Verma#	Chairperson	19.07.2019	01.02.2020	02	02
03.	Dr. (Mrs.) Kalpana Saini##	Chairperson	02.02.2020	Continuing	01	-
		Member	31.01.2018	01.02.2020	03	02
04.	Dr. Ramesh Kumar Agarwal	Member	21.02.2017	01.02.2020	03	02
05.	Rajiv Kumar Chandiok	Member	09.09.2015	28.06.2019	01	01

Sr.No	Name of Director (S/Shri)	Status	Period		Meetings during 2019-20	
			From	To	Held	Attended
06.	Devinder Singh Ahuja ###	Member	21.02.2017	31.03.2020	04	04
07.	Virendra Nath Datt	Member	30.10.2018	Continuing	04	04
08.	Dharma Pal	Member	05.11.2019	Continuing	01	NIL

#Appointed as Chairperson on 19.07.2019, ##Appointed as Chairperson w.e.f. 02.02.2020 & Ceased to be Member/Chairperson w.e.f. 24.04.2020 and ###Ceased to be member w.e.f. 31.03.2020

3.6.2. Meetings

During the year 2019-20, the Corporate Social Responsibility and Sustainable Development Committee met Four (4) times as detailed below:-

Sr. No.	Meeting No.	Dates
01.	20	02.05.2019
02.	21	02.08.2019
03.	22	18.09.2019
04.	23	09.03.2020

3.7 Risk Management Committee

Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is applicable to top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year. NFL's Rank was 499 as per data Published by NSE based on market capitalization as on 31.03.2018. Board of Director in its 432nd Meeting held on 01.02.2019 constituted Risk Management Committee to monitor, approve and review the risk policies/plan and associated practices of the Company. NFL's Ranking as on 31.03.2019 was 570 and as on 31.03.2020 was 551 as per data Published by NSE based on market capitalization.

3.7.1 The Composition of Risk Management Committee is as under

(in Nos.)

Sr.No	Name of Director (S/Shri)	Status	Period		Meetings during 2019-20	
			From	To	Held	Attended
01.	CA Anil Verma	Chairperson	01.02.2019	01.02.2020	05	05
02.	Dr. (Mrs) Kalpana Saini#	Chairperson	02.02.2020	Continuing	-	-
		Member	01.02.2019	01.02.2020	05	05
03.	Rajiv Kumar Chandiok	Member	01.02.2019	28.06.2019	02	02
04.	Devinder Singh Ahuja	Member	01.02.2019	31.03.2020	05	05
05.	Virendra Nath Datt	Member	01.02.2019	Continuing	05	03
06.	Yash Paul Bhola	Member	02.08.2019	Continuing	02	02
07.	R.K. Gogia, ED (IA & Law/CS/MS)	Member	01.02.2019	Continuing	05	05
08.	Dinesh Sood, GM(HR)I/c	Member	01.02.2019	01.02.2020	05	04
09.	N.S. Verma, ED (F&A)	Member	02.02.2020	Continuing	N.A.	N.A.

#Appointed as Chairperson w.e.f. 02.02.2020 & Ceased to be member/Chairperson w.e.f. 24.04.2020

3.7.2 Committee Meetings were held on following dates

During the year 2019-20, the Risk Management Committee met five (5) times as detailed below:-

Sr. No.	Meeting No.	Dates
01.	01	02.05.2019
02.	02	04.06.2019
03.	03	02.08.2019
04.	04	04.11.2019
05.	05	30.01.2020

4. Details of Remuneration and Sitting Fee paid to Directors during 2019-20

4.1 Remuneration to Executive Directors and Company Secretary

(₹ in Lakh)

Sr. No.	Name of Director (S/Shri)	Salary including perks	Retirement Benefits	Total
01.	Manoj Mishra, C&MD	48.46	5.05	53.51
02.	Rajiv Kumar Chandiok, Director (Finance)**	14.13	20.76	34.89
03.	Devinder Singh Ahuja, Director (Technical)	44.73	28.76	73.49
04.	Virendera Nath Datt, Director (Marketing)	47.58	5.44	53.02
05.	Yash Paul Bhola, Director (Finance) ***	23.10	2.43	25.53
06.	Raj Kumar, Company Secretary****	36.43	2.62	39.05
07.	Ashok Jha, Company Secretary*****	3.22	0.26	3.48
	Total	**217.65**	**65.32**	**282.97**

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

**Ceased to be Director on 28.06.2020.

***Joined on 03.09.2019.

****Ceased to be Company Secretary w.e.f. 31.01.2020.

*****Joined as Company Secretary w.e.f. 01.02.2020.

4.2. Sitting Fee to Independent Directors

The Non-executive Independent Directors are paid sitting fee of ₹25,000/- for attending each meeting of the Board and/or Committee thereof. Sitting fee paid to Independent Directors during 2019-20 is as follows.

(Amount in ₹)

Sr. No.	Name of the Independent Director (S/Shri)	Board Meetings	Audit Committee & other Board Sub-Committee Meetings	Total
01.	Ms. Bhavnaben Kardambhai Dave	75000	125000	200000
02.	CA Anil Verma	200000	450000	650000
03.	Dr. Ramesh Kumar Agarwal	125000	175000	300000
04.	Dr. (Mrs.) Kalpana Saini	175000	375000	550000
	TOTAL	**575000**	**1125000**	**1700000**

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

4.3 Government Nominee Directors

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

4.4 Stock Options

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

5. General Body Meetings

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

Type of Meeting	Date of Annual General Meeting	Time of Annual General Meeting	Place of Annual General Meeting	Whether any special resolution passed
Year 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	-
Year 2017-18				
Annual General Meeting	27.09.2018	02.30 PM	Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi-110003	-
Year 2018-19				
Annual General Meeting	18.09.2019	02.30 PM	Joseph Stein Auditorium, India Habitat Centre, Lodhi Road, New Delhi-110003	Yes

6. Postal Ballot

Company had not transacted any business through postal ballot during the year 2019-20.

7. Extraordinary General Meeting

No Extraordinary General Meeting was held during the year.

8. Other Disclosures

8.1 Disclosures on Materially Significant Related Party Transactions

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

8.2 Details of Penalties etc.

NSE and BSE have levied monetary fines for non-compliance with Regulation 17(1) of SEBI (LODR) Regulations, 2015 against the Company as detailed in Secretarial Compliance Report **(Annexure-14)**. National Fertilizers Limited (NFL) is a Government Company and its directors are appointed by the Government of India (GOI). The remuneration and tenure of Directors are also fixed by GOI. NFL has made appeal to NSE & BSE for withdrawal of the Notice and waiver of fine. BSE vide its email dated 24.09.2020 informed that NFL's request for waiver of fine has been accepted and fine levied pursuant to SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2018/77 dated 03.05.2018 for the quarter ended September 2018, December 2018, March 2019, June 2019, September 2019, December 2019, March 2020 and June 2020 has been waived.

8.3 Details of Vigil Mechanism/Whistle Blower Policy

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

8.4 Details of Compliance with Mandatory Requirements

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

8.5 Related Party Transactions Policy

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

8.6 Policy for Determining 'Material' Subsidiaries

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

8.7 Foreign Exchange risk or Commodity price risk and hedging activities

Hedging activities /transactions during the financial year 2019-20 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 beard based on this the risk appetite of the Company (generally linked to % of profits) open position of unhedged forex exposure is worked out for monitoring with pre – determined stop loss limits.

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

8.8 Compliance Requirement of Corporate Governance Report

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

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

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

- The Board: The Company is headed by an Executive Chairman.
- Shareholder Rights: The quarterly financial results of the Company are published in leading newspapers as mentioned under heading 'Means of Communication' and also hosted on the website of the Company.
- Modified opinion(s) in audit report: The Auditor's Report for F.Y. 2019-20 was unmodified.
- Reporting of the Internal Auditor: Internal Auditors are appointed by the Board on the recommendation of Audit Committee. Internal Audit Programs are approved by the Audit Committee. The Internal Auditors reports to the Audit Committee on significant observations.

8.10 Investor Education and Protection Fund

During the year 2019-20, ₹95,820.00 have been transferred to Investor Education and Protection Fund on account of unpaid/unclaimed dividend on 19.11.2019.

8.10.1 Transfer of Shares to Investor Education and Protection Fund

In accordance with the applicable provisions of Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Company has transferred 6761equity shares to the Investor Education and Protection Fund Authority during the year 2019-20 as detailed below:

Sr. No.	Equity Share Transferred through	No. of Equity Shares Transferred
01.	National Securities Depository Limited (NSDL)	2608
02.	Central Depository Services (India) Limited (CDSL)	4153
	TOTAL	**6761***

*17,576 equity shares were transferred to IEPF Authority Demat Account upto FY2018-19. Thus total number of equity shares transferred to IEPF Authority Demat Account as on 31.03.2020 is 24,337.

8.11 Disclosure with respect to demat suspense account/unclaimed suspense account and Unpaid/Unclaimed Dividend transferred to IEPF

The Company has no shares in the demat suspense account or unclaimed suspense account.

8.11.1 Nodal Officer

In compliance with Companies Act, 2013 and The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Shri Ashok Jha, Company Secretary of the Company has been appointed w.e.f. 01.02.2020 consequent upon retirement of Shri Raj Kumar, earlier Company Secretary on 31.01.2020 as Nodal Officer for the purpose of coordination with IEPF Authority.

8.12 Monitoring of Foreign Investment

Pursuant to the Circular No. IMD/FPIC/CIR/P/2018/61 dated 05.04.2018 issued by SEBI regarding Monitoring of Foreign Investment Limits in listed companies by the depositories, the Company has appointed National Securities Depository Limited (NSDL) as Designated Depository for the purpose of monitoring the foreign investment limits.

8.12.1 Designated Official

For the purpose of Monitoring of Foreign Investment Limits, the Company has appointed Shri Ashok Jha, Company Secretary w.e.f. 01.02.2020 (earlier Company Secretary, Shri Raj Kumar was Compliance Officer upto 31.01.2020) of the Company as Designated Official for assessing NSDL web interface to submit requisite foreign investment information and coordinating with NSDL form time to time.

8.13 Implementation of System-driven Disclosures in Securities Market

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

8.13.1 Designated Official

For the purpose of System-driven Disclosures in Securities Market, the Company has appointed Shri Ashok Jha, Company Secretary of the Company w.e.f. 01.02.2020 (earlier Company Secretary, Shri Raj Kumar was Compliance Officer upto 31.01.2020) as Designated Official for assessing NSDL issuer service portal to submit information about directors/employees for the purpose of System Driven Disclosures in Securities Market.

8.14 Deposits

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

8.15 Fee to Statutory Auditor

Total fee of ₹60.82 Lakh (₹ Sixty Lakh Eighty Two Thousand only) plus GST was paid for all services rendered by Statutory Auditor (on consolidation basis) during 2019-20.

8.16 Disclosure under Sexual Harassment of Women at Workplace

During the year 2019-20, disclosure in relation to the Sexual Harassment of Women at workplace is as under:

a) No. of complaints filed during the FY- NIL

b) No. of complaints disposed off during the FY- NIL

c) No. of complaints pending as at the end of FY- NIL

9. Compliance Officer

Shri Ashok Jha, Company Secretary is the Compliance Officer w.e.f. 01.02.2020 (earlier Company Secretary, Shri Raj Kumar was Compliance Officer upto 31.01.2020).

10. Means of Communication

10.1Quarterly 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 2019-20 were published in prominent newspapers as below: -

Quarter ended	Date of Publication	News paper
30.06.2019	03.08.2019 (English)	Mail Today, New Delhi The Statesman , New Delhi Millennium Post, New Delhi
	(Hindi)	Rashtriya Sahara, New Delhi
30.09.2019	06.11.2019 (English)	Business Standard, New Delhi Financial Express, New Delhi The Indian Express, New Delhi Millennium Post, New Delhi
	(Hindi)	Jansatta, New Delhi
31.12.2019	01.02.2020 (English)	Millennium Post, New Delhi Hindustan Times, New Delhi Mint, New Delhi
	(Hindi)	Hindustan, New Delhi
31.03.2020	31.07.2020 (English)	Financial Express, Delhi The Indian Express, Delhi Mail Today, Delhi Free Press, Mumbai
	(Hindi)	Jansatta, New Delhi

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

10.3 Shareholding Pattern

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

10.4 Intimation to Stock Exchanges

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

10.5 Designated exclusive email ID

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

10.6 Displays official news release

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

10.7 Presentations

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

11.General Shareholder Information

11.1 Company's Registration Details

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

11.2 Forthcoming Annual General Body Meeting

ROC, NCT of Delhi & Haryana has issued an order vide No. ROC/DELHI/AGM EXT./2020/11538 dated 08.09.2020, wherein the time to hold the AGM for the financial year ended on 31.03.2020 has been extended for a period of three months from the due date.

The Company had also filed an application for extension of holding of its AGM for the FY ended 31.03.2020 which was accepted by ROC, NCT of Delhi & Haryana vide its order dated 23.09.2020 by granting the extension of three months from the due date for holding the AGM of the Company.

Date	**17.12.2020.**
Time	**2:30 p.m.**
venue	**Through Video Conferencing & other Audio Visual Means**

11.3 Financial Year: 01st April to 31st March

11.4 Address for Communication

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

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

11.5 Website

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

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

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

11.7 Financial Calendar for FY 2020-21

Particulars	Date
Accounting Period	01.04.2020 to 31.03.2021
Un-audited Financial Results for the first three quarters	Within a period of 45 days from the end of each quarter
Audited Annual Results	Within a period of 60 days from the end of financial year
AGM (Next Year)	September, 2021 (Tentative)

11.8 Book Closure and Cut-Off date

The Register of Members and Share Transfer Books will remain closed from 11.12.2020 to 17.12.2020 (both days inclusive). The cut-off date for the purpose of recognising the voting rights of Shareholders is 10.12.2020.

11.9 E-voting

Members will be provided e-voting facility to exercise their right to vote at the 46th 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 14.12.2020 (from 09.00 AM) to 16.12.2020 (up to 5.00 PM).

11.10 Payment of Dividend

The Board of Directors, in its meeting held on 09.03.2020, had declared an interim dividend @ 9.50 % (₹0.95/- per share) on the paid-up equity share capital of the Company to its shareholder as on record date 20.03.2020. The interim dividend was paid to the shareholders within 30 days from the date of declaration.

11.11 Listing on Stock Exchanges

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

11.11.1 The Bombay Stock Exchange Limited (BSE)

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

11.11.2 The National Stock Exchange of India Limited (NSE)

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

11.11.3 Commercial Paper Listed during the year-2019-20

Name Address and Contact details of Stock exchange	SCRIP CODE-BSE	ISIN CODE	AMOUNT(₹)
NATIONAL STOCK EXCHANGE OF INDIA LIMITED			
Name: Mr Ajit Singh (Business Development Manager)	717660	INE870D14CO2	16,00,00,00,000
Address:National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051	717970	INE870D14CP9	9,00,00,00,000
Telephone: 8104331457	717971	INE870D14CQ7	8,00,00,00,000
Email: ajits@nse.co.in	717971	INE870D14CQ7	3,00,00,00,000
Website: www.nseindia.com	717971	INE870D14CQ7	6,00,00,00,000
BSE LIMITED	718007	INE870D14CS3	2,25,00,00,000
Name: Mr. Anmol Kumar	718007	INE870D14CS3	6,75,00,00,000
Address: BSE Limited, P J Towers, Dalal Street, Mumbai- 400001, India	718006	INE870D14CR5	9,00,00,00,000
Telephone: 08879440395	718547	INE870D14CT1	10,00,00,00,000
Email: anmol.kumar@bseindia.com	718547	INE870D14CT1	6,00,00,00,000
Website: www.bseindia.com	718586	INE870D14CU9	7,00,00,00,000
	718622	INE870D14CV7	8,00,00,00,000
TOTAL			**91,00,00,00,000**

11.12 Listing Fee

The Annual Listing Fee upto 2020-21 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 2020-21.

11.14 Market Price Data

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

11.14.1 BSE

Month	Stock Prices of the Company		Corresponding BSE Indices (SENSEX)	
	High (₹)	Low (₹)	High	Low
April, 2019	36.45	34.10	39487.45	38460.25
May, 2019	40.90	33.95	40124.96	36956.10

Month	Stock Prices of the Company		Corresponding BSE Indices (SENSEX)	
	High (₹)	Low (₹)	High	Low
June, 2019	40.55	32.80	40312.07	38870.96
July, 2019	40.75	31.50	40032.41	37128.26
August, 2019	34.20	23.70	37807.55	36102.35
September, 2019	29.60	24.60	39441.12	35987.80
October, 2019	29.60	23.80	40392.22	37415.83
November, 2019	29.95	25.80	41163.79	40014.23
December,2019	26.40	24.30	41809.96	40135.37
January, 2020	32.45	25.95	42273.87	40476.55
February, 2020	29.90	22.50	41709.30	38219.97
March, 2020	23.15	15.00	39083.17	25638.90

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, 2019	36.50	34.20	11856.15	11549.1
May, 2019	41.00	33.95	12041.15	11108.3
June, 2019	40.65	32.70	12103.05	11625.1
July, 2019	40.80	31.30	11981.75	10999.4
August, 2019	33.10	23.50	11181.45	10637.15
September, 2019	28.25	24.60	11694.85	10670.25
October, 2019	29.60	23.65	11945	11090.15
November, 2019	29.95	25.75	12158.8	11802.65
December,2019	26.45	24.15	12293.9	11832.3
January, 2020	32.55	25.90	12430.5	11929.6
February, 2020	29.95	22.50	12246.7	11175.05
March, 2020	23.40	14.70	11433	7511.1

Face Value per Share is ₹10/-

11.15 Registrar and Share Transfer Agent

Name of Registrar and Share Transfer Agent	M/s. MAS Services Limited
Address:	T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi Pin Code– 110020,
Phone:	011-26387281-83
Fax:	011-26387384
Email :	mas_serv@yahoo.com

11.16 Distribution of Shareholding

Shares held by different type of shareholders as on 31.03.2020 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	44791	77.818	7153624	1.458
5001 to10000	6095	10.589	5102927	1.040
10001 to 20000	3181	5.527	4966814	1.012
20001 to 30000	1374	2.387	3550456	0.724
30001 to 40000	472	0.820	1718667	0.350
40001 to 50000	479	0.832	2280964	0.465
50001 to 100000	647	1.124	4768987	0.972
100001 & above	520	0.903	461035961	93.978
Total	**57559**	**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	67,698,024	13.80
II	Non-institutions	56,350,844	11.49
	Sub Total (B)	124,048,868	25.29
	GRAND TOTAL	**490,578,400**	**100.00**

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

Company has not issued any such securities.

11.19 Status of dematerialization of shares as on 31.03.2020

The shares of the Company are compulsorily traded in dematerialized mode. Company has signed agreements with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depositories Services (India) Ltd. (CDSL). All matters relating to transfer/transmission of shares, issue of duplicate share certificates, payment of dividend, de-materialization and re-materialization of shares and redressal of investors grievances are carried out by the Company's RTA i.e. M/s. MAS Services Limited, New Delhi.

11.19.1 The position of shares held in dematerialized and physical mode as on 31.03.2020

Mode of Holding	Number of Shares	% age
National Securities Depository Limited (NSDL)	104,901,349	21.38
Central Depository Services (India) Limited (CDSL)	385,405,522	78.56
Physical	271,529	0.06
Total	**490,578,400**	**100.00**

11.19.2 Share Transfer System

Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialized

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

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

SEBI vide Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20.04.2018 has inter-alia desired that issuer companies through their RTAs shall take special efforts to collect copy of PAN and bank Account details of all securities holders holding securities in physical form. Company's RTA M/s. MAS Services Limited has been approaching the shareholders holding shares in physical form to collect their PAN and Bank Account details separately. All shareholders holding share in physical form are requested to convey their PAN, Bank Account Details and emails to the RTA on priority. In addition, Company vide its letter NFL/SEC/SE/1676 dated 04.08.2020 had informed the shareholders to register/update their email address(s) along with mobile number to enable the Company to send the Annual Report electronically at the email address of the shareholders.

11.19.4 Transfer of physical shares

SEBI vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated 08.06.2018 has inserted a proviso in Regulation 40 of SEBI (LODR) Regulations, 2015, which provides that except in the case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. SEBI vide it's press release dated 03.12.2018 had extended the date of transfer of security only in Demat form upto 01.04.2019. Accordingly, all shareholders holding shares in physical form are requested to get their shares in dematerialized form to facilitate transfer of their shares.

11.20 Name and addresses of the Depositories

National Securities Depository Limited (NSDL)	
Address	Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 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:

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

11.22 CEO & CFO Certification

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

11.23 Audits and Internal Control System

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

11.24 SEBI (LODR) Regulation, 2015:- Certification from Company Secretary in Practice regarding debarred or disqualification of Directors on the Board for the year ended 31.03.2020 and Annual Secretarial Compliance Report.

M/s Parveen Rastogi & Co, Practising Company Secretary has issued Annual Secretarial Compliance Report for the year ended 31.03.2020 and a Certificate as required under the listing regulations, conforming that none of the directors on the board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such authority annexed as **Annexure-15** to this Report.

12. Credit Rating

Information regarding credit rating during the financial year 2019-20 is provided in the Board's Report.

13. Filing of Form IEPF-1A

In order to facilitate smooth verification of investors/shareholders whose shares and dividend amount is transferred to IEPF Account, the Ministry of Corporate Affairs (MCA) vide its Notification dated 14.08.2019 had directed companies to file e-From IEPF 1A along with details of investors in prescribe format whose shares or dividend amount was transferred to IEPF Account. In compliance with the provision, the Company has filed requisite E-Form IEPF-1A with MCA.

14. Risk Management Policy

Company has put in place a Risk Management Policy covering the various risks to which the Company is exposed; Quarterly Risk Review Report on Risk Management is placed before the Risk Management Committee, Audit Committee and Board of Directors. Impact of major risks and the action taken to obviate the same on short term and long term basis is deliberated by the Risk Management Committee, Audit Committee and Board of Directors.

15. 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.

16. 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.

17. Code of Insider Trading

Board of Directors has laid down "The Code of Conduct for Regulating & Reporting Trading by Designated Persons & their Immediate Relatives for National Fertilizers Limited" with the objective of preventing purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, insiders (Designated Persons, Designated employee and their immediate relatives) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities, beyond limits specified permission of the

Compliance officer is required. All Directors/Officers/Designated Employees/Designated Person and their immediate relatives are also required to disclose related information periodically as defined in the Code. Connected Persons are also intimated regarding the closure of trading window and to ensure the compliance of the Code.

Company Secretary has been designated as Compliance Officer for this Code. The code is also available on the website of the Company at www.nationalfertilizers.com.

18. 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.

19. Declaration

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

This is to certify that in line with the requirements of Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; all the Members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31.03.2020.

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

20. Compliance Certificate of the Secretarial Auditors

Certificate from the Company's Secretarial Auditors M/s. Parveen Rastogi & Co. confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to the Board's Report forming part of the Annual Report.

21. 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 01.12.2015. Company as a policy makes all efforts to ensure compliance of provisions relating to Corporate Governance prescribed under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and DPE Guidelines.

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

ANNEXURE TO THE CORPORATE GOVERNANCE REPORT SKILLS, EXPERTISE AND COMPETENCIES OF BOARD OF DIRECTORS

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

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

i) Organisational Purpose

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

ii) Strategic Insight

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

iii) Organisational Capacity Building

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

iv) Stakeholder Value Creation

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

v) Commercial Acumen

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

vi) Risk Management and Compliance

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

vii) Policy Evaluation

Ability to comprehend the Company's governance philosophy and contribute towards its refinement periodically. Ability to evaluate policies, systems and processes in the context of the Company's businesses, and review the same periodically.

viii) Culture Building

Ability to contribute to the Board's role towards promoting an ethical organisational culture, eliminating conflict of interest, and setting & upholding the highest standards of ethics, integrity and organisational conduct.

ix) Board Cohesion

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

Given below is a list of core skills, expertise and competencies of the Individual Directors:

S. No.	Director (S/Shri)	SKILLS, EXPERTISE AND COMPETENCIES								
		Organisational Purpose	Strategic Insight	Organisational Capacity Building	Stakeholder Value Creation	Commercial Acumen	Risk Management and Compliance	Policy Evaluation	Culture Building	Board Cohesion
1	Manoj Mishra	√	√	√	√	√	√	√	√	√
2	Rajiv Kumar Chandiok	√	√	√	√	√	√	√	√	√
3	Devinder Singh Ahuja	√	√	√	√	√	√	√	√	√
4	Yash Paul Bhola	√	√	√	√	√	√	√	√	√
5	Virendra Nath Datt	√	√	√	√	√	√	√	√	√
6	Dharam Pal	√	√	√	√	√	√	√	√	√
7	Partha Sarthi Sen Sharma	√	√	√	√	√	√	√	√	√
8	Ms .Bhavnaben Kardambhai Dave	√	√	√	√	√	√	√	√	√
9	CA Anil Verma	√	√	√	√	√	√	√	√	√
10	Dr. Ramesh Kumar Agarwal	√	√	√	√	√	√	√	√	√
11	Dr. (Mrs.) Kalpana Saini	√	√	√	√	√	√	√	√	√

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

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

a) We have reviewed the financial statements and the cash flow statement for the year ended 31.03.2020 and to the best of our knowledge and belief:

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

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

b) To the best of our knowledge and belief, no transactions entered into by the company during the year ended 31.03.2020 which are fraudulent, illegal or violative of the Company's code of conduct.

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

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

   1. Significant changes in internal control over financial reporting during the year ended 31.03.2020;

   2. Significant changes in accounting policies during the year ended 31.03.2020 and that the same have been disclosed in the notes to the financial statements; and

   3. We have not come across any instance during the year ended 31.03.2020 of any significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

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

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

Date: 30.07.2020

Annexure-4

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

TO,
THE MEMBERS,
NATIONAL FERTILIZERS LIMITED
(CIN: L74899DL1974GOI007417)

We have examined the compliance of conditions of Corporate Governance by "NATIONAL FERTILIZERS LIMITED "('Company') for the year ended 31.03.2020, as stipulated in Regulations 17 to 27, 46(2) (b) to (i) and Para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India(GOI).

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

In our opinion and to the best of our knowledge and according to the explanation given to us and based on representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the CoVID-19 pandemic, we certify that for the year ended as on 31.03.2020, the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46(2) (b) to (i) and Para C, D and E of Schedule V of Chapter IV of SEBI(Listing Obligations and Disclosure Requirements) Regulation, 2015 and DPE Guidelines on Corporate Governance except:

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

ii) Regulation 17(10) of SEBI (LODR) Regulations, 2015, that requires the performance evaluation of Independent Directors shall be done bythe entire Board of Directors.

iii) Regulation 18(1)(b) of SEBI (LODR) Regulations, 2015, that requires the two-thirds of the members of Audit Committee shall be Independent Directors. Whereas Company is not fulfilling such requirement w.e.f. 02.02.2020.

iv) Regulation 19(1)(c) of SEBI (LODR) Regulations, 2015, that requires the all Directors of Nomination and Remuneration Committee shall be Non-Executive Directors and at least fifty percent of the Directors shall be Independent Director. Whereas Company is not fulfilling such requirement with respect to requisite number of Independent Directors w.e.f. 02.02.2020.

v) Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee shall:

   a) formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, key managerial personnel and other employees;

   b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;

The appointment of Chairman, Functional Directors, Part-time Official Directors as well as Part-time Non-Official Directors (Independent Directors) on the Board of NFL is made by GOI. Further, terms & conditions of appointment as well as tenure of Directors are also decided by GOI and there is a well laid downprocedure for evaluation of Chairman, Functional Directors and Independent Directorby GOI.

We further state that such compliance certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Parveen Rastogi & CO.
Company Secretaries

Place: New Delhi
Date: 01.09.2020
UDIN Number: F004764B000642720

Parveen Rastogi
M No.: 4674
COP. No. 2883

Annexure-4

Management's Explanation to the Observations of Secretarial Auditor on Corporate Governance for the Financial Year 2019-20

Sr. No.	Secretarial Auditors' Observations	Management's Explanation
01.	Regulation 17(1) of SEBI (LODR) Regulations, 2015 and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance requires that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board members, however, during the year, Company did not have required number of Independent Directors.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI. The remuneration and tenure of Directors are also fixed by GOI. The Company has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.
02.	Regulation 17(10) of SEBI (LODR) Regulations, 2015, that requires the performance evaluation of Independent Directors shall be done by the entire Board of Directors.	a) Regulation 17(10) of SEBI (LODR) Regulations, requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification dated 5thJune, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter- alia provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies. b) Further MCA vide notification dated 05.06.2015 has also notified that in case of Government Companies Section 134(3)(p) of the Companies Act, 2013 shall not apply in case the directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the Company. c) The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time Non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson, Functional Directors and Independent 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.

Sr. No.	Secretarial Auditors' Observations	Management's Explanation
		ii) For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is negotiated by Department of Public Enterprises, Niti Aayog, Ministry of Statistics & Programme Implementation and the Administrative Ministry officials. Targets are set for various MoU parameters. The performance of the Company vis-à-vis MoU indicates the overall performance of the Board and individual Directors. Performance of the Company is reviewed on quarterly basis through Quarterly Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters. iii) Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive Directors, Functional Directors and C&MD major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters. iv) Annual performance appraisal of the C&MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister. v) Tenure of Functional Directors and C&MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry. vi) All the Government Companies are also subject to regular review by various Parliamentary Committees on different subjects. vii) In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and as Part-time non-Official Directors (Independent Directors) was not carried out. In view of the above exemption, no performance evaluation of the Independent Directors was required to be carried out.
03.	Regulation 18(1)(b) of SEBI (LODR) Regulations, 2015, that requires the two-thirds of the members of Audit Committee shall be Independent Directors. Whereas Company is not fulfilling such requirement w.e.f. 02.02.2020.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI. The Company has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.

Sr. No.	Secretarial Auditors' Observations	Management's Explanation
04.	Regulation 19(1)(c) of SEBI (LODR) Regulations, 2015, that requires the all Directors of Nomination and Remuneration Committee shall be Non-Executive Directors and at least fifty percent of the Directors shall be Independent Director. Whereas Company is not fulfilling such requirement with respect to requisite number of Independent Directors w.e.f. 02.02.2020.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI. The Company has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.
05.	Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee shall: a) formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, key managerial personnel and other employees; b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;	Same as explanation provided in Sr. No. 2.

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

Annexure-5

Annual Report on Corporate Social Responsibility Activities

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

In alignment with the vision of the Company, NFL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its products, services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with concern for ecology. Towards this commitment, the Company shall:

a) Increase efficiency by optimum utilization of resources and technology.

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

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

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

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

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

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

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

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

Web Link

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

CSR Project Report: https://nationalfertilizers.com/index.php?option=com_content&view=article&id=347&Itemid=122

2) Composition of CSR Committee

- Dr. (Mrs.) Kalpana Saini* - Chairperson
- Sh. Dharam Pal - Member
- Sh. Devinder Singh Ahuja** - Member
- Sh. Virendra Nath Datt - Member

*Ceased to be Chairperson w.e.f. 24.04.2020

**Ceased to be Member w.e.f. 31.03.2020

Shri Nirlep Singh Rai was appointed as member w.e.f. 14.05.2020

Shri Pandya Ashwinkumar Balvantray was appointed as Chairperson w.e.f. 14.05.2020

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

₹37178.96 Lakh

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

₹750.00 Lakh

5) Details of CSR spend for the financial year

- Total amount spent for the financial year: ₹574.56 Lakh
- Amount unspent : ₹175.44 Lakh
- Manner in which the amount spent during the financial year is placed as detailed below :

Sr. No.	Project/Activity	Sector of the Project	Location (Local/Other)	Amount outlay Budget of the Project (₹in Lakh)	Amount Spent on the Project (₹in Lakh)	Cumulative Expenditure up to reporting period (₹in Lakh)	Amount spent Direct or through Implementing Agency (Name of the Agency)
01.	Construction of 20 Girls toilets in Distt. Guna, MP	Health & Hygiene	Vijaipur, M.P. (Local)	41.40	3.40	31.07	State Govt. MP
02.	Excavation/deepening of the existing pond/water reservoir at Udaipuri & Vijaipuri Village	Environment	Vijaipur, M.P. (Local)	31.48	9.28	19.78	Direct
03.	Support to Para Players through Paralympic Committee of Delhi	Promotion of Paralympic sports	Delhi (Local)	19.20	4.69	19.09	Paralympic Committee of Delhi
04.	Project to eradicate Corneal Blindness through NGO Saksham in Delhi	Health & Hygiene	Delhi (Local)	27.63	2.08	14.05	Direct
05.	Distribution of furniture, celling fans, water cooler & purifier in Government Schools in Nangal	Education	Nangal, Punjab (Local)	5.10	2.67	4.81	Direct
06.	Installation of 11 Nos. R.O. water purifier of Higher Capacity with water cooler in Govt. Schools in villages under Bathinda and Goniana district	Health & Hygiene	Bathinda, Punjab (Local)	15.00	1.57	10.05	Direct
07.	Medical Camps in Bavrikhera and Vijaipur villages	Health & Hygiene	Vijaipur, M.P. (Local)	1.80	0.74	1.80	Direct
08.	Corpus for Skill Development	Skill Development	Delhi (Local)	25.00	5.86	22.24	NSFDC
09.	To establish 8 nos. Mini Soil and Water Testing labs in Government aided Schools in Amravati Distt. of Maharashtra	Environment & Rural Development	Amravati, Maharashtra (Local)	11.00	8.84	8.84	Direct
10.	Installation of 104 Solar lights in villages in Nangal	Environment & Rural Development	Nangal, Punjab (Local)	24.57	18.74	18.74	Direct
11.	Financial Assistance to Health Mela in Amravati (Maharashtra)	Health & Hygiene	Amravati, Maharashtra (Local)	10.00	10.00	10.00	Direct
12.	Provision of desk & benches for students of Government Schools, Bathinda	Education	Bathinda, Punjab (Local)	2.00	1.75	1.75	Direct
13.	Provision of Drinking Water Facility (RO & Water cooler) in 10 Govt. Schools in Panipat	Health & Hygiene	Panipat, Haryana (Local)	15.25	9.05	9.05	Direct
14.	Construction of Toilets in 2 Govt. Schools in Panipat	Health & Hygiene	Panipat, Haryana (Local)	4.00	3.97	3.97	Direct

Sr. No.	Project/Activity	Sector of the Project	Location (Local/Other)	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)
15.	Provision of desks and benches for students of Government Schools in Panipat	Education	Panipat, Haryana (Local)	28.09	28.08	28.08	Direct
16.	Distribution of cotton plucker machines to farmers through The Cotton Corporation of India (CCI)	Rural Development	Telangana, Rajasthan, Punjab, Haryana, M.P. (Local)	40.00	1.15	1.15	Direct
17.	Support & help to farmers through free distribution of agro input kits in cyclone " FANI" affected districts of Odisha	Disaster Management	Odisha (Local)	20.00	15.62	15.62	Direct
18.	Development of underpass in Panipat city and fixing of tiles under Swachh Bharat Mission	Health & Hygiene	Panipat, Haryana (Local)	18.00	10.50	10.50	State Govt. Haryana
19.	Contribution for Punjab Flood Relief	Disaster Management	Nangal, Punjab (Local)	10.00	10.00	10.00	State Govt. Punjab
20.	Installation of 40 Solar Lights in village Joganand and Bokhra, Bathinda	Environment & Rural Development	Bathinda, Punjab (Local)	16.85	8.60	8.60	Direct
21.	Providing desk and benches in 06 Govt. Schools in Bathinda District	Education	Bathinda, Punjab (Local)	7.61	7.35	7.35	Direct
22.	Construction of 377 Nos. toilet in Govt. School in Guna (M.P.)	Health & Hygiene	Vijaipur, M.P. (Local)	253.70	145.54	145.54	Direct
23.	Installation of RO Water Purifier & Water Cooler and Repair of main gate at two Govt. schools in Noida	Education	Noida, U.P. (Local)	2.70	2.18	2.18	Direct
24.	Management of Soil Health and Productivity through City Compost in 15 villages of Chandigarh, Bhopal and Lucknow Zone	Environment & Rural Development	Chandigarh, Bhopal & Lucknow (Local)	77.70	26.53	26.53	Direct
25.	Installation of solar lights in village in M. P. & Chhattisgarh	Environment & Rural Development	M. P. & Chhattisgarh (Local)	17.06	17.06	17.06	Direct
26.	Installation of RO-Water purifier in 12 Government schools in Bathinda District	Health & Hygiene	Bathinda, Punjab (Local)	18.00	8.02	8.02	Direct
27.	Organising 10 cancer screening & awareness camps in District Guna, MP	Health & Hygiene	Vijaipur, M.P. (Local)	10.39	10.39	10.39	YouWeCan
28.	Contribution to PM CARES FUND for CoVID-19	Health & Hygiene	Noida, U.P. (Local)	63.94	63.94	63.94	Direct

Sr. No.	Project/Activity	Sector of the Project	Location (Local/Other)	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)
29.	Community based screening program for cervical cancer with emphasis on general awareness and education on menstrual hygiene for women in slums of Delhi NCR	Health & Hygiene	Delhi NCR (Local)	36.88	36.88	36.88	Sahbhagita International Foundation
30.	Distribution of 241 school desks, 24 celling fans, 01 water cooler, 02 water purifiers in 08 Govt. schools in Nangal	Education	Nangal, Punjab (Local)	12.62	2.42	2.42	Direct
31.	Awareness about health & menstrual hygiene among girls in Govt. schools of Panipat	Health & Hygiene	Panipat, Haryana (Local)	43.35	43.14	43.14	Direct
32.	Regular Health check-up camps in Nangal Kheri village, Panipat	Health & Hygiene	Panipat, Haryana (Local)	9.60	3.50	3.50	Direct
33.	Setting up of E-Samarth (smart classes) in 25 Government schools in Panipat	Education	Panipat, Haryana (Local)	13.72	7.68	7.68	Direct
34.	Relief kits in flood affected Assam	Disaster Management	Assam (Local)	45.00	43.34	43.34	Direct
			Total (₹)	**978.64**	**574.56**	**667.16**	

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

The Company allocated a CSR budget of ₹750.00 Lakh for the FY 2019-20 and incurred an expenditure of ₹574.56 lakh during the year. The entire CSR budget has been allocated to CSR projects. These projects are at different stages of execution.

The allocation of budget for CSR @ 2% of average PBT of last three years is made subsequent to finalization of Accounts. Thereafter projects are being approved by BoD in subsequent meetings. The execution of the approved projects starts accordingly. Therefore, some projects are completed during the year while others commenced during the year are completed in the following year.

In this financial year, the Company undertook a major CSR project amounting to ₹300 Lakh in the FY 2019-20 for Improvements to Channenhalli Tank at Channenhalli Village, Bangalore Urban District. This project involved large scale civil works and is being executed by district administration, Bangalore Urban District. As per terms of MoU, the project was scheduled to be completed by April, 2020. However, due to occurrence of CoVID-19 pandemic and subsequent nationwide lockdown, the project work got stalled in the month of March, 2020. Therefore, the remaining work and payment of the project remained pending for the financial year.

On the other hand, the final payments of some of the CSR projects which even though got completed just before the Pandemic remained struck due to nation-wide lockdown situation. These final payments remained unsettled due to non-submission and unavailability of final completion report and other requisite documents. These payments will be released in the next financial year i.e. upon easing of lockdown by Government Authorities.

In addition to above, some of the CSR projects were approved in the 3rd and 4th quarters of the financial year with implementation spread over the period of one year. 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

(Pandya Ashwinkumar Balvantray)
Chairperson CSR Committee
DIN: 03068985
Date: 11.11.2020

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

Annexure -6

FORM-A
Disclosure of Particulars with Respect to Conservation of Energy
(Annexure to Board's Report)

			2019-20	2018-19
A. POWER & FUEL CONSUMPTION				
1. ELECTRICITY				
a)	**Purchased**			
	Unit	Mwh	190502	180015
	Total amount	₹ in Lakh	13118	12646
	Average rate/Unit	₹/Mwh	6886	7025
b)	**Own Generation**			
	i) Through diesel generator Unit			
	Unit	Mwh	2.336	3.726
	Unit per ltrs. of diesel oil	Mwh/ltrs	0.001	0.001
	Cost/Unit	₹/Mwh	76448	76861
	ii) Through Steam Turbine/Gas Turbine			
	Unit	Mwh	568295	582567
	Coal/unit of Power	MT/Mwh	0.933	0.800
	Gas/unit of Power	000sm^3/Mwh	0.127	0.127
	Cost per Unit	₹/Mwh	6176	6147
	iii) From Waste Steam	Mwh	-	-
2. COAL(Specify quality & where used) (Slack coal used for operating boilers)				
	Quantity	MT	722880	635270
	Total cost	₹ in Lakh	47022	38536
	Average rate	₹/MT	6505	6066
3. OTHER/INTERNAL GENERATION				
	Natural Gas			
	Quantity 000M^3	000sm^3	247716	261264
	Total cost (₹/Lakh)	₹ in Lakh	59374	74007
	Rate/Unit (₹)	₹/000sm^3	23968	28327
B. CONSUMPTION PER UNIT OF PRODUCTION				
	i) Electricity	Mwh	0.196	0.194
	ii) Coal	MT	0.431	0.374
	iii) Gas	000M^3	0.065	0.068

For and on behalf of the Board of Directors

Registered Office:

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

Date: 11.11.2020

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

Annexure-6

FORM –B
Disclosure of Particulars with Respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo

a) Energy Conservation Measures

NFL is committed to work towards reduction in energy consumption. NFL-Nangal Unit achieved the lowest ever energy consumption of 6.723 Gcal/MT urea during the year 2019-20 surpassing its earliest best achieved value of 6.726 Gcal/MT urea in 2018-19.

After the successful installation of Advance Process Control (APC) system at Bathinda and Panipat Units for fine tuning of process parameters, at a cost of ₹1.9 Crore/unit resulting in energy savings of 0.016-0.017 Gcal/MT urea, the same is being explored for Nangal and Vijaipur Units. Scoping study has been completed for Nangal Unit. After installation of APC at Nangal, expected energy savings shall be around 0.012 Gcal/MT of Urea. Similar study is being proposed to be carried out for Vijaipur unit.

All the NFL Units are in the process of replacing conventional lighting with eco-friendly LED lights in a phased manner. During 2019-20, an expenditure of ₹418.33 lakh was made for this replacement. A total of 13336 conventional lights were replaced with non-flame proof LEDs at various units. Similarly, 4208 conventional lights were replaced with flame proof LEDs. Use of LEDs has led to annual saving of 452 MWH at Bathinda, 58 MWH at Panipat and 2095 MWH at Nangal and around 6314 MWH at Vijaipur Unit.

b) Technology Absorption

- To meet revised energy norms as stipulated in New Urea Policy-2015, NFL is implementing various energy saving measures at its Units.
  - **Installation of GTG-HRSG:** At Panipat, Bathinda & Nangal, LSTK contract had been awarded to M/s Thermax Ltd, Pune, on 01.02.2018 for installation of GTG-HRSG at a total revised project cost of ₹674.56 crore. The above shall bring down the energy consumption to around 6.4 Gcal/MT Urea at each of these three plants. Zero date of project was 01.02.2018 and projects were scheduled to be completed by 30.11.2019. However, owing to spread of Pandemic CoVID-19 worldwide and other unavoidable reasons, projects are expected to be commissioned by October'20 provided experts from M/s Siemens Sweden, are able to visit India for the said project commissioning.
  - **Energy saving Project :** At Vijaipur-I, in order to achieve an energy target of 5.5 Gcal/MT of Urea, following schemes are being implemented at Vijaipur Complex (Vijaipur-I & Vijaipur-II) at an estimated cost of ₹234.60 Crore:-
    1. Revamp of Synthesis gas Compressor and turbine of Ammonia –I plant.
    2. Switchover from Process condensate stripping process from low pressure to medium Pressure in Ammonia-I plant.
    3. Installation of Vapor Absorption machines to chill Process Air Compressor (PAC) Suction air & 3rd stage suction of synthesis gas compressor in Ammonia-II plant and for GTGs (Gas Turbo-Generators) in CPP (Captive Power plant).
    4. Switch over of steam drive to motor drives of GV solution & Cooling Tower pumps in Ammonia-II plant.

Major part of the energy saving was to be achieved through revamp of synthesis gas compressor and turbine of Ammonia-I plant. This was planned to be carried out under the supervision of Experts of suppliers from Japan and USA during the shutdown planned in March, 2020. However, due to spread of pandemic followed by travel restrictions, the schemes could not be commissioned as scheduled. The above compressor and turbine revamp is expected to be commissioned by Sept 2020, subject to availability of foreign experts. Some of the material for balance schemes is still under procurement. It is expected that all the schemes will be completed by April-May 2021. After implementation of proposed schemes, energy

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

- **Use of super cup trays in urea reactor:** Vijaipur Unit is in the process of procurement of new urea reactors with improved super cup tray design. The super cup design will allow higher conversion and improved reactor efficiency leading to a saving of about 70-80 TPH of medium pressure steam per reactor.
- **Use of urefix chemical:** Bathinda Unit has placed a trial order for use of chemical additive in urea solution to improve the urea prill quality especially with respect to urea prill strength. The trial has been conducted and its performance is found to be satisfactory.

c) Foreign Exchange Earnings/Outgo

The Foreign Exchange earned in terms of actual inflows during the year were ₹3.51 crore and the Foreign Exchange outgo during the year in terms of actual outflow amounted to ₹2237.80 crore.

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

Annexure-7

Report on Safety, Environment and Sustainable Development

Inclusive and sustainable development is the need of the hour in view of increasing climatic changes and rising disparities in the society at large. Company has taken various initiatives for adopting best practices for health safety and environment management, energy conservation and social up-liftment of society.

Health, Safety and Environmental Consciousness

Company strives to achieve excellence in improving employees occupational and personal health by minimizing health hazards and providing model facilities. Company has well equipped hospitals at all Units. In addition to that the employees have also access to specialized medical services wherever required. Periodic medical examinations health checkup of all employees is being done as per occupational health policy.

Company remained focused towards achieving Sustained energy efficient operations of its manufacturing facilities while maintaining pollution free environment and process safety. All manufacturing units continue to be ISO 9001-2008, ISO 14001 and OHSAS-18001 certified which indicate Company's commitment to quality, Environment and Occupational Health and Safety.

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

Quarterly review meeting are conducted regularly at all units to review Health and Safety issues. Modern method and latest technologies such as 'Hazard and Operability Study' have been implemented in various units to improve process safety. For updating knowledge of employees regular training programs are conducted at units. Employees are also sent to attend Safety programs organized by expert agencies.

To safeguard the plants from emergencies like Fire, Explosion and Toxic gases, "On site & Off site Emergency Disaster Plans" are available in the units. These plans aim to train people and act efficiently and confidently in emergency with minimum damage to humans and assets. The procedures are regularly reviewed and updated by the Company for carrying out surprise mock drills for On site & Off site Disaster Plans. Performance of each mock drill is evaluated and reviewed to bring improvements in the system. All Units of NFL are also the member of Mutual aid group with their neighboring industries to handle any emergency situation that may arise in future. Visits of local Authorities and central agencies such as National Disaster Management Authority are regularly conducted in order to remain updated on safety related issues in all the plants. All the units are having their "Disaster Management Quick Response Team" to address the incidents that may occur outside the factory area for transportation of liquid Ammonia, Chlorine Gas and Ammonium Nitrate.

Afforestation and Rain Water Harvesting

To protect, restore and promote sustainable use of trees and trial ecosystem, afforestation has been adopted in all units to improve the environment surrounding the units. A total of 12465 tree saplings were planted in and around various units during 2019-20 for cleaner and greener earth for future generation. The cumulative plantation since commencement is about 8.59 lakh for all the units.

All units of NFL are in the process of installation of Rain Water Harvesting System to increase the sub soil water level. This would help in conservation of water, increase in underground water table and increase greenery in the surroundings.

Use of Green Power

Company is committed to promote ecologically sustainable growth by utilizing cleaner fuel i.e. Natural Gas for power generation. In this respect Vijaipur unit since commissioning is utilizing Natural Gas for its Captive power generation. In an attempt to reiterate its commitment towards utilization of green power, NFL is in the process of installing GTG (Gas turbo Generator) along with heat recovery steam generation (HRSG) at Nangal, Bathinda & Panipat Units. After successful commissioning of GTG-HRSGs, these Units will operate with reduce energy consumption and with lower CO_2 emission.

Further, to ensure affordable, reliable, sustainable and modern energy for the community, solar street lights have been installed in nearby villages of all NFL Units. During 2019-20 about 14516 conventional lights were replaced with ecofriendly LED lights in NFL units. All the units of NFL now converted their conventional lightings in to LED lights except Panipat unit where flameproof lightings are being replaced into LED lights.

Development of Sustainable Product

Neem Coated Urea: During 2019-20 the total production of Neem Coated Urea was 37.27 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 producing four types of Bio-Fertilizers in both powder and liquid base i.e. Rhizobium, Azectobactor, PSB and Zinc solubilizing bacteria (ZSB). To increase the shelf life of Bio-Fertilizers, NFL is gradually shifting from Powder Bio-Fertilizers to liquid Bio-Fertilizers. This has resulted in less use of lignite, which is used as a carrier for Powder Bio-Fertilizers. This has also resulted in lesser use of Natural resources. During 2019-20, the sale of liquid & Powder Bio-Fertilizers was 669.38 MT.

NFL is committed to Government of India's dream of Swachh Bharat Mission by sale of 25035 MT of city compost sourced from manufacturers located in various states during 2019-20. Beside this Vijaipur Unit of NFL produces compost from the biodegradable waste and is being used as environment friendly manure with in the unit premises in horticulture. City Compost is a soil conditioner which is produced out of bio-degradable waste. Compost from city garbage would not only provide carbon and primary/secondary nutrients to soil but also help in keeping the city clean. Use of City Compost is also undertaken by NFL in the adopted villages in the states of Haryana and Madhya Pradesh. NFL is further working to increase trading business in this field.

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

Annexure -8

Form MBP 2

(2019-20)

Particulars of Loans, Guarantee, Security and Acquisition made by the Company

[Pursuant to Section 186(9) of the Companies Act, 2013 & Rule 12(1) of the Companies (Meetings of Board and its Powers) Rules, 2014]

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition/giving guarantee/ providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted entities)	Amount of loan/ security/ acquisition/ guarantee	Time period for which it is made/ given	
(1)	(2)	(3)	(4) [in (₹)]	(5)	
Subscription to equity capital	13.06.2019 02.01.2020	Ramagundam Fertilizers and Chemicals Limited (RFCL)	33,68,27,690 34,15,54,270 **Total 67,83,81,960**	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)
6,78,38,196 Equity Shares	₹10/-	-	-	-	-

For and on behalf of the Board of Directors

Registered Office:

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

Date: 11.11.2020

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

Annexure –9

Form AOC-1 (2019-20)

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

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

Sr. No.	Particulars	Details
01.	Name of the subsidiary	N.A.
02.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	N.A.
03.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
04.	Share capital	N.A.
05.	Reserves & surplus	N.A.
06.	Total Assets	N.A.
07.	Total Liabilities	N.A.
08.	Investments	N.A.
09.	Turnover	N.A.
10.	Profit before taxation	N.A.
11.	Provision for taxation	N.A.
12.	Profit after taxation	N.A.
13.	Proposed Dividend	N.A.
14.	% of shareholding	N.A.

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

Part "B": Associates and Joint Ventures

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

Name of associates/Joint Ventures	Ramagundam Fertilizers and Chemicals Limited (RFCL)	Urvarak Videsh Limited (UVL) has got the status of Dormant Company under Companies Act w.e.f. 04th November, 2015.
1. Latest audited Balance Sheet Date	31.03.2020	31.03.2020
2. Shares of Associate/Joint Ventures held by the Company on the year end No. (shares)	34,15,28,200	180002
Amount of Investment in Associates/ Joint Venture (in ₹)	₹341,52,82,000	₹18,00,020.00
Extend of Holding%	26.29%	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	₹323,69,68,343	₹2,29,413
6. Profit/Loss for the year	Loss of ₹10,03,73,906	Loss of ₹24,103
i. Considered in Consolidation	Yes	Yes
ii. Not Considered in Consolidation	N.A.	N.A.

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

For and on behalf of the Board of Directors

(Ashok Jha)	**(Shri Yash Paul Bhola)**	**(Virendra Nath Datt)**
Company Secretary	Director (Finance)	Chairman & Managing Director
A-14100	DIN: 08551454	DIN : 07823778

Registered Office:

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

Date: 30.07.2020

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013.

1. Details of Contracts or arrangements or transactions not at arm's length basis.

Name(s) of related party and nature of relationship	Nature of Contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient term of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advance, if any	Date on which the Special Resolution was passed in General Meeting as required under first proviso to Section 188 of the Companies Act, 2013
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of related party and nature of relationship	Nature of Contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient term of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as
NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

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

Registered Office:

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

Date: 30.07.2020

Annexure-11

Procurement made from Micro and Small Enterprises (MSEs) during 2019-20

Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 which stipulated that 20% of total annual procurement of goods and services shall be made by all Central Ministries /Departments /CPSUs from Micro & Small Enterprises (MSEs). Within this percentage, a sub total of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs. This Policy has become mandatory w.e.f. 01.04.2015.

In November-2018, Ministry of MSME has issued amendment to the aforesaid policy and increased percentage from 20% to 25% and out of which 3% has also been reserved for women entrepreneurs and 4% for SC/ST entrepreneurs.

Clause no. 12(2) of Ministry of MSME Order, 2012 inter-alia stipulates that Central Ministries or Departments or Public Sector Undertakings can be considered for exemption from mandatory procurement from MSEs on case to case basis.

NFL has requested Ministry of Micro, Small and Medium Enterprises through Ministry of Chemicals & Fertilizers for waiver to NFL from mandatory procurement from MSEs, for following items required for fertilizer business, since the same are not available from MSEs:

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

NFL has taken following actions to maximize procurements from MSEs:

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

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

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

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

v) In FY 19-20, five vendor development Programmes have been organized by NFL Units as detailed below:

- Panipat Unit organized Vendor Development Programme for SC/ST and women entrepreneurs in association with DICCI, NSIC-National SC/ST hub Ludhiana and MSME-DI, Karnal.
- Bathinda Unit organized a Vendor Development Programme in association with DICCI and NSIC, exclusively for SC/ST MSEs and women entrepreneurs.
- Vijaipur Unit organized a Vendor Development Programme for MSEs.
- Nangal Unit organized a Vendor Development Programme for SC/ST MSEs in association with MSME-DI, Ludhiana.
- Chandigarh Zonal Office organized a Vendor Development Programme for MSEs in association with NSIC.

With concerted efforts NFL has been able to achieve a percentage of 50.17 % during FY 19-20 from MSEs, out of total procurement of Goods and Services after excluding raw materials, traded products, power & fuel, and other goods/ services which cannot be procured from MSEs.

The details of the procurement of Goods and Services made by Company during FY 2019-20 are as below:

(Figures in ₹ crore)

Sr. No.	Particulars	Annual procurement target for the FY 19-20	Target achieved for the FY 19-20
I.	Annual procurement of Goods and Services*	542.00	626.9437
II.	Total value of Goods and Services procured from MSEs (including MSEs owned by SC/ST and women entrepreneurs)	135.50	314.5523
III.	Total Value of Goods and Services procured from only MSEs owned by SC/ST entrepreneurs.	21.68	4.6467
IV.	Total Value of Goods and Services procured from only MSEs owned by women entrepreneurs.	16.26	2.0846
V.	%age of procurement of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement.	25.00%	50.17 %
VI.	%age of procurement of Goods and Services from only MSEs owned by SC/ST entrepreneurs out of total procurement.	4.00%	0.74 %
VII.	%age of procurement of Goods and Services from only MSEs owned by women entrepreneurs out of total procurement.	3.00%	0.33%
VIII.	Total number of vendor development programmes for MSEs	4 (Nos.)	5 (Nos.)

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

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

Annexure-12

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is functional in all Units/Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs/OBCs. Liaison Officer has been appointed in each Unit/Office and Chief Liaison Officer at CO, NOIDA to ensure due compliance of orders and instructions pertaining to reservation for SCs and STs and other concessions admissible to them. Meetings were periodically held at Unit level as well as at corporate level with the SC/ST Employees Welfare Associations by the Management for redressal of grievances of SC/ST employees. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for attending such programmes conducted by external agencies. During 2019-20, 4200 training man-days were imparted to SC/ST and OBC employees (including both in-house as well as external training programmes). A statement showing representation of employees belonging to Scheduled Caste/Scheduled Tribes/Other Backward Classes/Persons with disabilities is as below:

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

REPRESENTATION OF SCs/STs/OBCs AS ON 31.03.2020									
Group	Employees on Rolls	SC	%age	ST	%age	OBC	%age	Divyang	%age
A	1471	287	19.51	76	5.16	179	12.16	5	0.34
B	1247	338	27.10	82	6.57	109	8.74	11	0.88
C	542	89	16.42	35	6.45	155	28.59	29	5.35
D	34	13	38.24	0	0	9	26.47	0	0
D (Safai karamchari)	45	45	100	0	0	0	0	0	0
Total	**3339**	**772**	**23.12**	**193**	**5.78**	**452**	**13.53**	**45**	**1.34**

RECRUITMENT OF SCs/STs/OBCs DURING THE YEAR 2019-2020									
Group	Total Recruitment	SC	%age	ST	%age	OBC	%age	Divyang	%age
A	75	10	13.33	2	2.67	23	30.67	2	2.67
B	0	0	0	0	0	0	0	0	0.00
C	133	24	18.05	8	6.02	41	30.83	3	2.26
D	30	4	13.33	2	6.67	11	36.67	1	3.33
D (Safai karamchari)	0	0	0	0	0	0	0	0	0.00
Total	**238**	**38**	**15.97**	**12**	**5.04**	**75**	**31.51**	**6**	**2.52**

PROMOTION OF SCs/STs/OBCs DURING THE YEAR 2019-2020									
Group	Total Promotions	SC	%age	ST	%age	OBC	%age	Divyang	%age
A	258	45	17.44	9	3.48	44	17.05	0	0
B (O)	25	7	28	2	8	1	4	0	0
B(W)	44	10	22.72	3	6.81	5	11.36	0	0
C	80	8	10	3	3.75	30	37.5	7	8.75
D	0	0	0	0	0	0	0	0	0
D (Safai karamchari)	5	5	100	0	0	0	0	0	0
Total	**412**	**75**	**18.20**	**17**	**4.12**	**80**	**19.41**	**7**	**1.69**

The overall reservation percentage achieved for SC category employees is 23.12% which is more than the prescribed reservation. In case of ST, the percentage achieved is 5.78%. There is a slight shortfall than the prescribed reservation because the reservation in Group 'C' and 'D' posts filled up by Direct Recruitment in the States of Punjab and Haryana where three plants of the Company are located were abolished w.e.f. 01.06.1985. For other backward classes, the percentage achieved is 13.53%.

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

ANNUXURE- 13

FORM MR-3

Secretarial Audit Report
For the Financial year Ended 31st March, 2020

{Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015}

To,

The Members,

NATIONAL FERTILIZERS LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by **NATIONAL FERTILIZERS LIMITED** (hereinafter called the "Company") having **CIN L74899DL1974GOI007417**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the Companies books, papers, minute books, forms and returns filed and other statutory records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit.

We hereby report that in our opinion, the Company has, during the audit period, covering the financial year ended on 31.03.2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board –processes and compliance –mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and return filed and other statutory records maintained by the Company for the financial year ended on 31.03.2020 according to the provisions of:

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

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

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

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

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

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

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

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ; **(Not applicable to the Company during the audit period)**

   d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Applicable to the extent of issuance of Commercial Paper by the Company);**

e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Companies Act and dealing with client;

f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;**(Not applicable to the Company during the audit period)**

g) The Securities and Exchange Board of India (Buyback of Securities) Regulation,2018; **(Not applicable to the Company during the audit period)**

h) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; and

i) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the audit period)**

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

We have also examined compliances with the applicable clauses /regulation of the following:

i) The Secretarial Standard, as amended from time to time, issued by the Institute of Company Secretaries of India .

ii) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations,2015 and the Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited.

iii) DPE Guidelines on Corporate Governance for CPSEs.

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

1) Regulation 17 (1) of SEBI (LODR) Regulations, 2015 and as per Clause 3.1.4 of DPE Guidelines, the Company did not had requisite number of Independent Directors on the Board of the Company.

2) Regulation 17 (10) of SEBI (LODR) Regulations, 2015, the performance evaluation of Independent Directors shall be done by the entire Board of Directors.

3) Regulation 18 (1) of SEBI (LODR) Regulations, 2015, The number of Independent Directors in the Audit Committee was less than two-third of the members of Audit Committee w.e.f. 02.02.2020.

4) Regulation 19 (1) of SEBI (LODR) Regulations, 2015, and as per Section 178 (1) of Companies Act, 2013, number of Independent Directors were also less than 50% w.e.f. 02.02.2020.

5) Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee shall:

a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

b) Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.

We further report that:

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

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

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

We further report that:

There are adequate systems and processes in the Company commensurate with the size and its operations to monitor and ensure compliance with applicable laws, rules, regulation and guidelines.

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

We further report that National Stock Exchange of India Limited and BSE Limited have levied monetary fines for non-compliance with Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 against which the Company has submitted waiver requests.

We further report that the National Stock Exchange of India Limited and BSE Limited have levied monetary fines for non-compliance with Regulation 29 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 against which the Company has submitted waiver request and the penalty was waived off by NSE and BSE.

UDIN NUMBER: F004764B000591317
PLACE: Delhi
DATE: 18th August, 2020

FOR PARVEEN RASTOGI & CO.
Company SECRETARIES

PARVEEN RASTOGI
C.P. No 2883
M.No. 4764

This report is to be read with my Letter of even date which is annexed as Annexure and forms an integral part of this report.

Annexure to the Secretarial Audit Report

To

The Members,

NATIONAL FERTILIZERS LIMITED

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

1) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records,based on our inspection of records produced before us for Audit.
2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the content of the Secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3) We have not verified the Correctness and appropriateness of financial records and Books of Accounts of the Company and our report is not covering observations/comments/weaknesses already pointed out by the other Auditors.
4) Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5) The Compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of Management. Our Examination was limited to the verification of procedures on test basis and to give our opinion whether Company has proper Board processes and Compliance mechanism in place or not.
6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

UDIN NUMBER: F004764B000591317
PLACE: DELHI
DATE: 18th AUGUST, 2020

FOR PARVEEN RASTOGI & CO.
Company SECRETARIES

PARVEEN RASTOGI
C.P. No 2883
M.No. 4764

Management's Explanation to the Observations of Secretarial Auditor Report for the Financial Year 2019-20

Sr. No.	Secretarial Auditors' Observations	Management's Explanation
01.	Regulation 17 (1) of SEBI (LODR) Regulations, 2015 and as per Clause 3.1.4 of DPE Guidelines, the Company did not had requisite number of Independent Directors on the Board of the Company.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI. The remuneration and tenure of Directors are also fixed by GOI. The Company has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.
02.	Regulation 17 (10) of SEBI (LODR) Regulations, 2015, the performance evaluation of Independent Directors shall be done by the entire Board of Directors.	a) Regulation 17(10) of SEBI (LODR) Regulations, requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification dated 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) Further MCA vide notification dated 5th June, 2015 has also notified that in case of Government Companies Section 134(3)(p) of the Companies Act, 2013 shall not apply in case the directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company. 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, Functional Directors and Independent 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.

Sr. No.	Secretarial Auditors' Observations	Management's Explanation
		Performance of the Company is reviewed on quarterly basis through Quarterly Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters. iii) Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive Directors, Functional Directors and C&MD major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters. iv) Annual performance appraisal of the C&MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister. v) Tenure of Functional Directors and C&MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry. vi) All the Government Companies are also subject to regular review by various Parliamentary Committees on different subjects. vii) In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and as Part-time non-Official Directors (Independent Directors) was not carried out. In view of the above exemption, no performance evaluation of the Independent Directors was required to be carried out.
03.	Regulation 18 (1) of SEBI (LODR) Regulations, 2015, the number of Independent Directors in the Audit Committee was less than two-third of the members of Audit Committee w.e.f. 02.02.2020.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI. The Company has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.
04.	Regulation 19 (1) of SEBI (LODR) Regulations, 2015, and as per Section 178 (1) of Companies Act, 2013, number of Independent Directors were also less than 50% w.e.f. 02.02.2020.	National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF), Government of India (GOI). The Directors including Independent Directors of the Company are appointed by the GOI. The Company has no control over the appointment of Independent Directors and we have been requesting DoF from time to time for appointment of adequate number of Independent Directors on the Board of the Company.

Sr. No.	Secretarial Auditors' Observations	Management's Explanation
05.	Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee shall: a) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;	Same as explanation provided in Sr. No. 2.

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

ANNUXURE- 14

Secretarial Compliance Report of M/s National Fertilizers Limited For the year ended 31st March, 2020

I, Parveen Kumar Rastogi, Proprietor of M/s Parveen Rastogi & Co. have examined:

a) All the documents and records made available to me and explanation provided by M/s National Fertilizers Limited (NFL). ("the listed entity"),

b) The filings/ submissions made by the listed entity to the stock exchanges viz. NSE & BSE,

c) website of the listed entity,

d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

For the year ended 31st March, 2020 ("Review Period") in respect of compliance with the provisions of:

a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI").

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **{Not Applicable to the Company during the Reporting Period}**

c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **{Not Applicable to the Company during the Reporting Period}**

e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;**{Not Applicable to the Company during the Reporting Period}**

f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **{Applicable to the extent of issuance of Commercial Paper by the Company}.**

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

h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

i) SEBI (Delisting of Equity Shares) Regulations, 2009 **{Not Applicable to the Company during the Report Period}**

j) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

k) Other regulations as applicable and circulars/guidelines issued thereunder;

and based on the above examination, I hereby report that, during the Review Period:

a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued there under, except in respect of matter specified below:-

Sr. No	Compliance Requirement(Regulations/ circulars/guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
01.	Regulation 17 (1) (b) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015,where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall Comprise of Independent Directors.	The number of Independent Directors on the Board is less than Fifty percent.	The Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should be at least 50% of the Board Members. As NFL is a government Company, therefore, Directors of the Company are appointed by the Government of India through the DoF. During the Audit, the Management informed us that the Company had requested to DoF from time to time for appointment of adequate number of Independent Directors.
02.	Regulation 17 (10) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of Independent Directors shall be done by the entire Board of Directors.	The performance evaluation of Independent Directors has not been done by the entire Board of Directors.	As explained by the management, the appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors and Independent Directors by Administrative Ministry.
03.	Regulation 18 (1) (b) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015, Two-thirds of the members of Audit Committee shall be Independent Directors.	The number of Independent Directors in the Audit Committee was less than two-third of the members of Audit Committee w.e.f. 02.02.2020.	The Composition of Audit Committee was not in accordance with the requirement of Regulation 18(1) of SEBI (LODR) Regulations, 2015, due to inadequate number of Independent Director in the Company. The Independent Directors are appointed by Government of India (GOI) and Company has no control over the same.
04.	Regulation 19 (1) (b) and (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, All directors of the Nomination and remuneration committee shall be non-executive directors; and at least fifty percent of the directors shall be independent directors.	The Composition of Committee consists of Executive Director as well as Non- Executive Director. Further, number of Independent Directors was also less than 50% w.e.f. 02.02.2020.	The Composition of Nomination and Remuneration Committee was not in accordance with the requirement of Regulation 19(1) of SEBI (LODR) Regulations, 2015, due to inadequate number of Independent Director in the Company. The Independent Directors are appointed by Government of India (GOI) and Company has no control over the same.

Sr. No	Compliance Requirement(Regulations/ circulars/guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
05.	Regulation 19 (4) read with Schedule II Part D (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, the Nomination and Remuneration Committee shall: (a) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; (b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.	The Nomination and Remuneration Committee has not: (a) formulated the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; (b) Formulated the criteria for evaluation of performance of Independent Directors and the Board of Directors.	The Nomination and Remuneration Committee shall formulate the said policies/ criteria's. As explained by the management, the appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms &conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairman, Functional Directors and Independent Director by GOI.

b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my examination of those records.

c) The following are the details of actions taken against the listed entity/its promoters/directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued there under:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
01.	National Stock Exchange Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended June 30, 2019.	NSE vide its letter dated August 19, 2019 has imposed a fine of ₹5,36,900/- inclusive of GST.	The Company has submitted a response vide their letter dated 28.08.2019 and has requested to waive off the penalty on the grounds that the Company is a Government Company and Independent Directors are appointed by Government of India.
02.	BSE Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended June 30, 2019.	BSE vide its letter dated August 19, 2019 has Imposed a fine of ₹5,36,900/-inclusive of GST.	The Company has submitted a response vide their letter dated 28.08.2019 and has requested to waive off the penalty on the grounds that the Company is a Government Company and all Independent Directors are Appointed by Government of India.

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
03.	National Stock Exchange Limited	Regulation 17 (1) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 for Quarter ended September 30, 2019.	NSE vide its letter dated November 01, 2019 has imposed a fine of ₹5,42,800/-inclusive of GST.	The Company has submitted a response vide their letter dated 07.11.2019 and has requested to waive off the penalty on the grounds that the Company is a Government Company and Independent Directors are Appointed by Government of India.
04.	BSE Limited	Regulation 17 (1) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended September 30, 2019.	BSE vide its letter dated October 31, 2019 has imposed a fine of ₹5,42,800/-Inclusive of GST.	The Company has submitted a response vide their letter dated 04.11.2019 and has requested to waive off the penalty on the grounds that the Company is a Government Company and Independent Directors are Appointed by Government of India.
05.	National Stock Exchange Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended December 31, 2019.	NSE vide its letter dated February 03, 2020 has imposed a fine of ₹5,42,800/-inclusive of GST.	The Company has submitted a response vide their letter dated 10.02.2020 and has requested to waive off the penalty on the grounds that the Company is a Government Company and Independent Directors are Appointed by Government of India.
06.	BSE Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended December 31, 2019.	BSE vide its letter dated February 03, 2020 has imposed a fine of ₹5,42,800/-inclusive of GST.	The Company has submitted a response vide their letter dated 10.02.2020 and has requested to waive off the penalty on the grounds that the Company is a Government Company and Independent Directors are Appointed by Government of India.
07.	National Stock Exchange Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended March 31, 2020.	NSE vide its email dated July 02, 2020 has imposed a fine of ₹5,36,900/- inclusive of GST.	The Company has submitted a response vide their letter dated 13.07.2020 and has requested to waive off the penalty on the grounds that the Company is a Government Company and Independent Directors are Appointed by Government of India.
08.	BSE Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended March 31,2020.	BSE vide its email dated July 08, 2020 has imposed a fine of ₹5,36,900/-inclusive of GST.	The Company has submitted a response vide their letter dated 13.07.2020 and has requested to waive off the penalty on the grounds that the Company is a Government Company and Independent Directors are Appointed by Government of India.

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
09.	BSE Limited	Regulation 29 of the SEBI (LODR) Regulations, 2015 the Company is required to give prior intimation to the Exchange about the meeting of Board Directors in which proposals as specified in Regulation 29(1) are to be considered. It has been observed that the Company has not submitted prior intimation of such meeting convened on May 02, 2019, within the timelines specified in Regulation 29(2) /29(3).	BSE vide its letter dated May 10, 2019 has imposed a fine of ₹11,800/-inclusive of GST.	The Company has submitted a response vide their letter dated 16.05.2019 and has requested to waive off the penalty and the same was waived off by BSE vide its letter dated July 17, 2019.
10	National Stock Exchange Limited	Regulation 29 of the SEBI (LODR) Regulations, 2015 the Company is required to give prior intimation to the Exchange about the meeting of board directors in which proposals as specified in Regulation 29(1) are to be considered. It has been observed that the Company has not submitted prior intimation of such meeting convened on May 02, 2019, within the timelines specified in Regulation 29(2) /29(3).	NSE vide its letter dated May 10, 2019 has imposed a fine of ₹11,800/-inclusive of GST.	The Company has submitted a response vide their letter dated 16.05.2019 and has requested to waive off the penalty and the same was waived off by NSE vide its letter dated August 08, 2019.

d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31 March, 2019	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Please Refer to Serial No. 01, 02 and 05 of table (a) as given in above.				

For Parveen Rastogi & Co.
Company Secretaries

Parveen Rastogi
M. No.: 4764
COP No.: 2883
Place: New Delhi
Date: 14-07-2020
UDIN: F004764B000450396

Annexure -15

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
National Fertilizers Limited
Scope Complex Core-III,
7, Instituional Area, Lodhi Road, New Delhi –110003

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of NATIONAL FERTILIZERS LIMITED having CIN-L74899DL1974GOI007417 and registered office at Scope Complex Core-III, 7, Instituional Area, Lodhi Road, New Delhi-110003 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in Company	Date of Cessation in Company
1.	Manoj Mishra	06408953	03/06/2015	02/06/2020
2.	Devinder Singh Ahuja	07687173	06/02/2017	31/03/2020
3 .	Virendra Nath Datt	07823778	11/10/2018	-
4.	Yash Paul Bhola	08551454	03/09/2019	-
5.	Dharam Pal	02354549	09/02/2016	-
6.	Partha Sarthi Sensharma	03210350	28/12/2018	-
7.	Kalpana Saini	07820260	18/05/2017	24/04/2020
8.	Anil Kumar	02544789	14/02/2017	01/02/2020
9.	Ramesh Kumar Agarwal	00601353	14/02/2017	01/02/2020
10.	Rajiv Kumar Chandiok	05146544	10/02/2015	28/06/2019
11.	Bhavnaben Kardambhai Dave	07557056	01/07/2016	30/06/2019

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

DATE: 24th JUNE, 2020
PLACE: NEW DELHI
UDIN NUMBER: F004764B000376993

FOR PARVEEN RASTOGI & CO.
COMPANY SECRETARIES

PARVEEN RASTOGI
C.P. No 2883

Annexure -16

Director's Profile

Shri Virendra Nath Datt (DIN 07823778)

Shri Virendra Nath Datt was born on 20.02.1962 aged about 58 years. Shri Datt has taken over as Director (Marketing) w.e.f. 11.10.2018. Shri Datt has been entrusted with the Additional Charge of the post of Chairman and Managing Director w.e.f. 03.06.2020. He is MBA from Maharshi Dayanand University. Prior to NFL, he was Executive Director (Corporate Strategy, Planning & Advocacy) with GAIL (India) Limited. He was also on the board of Mahanagar Gas Ltd., Mumbai. Shri Datt has a rich marketing experience of over 34 years in the Natural Gas industry in India. He started his career with ONGC in 1985 and then moved to GAIL in 1995. Shri Datt has handled many important assignments in the Natural Gas business including import & marketing of regasified LNG in India, pooling of gas price for urea plants and numerous policy initiatives of the Government.

Shri Datt was a member of Stakeholders Relationship Committee upto 30.06.2020. He is member of Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility and Sustainable Development Committee and Risk Management Committee of the Company. Shri Datt is Director on the Board of Fertilizer Association of India. He is also Nominee Director of NFL on the Board of Ramagundam Fertilizers and Chemicals Limited.

Shri Yash Paul Bhola (DIN 08551454)

Shri Yash Paul Bhola was born on 08.12.1961 aged about 58 years. Shri Bhola has taken over as Director (Finance) on 03.09.2019. He is an MBA (Finance) and also a member of The Institute of Cost Accountants of India. Prior to his appointment as Director (Finance) in NFL, he was holding the position of Executive Director (F&A) in the Company. He has rich experience of more than three and a half decade handling various functional areas in Finance & Accounts Department at Units, Central Marketing Office and Corporate Office. He had successfully dealt various functional areas including strategic planning, policy matters, finalization of accounts, audit, costing and budgetary control, working capital management banking, ECBs, forex risk management, project evaluation, taxation, GST implementation etc. He had been actively involved in execution and implementation of various contracts/projects of importance.

Shri Bhola is member of Stakeholders Relationship Committee and Risk Management Committee of the Company. Shri Bhola is also the Nominee Director of NFL on the Board of Urvarak Videsh Limited.

Shri Nirlep Singh Rai (DIN 08725698)

Shri Nirlep Singh Rai was born on 28.08.1962 aged about 57 years. Shri Rai has taken over as Director (Technical) on 01.04.2020. He is a B.E. (Instrumentation & Control) from Thapar University. Prior to his appointment as Director (Technical) in NFL, he was CEO of Joint venture Company of NFL, RFCL. He is still holding the charge of CEO, RFCL in order to achieve schedule commercial operation of the project. During his career spanning 34 years, he has been involved in various projects such as Feed Stock change over from fuel oil to Natural Gas, Commissioning of DCS and ESD Systems, Machine Monitoring Systems, Process Gas Analyzers, Fire and Gas Systems etc. His experience includes Technical Services and Operation & Maintenance of large scale Fertilizer Plants. He also has considerable exposure to the subject of agricultural practices, Nutrient imbalance and issues like farm subsidy, DBT etc. through various seminars he has attended over the years.

Shri Rai is member of Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility and Sustainable Development Committee and Risk Management Committee. Shri Rai is also the Nominee Director of NFL on the Board of Ramagundam Fertilizers and Chemicals Ltd.

Shri Dharam Pal (DIN 02354549)

Shri Dharam Pal was born on 25.10.1963 aged about 57 years is a senior IAS Officer. He is presently holding the position of Additional Secretary, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

Shri Pal is BE (Electronics & Telecommunications) and also holds Master of Technology (Computer Controls & Instrumentation). He is also holding PG Diploma in Disaster Management. Shri Pal has held many senior positions with

the Central Government, Government of NCT of Delhi and UTs. He has also been conferred with National e-Governance Award. Shri Dharam Pal is also Chairman & Managing Director of Fertilizer Corporation of India Limited and Hindustan Fertilizer Corporation Limited. Shri Pal is also member of Corporate Social Responsibility and Sustainable Development Committee of NFL.

Shri Partha Sarthi Sen Sharma (DIN 03210350)

Shri Partha Sarthi Sen Sharma was born on 30.06.1970 aged about 50 years. Shri Partha Sarthi Sen Sharma is an Engineering graduate in Mechanical Engineering from Delhi College of Engineering (now Delhi Technological University) and holds the degree of MBA from University of Ljubljana, Slovenia.

Prior to his appointment as Joint Secretary in Department of Fertilizers (DoF), Ministry of Chemicals & Fertilizers, and Government of India in September 2018, he has held various significant posts in UP State bureaucracy such as CEO Greater Noida Industrial Development Authority (GNIDA); Commissioner of Rural Development, Uttar Pradesh and Project Director-Community Project, Rural Development; Secretary in UP Chief Minister Office, Uttar Pradesh; Secretary Uttar Pradesh Secondary Education; Secretary Additional Sources of Energy etc. He has also worked in Corporate Sector with TELCO, Jamshedpur before becoming an IAS Officer. Presently, he is also Chairman & Managing Director of Projects and Development India Limited. Shri Sen Sharma is also member of Nomination and Remuneration Committee of NFL.

Shri Pandya Ashwinkumar Balvantray (DIN: 03068985)

Shri Pandya Ashwinkumar Balvantray was born on 23.04.1955, aged about 65 years. Shri Pandya is M. Tech (Structural Engineering) from I.I.T. Delhi and B.E. (Civil) from Saurashtra University. He has taken over as Non-Official Independent Director on the Board of NFL w.e.f. 04.05.2020. He is currently also serving as Chairperson of International Commission on Irrigation and Drainage. Prior Joining NFL as Non-Official Independent Director, he has also served as Chairman, Central Water Commission and Ex-Officio Secretary to Government of India, Ministry of Water Resources, River Development & Ganga Rejuvenation, Chairman and Managing Director (Addl. Charge) in National Projects Construction Corporation and various other senior positions at Central Water Commission, Ministry of Water Resources, River Development & Ganga Rejuvenation.

He is the Chairperson of Audit Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility and Sustainable Development Committee and Nomination & Remuneration Committee of the Company.

For and on behalf of the Board of Directors

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

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

Date: 11.11.2020

AUDITED FINANCIAL STATEMENTS 2019-20

Auditor's Report

S. MANN & Company
CHARTERED ACCOUNTANTS
1006, 10TH FLOOR, VIKRANT TOWER, RAJENDRA PLACE,
DELHI-110008

MEHRA GOEL & Company
CHARTERED ACCOUNTANTS
505, CHIRANJIV TOWER,
43, NEHRU PLACE
NEW DELHI- 110019

INDEPENDENT AUDITOR'S REPORT

To the Members of
National Fertilizers Limited

Report on the Standalone IND AS Financial Statements

Opinion

We have audited the acCompanying standalone IND AS financial statements of National Fertilizers Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2020, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone IND AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the net loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Going concern

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Company to cease to continue as a going concern.

As per the sufficient and appropriate audit evidence obtained during the audit, we conclude that, based on the audit evidence obtained, we have not found any indication of having existence of material uncertainty. Accordingly, we assume going concern assumption of the audit. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

Emphasis of Matter

a) We draw attention to Note No. 43 of Standalone IND AS Financial Statements. During the financial year 2019-20, the Company has reversed fixed cost subsidy of ₹388.85 Crore recognised during period 02.04.2014 to 31.03.2019 due to retrospective deletion of Minimum fixed cost under Modified NPS-III Policy by the Ministry of Chemicals and Fertilizers, Government of India vide letter dated 30th March 2020.

b) We draw attention to Note No. 2.1(e) of Standalone IND AS Financial Statements regarding capitalization of POS machine amounting to ₹34.02 crores purchased out of Retailer's Margin during Financial year 2016-17 and 2017-18 which has been capitalized during the year. The depreciation charged on aforesaid POS machines for the year ended 31st March 2020 is ₹30.46 crores includes depreciation of ₹19.53 crores for previous years.

Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. Summary of the same is mentioned here under:

Sr. No.	Key Audit Matter	Response to Key Audit Matter
1	**Revenue recognition** Recognition of subsidy is generally made on the basis of in principle recognition/approval/settlement of claims from Fertilizer Industry Co-ordination Committee (FICC), Department of Fertilizers (DoF), Government of India (GOI) while finalizing the financial statements. Also the FICC regulates such subsidy and the bills raised on such notifications. Escalations/de-escalations in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given. Since there is a time lag between actual expenditure incurred and notification of concession rates for the year, Management exercises significant judgment in arriving at the income entitled on account of same for the year. Therefore, there is a risk of revenue being misstated on account of estimation of concession/ Import Parity Price(IPP) rates yet to be notified. During the current year, the Company has recognized Urea subsidy Income of aggregating to ₹6898.51 crores and derecognized/ write-off subsidy balance of ₹388.85 Crores which was recognized in earlier years and outstanding prior to 2019-20. **Refer Note 32 and 43 in Balance Sheet.**	The following principal audit procedures have been performed by us in relation to subsidy income recognition: a) We have reviewed the Company's Accounting policies for Revenue Recognition (Refer Note No. 1 of the financial Statements), relevant Notification and Circulars issued by Ministry to Government of India. b) We have carried out substantive procedures on sample basis for Evaluation of operating effectiveness of key controls over subsidy and each income stream, basis of management estimation and their corresponding disclosure.

2	**Estimation of Provision & Contingent Liabilities** The Company has its operations in various States within India, exposing it to a variety of different Central and State laws. Litigations and claims may arise from direct and indirect tax proceedings. Resolution of litigations and claims proceedings may span over multiple years beyond March 31, 2020. The determination of a provision or contingent liability requires significant judgement by the Company because of the inherent complexity in estimating future costs. The Company has reported Provision and Contingencies amounting to ₹106.06 Crores in note 46 to Standalone Ind AS financial statement. The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims over time as new facts emerge as each legal case progresses and positions taken by the Company. There is an inherent complexity and magnitude of potential exposures is significant across the Company. Significant judgment is necessary to estimate the likelihood, timing and amount of the cash outflows, interpretations of the legal aspects, legislations and judgements previously made by the authorities.	**Principal Audit Procedures** Our audit process involved understanding of identification process relating to litigations, claims and contingent liabilities. Evaluated the design and testing the operating effectiveness of controls in respect of process. The amount recognised as a provision is the best estimate of the possible expenditure. We have evaluated management's assessment of the likely outcome and potential exposures arising from significant contingencies subject to ongoing court and arbitration proceedings and considered the requirements for any provision. In respect of significant claims, we checked the amount of claim, nature of issues involved, management submissions and corroborated the same with external evidence, where available.
3	**Trade receivables** Trade Receivables appearing in financial statement consists of receivables from sale of products as well as receivable from Government of India in the form of subsidy. As at March 31, 2020, Trade Receivables amounting to ₹7,735.33 Crores which Includes subsidy and other dues of ₹6,990.11 Crores receivable from Government of India. **Refer Note 11 to the Standalone Financial Statements**	**Principal Audit Procedures** Our audit approach was a combination of test of internal controls and substantive procedures which included the following: a) In respect of Subsidy recoverable from Government of India, as no confirmation of balance is on record we have relied on the management's assertion on the recoverability. As subsidy receivable is outstanding from Department of Fertilizer, Government of India (i.e. sovereign Authority) and is backed by the approved claims generated from MFMS (Mobile Fertilizer Management System), amount outstanding as at balance sheet date has been considered as recoverable and no provision has been made for long outstanding amount. b) In respect of receivables other than Subsidy recoverable, management have sent request for confirmation from the parties. The response to the request were checked together subsequent realisation were also performed and long outstanding balances have been reviewed.

4.	**Property, Plant and Equipment** Management judgment is utilised for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/ amortization rates. These include the decision to capitalize or expense costs; the annual asset life review; the timelines of the capitalization of assets and the measurement and recognition criteria for assets retired from active use. Please refer accounting policy no 1.2.9.	**Principal Audit Procedures** a) Testing of controls in place over the fixed assets cycle, b) Evaluation of appropriateness of capitalization process performed tests to verify the capitalized costs, c) Assessment the timelines of the capitalization of the assets and assessed the derecognition criteria for assets retired from active use. The useful life review of assets has been assessed by the management. In performing these procedures, we reviewed the judgments made by management for the following: a) Identification of the nature of underlying costs capitalized, b) Determination of realizable value of the assets retired from active use, c) Appropriateness of asset lives applied in the calculation of depreciation/ amortization, d) Useful lives of assets prescribed in Schedule II of the Companies Act, 2013.
5	**Capital Work in Progress** The Company is in the process of executing various energy reduction projects in Nangal, Bhatinda and Panipat plant of the Company. This is a major capitalization against which major debt has been taken from Bank(s). Please refer accounting policy no 1.2.12. During the year, the Company has made a net addition of ₹522.92 Crores in Capital Work in Progress including expenditure during construction phase ₹33.18 Crores towards its plant. Total CWIP as on 31-03-2020 amounts ₹656.30 Crores.	**Principal Audit Procedures** Our audit process included a review of the progress of the projects and the intention and ability of the management to carry forward and bring the asset to its state of intended use. We understood and evaluated the design and tested operating effectiveness of management's internal financial control in relation to approval of expenditure and capitalization of appropriate costs. We were able to place reliance on these controls for the purpose of our audit. In respect of internal costs allocated to the plant, test checked the identification and allocation of costs directly attributable to the construction of plant.

6	**Impact of CoVID-19:** It is the responsibility of the management to make appropriate adjustments to the financial statements and ensure necessary disclosures specifically the impact on business due to CoVID-19, subsequent risks and uncertainties, and conditions that may impact future operating results, cash flows and financial position of the entity. We are informed by the management that considering the present scale of operations, seasonal product, demand in the ensuing future, the management does not perceive any risk in ensuing operations, liquidity and capital resources. We find sufficient and appropriate evidences of such management perception on record. It is also concluded by the management that no material adjustments are required in the financial statements in the current financial year. However, the situation with CoVID-19 is still evolving. Also, the various preventive measures taken (such as lockdown restrictions by the Government of India, travel restrictions etc.) are still in force, leading to a highly uncertain economic environment. However, the management's assessment of the impact on the subsequent period is immaterial. **Refer Note 58 of Standalone Financial Statements**	The audit procedures included but were not limited to: a) Obtaining a detailed understanding of future business climate and demand potential. b) Subsequent performance upto the date of signing the report. c) Minutes of the Audit Committee/ Board and discussions with the appropriate Management personnel. Possible outcomes and the reasonableness of the estimates.

Responsibilities of Management for the Financial Statements

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The standalone IND AS financial statements of the Company for the year ended March 31, 2019 were audited by the joint auditors of the Company, one of which is the predecessor audit firm, and have expressed an unmodified opinion dated May 02, 2019 on such financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **"Annexure A",** a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(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) As per notification number G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company;

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

g) As per notification number G.S.R. 463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 197 of the Act regarding remuneration to director is not applicable to the Company, since it is a Government Company; and

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone IND AS financial statements – Refer Note 46 to the standalone IND AS financial statements;

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

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

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

For S MANN & Company
Chartered Accountants
Firm's Registration No.: 000075N

(Subhash Chander Mann)
Partner
Membership number: 080500

UDIN: 20080500AAAACP1395

For MEHRA GOEL & Company
Chartered Accountants
Firm's Registration No.: 000517N

(Devinder Kumar Aggarwal)
Partner
Membership number: 087716

UDIN: 20087716AAAAAS9896

Place: New Delhi
Date: 30.07.2020

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, 2020, we report that:

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of the available information.

b) As explained to us, the Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of fixed assets has been carried out by the management during the year. We are informed that discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

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

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

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

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

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

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

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

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

According to the information and explanations given to us, no undisputed amounts remain payable in respect of such statutory liabilities as at 31st March, 2020 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, 2020 which have not been deposited on account of matters pending in appeal before appropriate authorities are as under:

Name of Statute	Nature of Dues	Amount Involved (₹in crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act,1961	Income Tax	31.17	AY 2006-07, AY 2006-07 and AY 2011-12 to 2014-15	ITAT, Delhi

Name of Statute	Nature of Dues	Amount Involved (₹in crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act,1961	Income Tax	6.74	AY 2017-18	CIT (Appeals)
Custom Act 1962	Custom Duty	6.02	1996-97	CESTAT, Mumbai
Central Excise Act,1944	Excise Duty	1.04	2005-06	Supreme Court of India
Central Excise Act,1944	Excise Duty	3.69	2013-14	CESTAT, Ahmedabad
Punjab VAT Act	VAT	0.55	2006-07 to 2009-10	VAT Tribunal, Punjab
Punjab Municipal Act	Property Tax	0.81	2007-08 to 2009-10 & 2013-14	Municipal Council, Nangal
		0.09	1982-83 to 1990-91	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, Bhopal
MP Entry Tax Act 1976	Entry Tax	0.08	2012-13, 2013-14, 2014-15 and 2016-17	Appellate Board, Commercial Tax, Gwalior
MP Entry Tax Act 1976	Entry Tax	0.03	2010-11	Appellate Board, Commercial Tax, Bhopal
M P Vidyut Shulk Adhiniyam 2012	Electricity Generation Duty & Cess	0.47	2008-2012	MP High Court, Jabalpur Bench, Gwalior
Municipal Corporation Bathinda	Octroi Charges	0.40	FY 1998-99, 1991-92	Punjab 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) In view of the Government Notification No. GSR 463 (E) dated 5th June, 2015; Government Companies are exempt from the applicability of Section 197 of the Companies Act 2013. Accordingly, clause 3 (xi) of the Order is not applicable to the Company.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. 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.

The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For S MANN & Company
Chartered Accountants
Firm's Registration No.: 000075N

(Subhash Chander Mann)
Partner
Membership number: 080500

UDIN: 20080500AAAACP1395

For MEHRA GOEL & Company
Chartered Accountants
Firm's Registration No.: 000517N

(Devinder Kumar Aggarwal)
Partner
Membership number: 087716

UDIN: 20087716AAAAAS9896

Place: New Delhi
Date: 30.07.2020

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, 2020.

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 2020 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 2020, 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 S MANN & Company
Chartered Accountants
Firm's Registration No.: 000075N

(Subhash Chander Mann)
Partner
Membership number: 080500

UDIN: 20080500AAAACP1395

For MEHRA GOEL & Company
Chartered Accountants
Firm's Registration No.: 000517N

(Devinder Kumar Aggarwal)
Partner
Membership number: 087716

UDIN: 20087716AAAAAS9896

Place: New Delhi
Date: 30.07.2020

ANNEXURE "C"

S. MANN & Company
CHARTERED ACCOUNTANTS
1006, 10TH FLOOR, VIKRANT TOWER,
RAJENDRA PLACE, DELHI-110008

MEHRA GOEL & Company
CHARTERED ACCOUNTANTS
505, CHIRANJIV TOWER,
43, NEHRU PLACE
NEW DELHI- 110019

COMPLIANCE CERTIFICATE

We have conducted the audit of the accounts of National Fertilizers Limited for the year ended 31st March, 2020 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 S MANN & Company
Chartered Accountants
Firm's Registration No.: 000075N

(Subhash Chander Mann)
Partner
Membership number: 080500

UDIN: 20080500AAAACP1395

For MEHRA GOEL & Company
Chartered Accountants
Firm's Registration No.: 000517N

(Devinder Kumar Aggarwal)
Partner
Membership number: 087716

UDIN: 20087716AAAAAS9896

Place: New Delhi
Date: 30.07.2020

AUDIT REPORT OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR 2019 -2020 PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013.

I. Directions for the year 2019-20

1. **Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**

   Yes, the Company has its system in place to process majority of the accounting transactions through IT system except:

   a. Calculation of depreciation of fixed asset

   b. Valuation of Closing Stock of traded goods

   c. Calculations of subsidy on Urea production (through GC-4)

   Unit-wise accounting is maintained on different computer which are not interconnected. However, integrity of the accounts of accounts is not jeopardy.

2. **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.**

   Based on Audit Procedure performed by us and as per the information and explanation given to us there has been no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company.

3. **Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

   As per the explanation and information given to us, Company has not received any funds for specific schemes from Central/State agencies during Financial Year 2019-20.

II. Sub-Directions under section 143(5) of Companies Act 2013 for the year 2019-20

Subsidy

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

   Based on Audit Procedure performed by us and as per the information and explanation given to us, Price and Freight Subsidy receivable is measured and raised based on policy issued by DoF /principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of the Government of India which regulates such subsidy. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification received from FICC is accounted for in relevant year.

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 closing stock of NPK, imported MOP & APS as on 31st March 2020 has been valued at cost. 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.**

   To the best of our knowledge and belief and according to the information and explanation given to us, Out of total land of 2578 acres at Nangal Unit, land measuring 325.70 acres at Nangal had been symbolically possessed by the Punjab Government on 29.10.1998. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners. The Company had filed a Civil Writ Petition No 4446 of 2000 in The Punjab & Haryana High Court and the matter is sub-judice. (refer note 2(b)).

For S MANN & Company
Chartered Accountants
Firm's Registration No.: 000075N

(Subhash Chander Mann)
Partner
Membership number: 080500

UDIN: 20080500AAAACP1395

For MEHRA GOEL & Company
Chartered Accountants
Firm's Registration No.: 000517N

(Devinder Kumar Aggarwal)
Partner
Membership number: 087716

UDIN: 20087716AAAAAS9896

Place: New Delhi
Date: 30.07.2020

Balance Sheet as at 31st March 2020

₹in Crore

	Note	As at 31st March 2020	As at 31st March, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	2.1	3717.37	3988.69
Right-of-Use Assets	2.2	4.62	-
Investment Property	2.3	1.18	1.25
Capital Work In Progress	3	656.30	133.38
Other Intangible Assets	4	2.41	3.51
Financial Assets			
Investments	5	341.56	273.72
Loans	6	6.88	7.87
Other Financial Assets	7	8.13	8.13
Deferred Tax Assets (Net)	8	27.63	-
Other Non-Current Assets	9	0.63	0.64
		4766.71	**4417.19**
CURRENT ASSETS			
Inventories	10	1276.48	1586.04
Financial Assets			
Trade Receivables	11	7735.33	7155.76
Cash & Cash Equivalents	12	19.55	16.62
Other Bank Balances	13	2.65	2.44
Loans	14	3.12	3.93
Other Financial Assets	15	288.71	234.65
Current Tax Assets (Net)	16	48.38	49.69
Other Current Assets	17	438.44	443.47
		9812.66	**9492.60**
Assets Held for Disposal	18	2.71	2.36
		14582.08	**13912.15**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	19	490.58	490.58
Other Equity	20	1430.36	1728.44
		1920.94	**2219.02**
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	21	596.85	279.62
Other Financial Liabilities	22	18.78	18.18
Provisions	23	204.98	178.00
Deferred Government Grant	24	2332.28	2614.96
Deferred Tax Liabilities (Net)	8	-	61.42
Other non-current Liabilities	25	3.90	8.30
		3156.79	**3160.48**
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	26	7333.77	6122.11
Trade Payables	27		
- Micro and Small Enterprises		1.32	1.81
- Other than Micro and Small Enterprises		895.34	619.22
Other financial liabilities	28	674.26	1200.65
Provisions	29	230.85	217.80
Deferred Government Grant	30	222.99	184.06
Other Current Liabilities	31	145.82	187.00
		9504.35	**8532.65**
		14582.08	**13912.15**
Significant accounting policies	1		

The acCompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

(Y. P. Bhola)
Director (Finance)
DIN No.08551454

(Virendra Nath Datt)
Chairman & Managing Director
DIN No.07823778

As per our report of even date attached
For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)
Partner
Membership No.087716

For S. Mann & Company
Chartered Accountants
Firm Regd. No. 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: Noida
Date: 30th July, 2020

Statement of Profit and Loss for the year ended 31st March 2020

₹in Crore

	Note	Year Ended 31st March 2020	Year Ended 31st March, 2019
Revenue			
Revenue from operations	32	13135.36	12429.13
Other Income	33	56.50	51.52
Total Revenue (I)		**13191.86**	**12480.65**
Expenses			
Cost of Materials consumed	34	4577.13	4738.34
Purchase of Stock- in- Trade	35	2263.02	2964.80
Changes in inventories of finished goods, work-in-progress and stock -in- trade	36	413.10	(1019.05)
Employee Benefits Expense	37	599.32	556.01
Power and Fuel	38	3105.44	3122.74
Freight and Handling		1018.39	797.24
Repair and Maintenance	39	84.44	71.68
Finance Cost	40	405.47	316.36
Depreciation and Amortization Expense	41	374.43	285.03
Other Expenses	42	214.98	184.13
Total Expenses (II)		**13055.72**	**12017.28**
Profit/(Loss) before exceptional item and tax (III) = (I) - (II)		**136.14**	**463.37**
Exceptional Item (IV)	**43**	**388.85**	**-**
Profit/(Loss) before Tax (V)=(III)-(IV)		**(252.71)**	**463.37**
Tax expenses:	**44**		
Current tax		8.51	152.07
Deferred tax		(89.05)	10.82
Short/(Excess) tax for earlier years		(1.16)	2.03
Total Tax Expense (VI)		**(81.70)**	**164.92**
Profit/(Loss) for the year (VII)=(V)-(VI)		**(171.01)**	**298.45**
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Remeasurement of Defined Employee Benefit obligations		(33.81)	(3.65)
Income Tax relating to above items		8.51	1.28
Other Comprehensive Income (net of tax) (VIII)		**(25.30)**	**(2.37)**
Total Comprehensive Income (IX) = (VII) + (VIII)		**(196.31)**	**296.08**
Earnings per share	**45**		
Basic earnings per share of ₹10 each		**(3.49)**	**6.08**
Diluted earnings per share of ₹10 each		**(3.49)**	**6.08**
Significant accounting policies	1		
The acCompanying notes forms an integral part of these financial statements			

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

(Y. P. Bhola)
Director (Finance)
DIN No.08551454

(Virendra Nath Datt)
Chairman & Managing Director
DIN No.07823778

As per our report of even date attached
For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)
Partner
Membership No.087716

For S. Mann & Company
Chartered Accountants
Firm Regd. No. 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: Noida
Date: 30th July, 2020

Statement of Cash Flows for the year ended 31st March 2020

₹in Crore

		Year Ended 31st March 2020	Year Ended 31st March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/(Loss) Before Tax		**(252.71)**	**463.37**
Adjustments For :			
Depreciation/Amortization		374.43	285.03
Finance Charges		405.47	316.36
Amortisation of Deferred Govt Grant		(278.11)	(183.89)
Interest Income		(3.59)	(4.98)
Profit on Sale of Fixed Assets		(3.28)	(2.15)
Gain on Mutual Fund		(0.27)	(1.46)
Exchange Rate Variation (Net)		3.79	(4.66)
Provision for Doubtful Debts/ Advances		(1.87)	(0.91)
Provision for Obsolete/Surplus Stores		0.05	0.05
Stores and Spares write offs		3.45	4.72
Assets Written off		0.12	0.07
Other Write off		0.11	0.02
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**247.59**	**871.57**
Adjustments For :			
Trade and Other Receivables		(625.13)	(3216.56)
Inventories		305.95	(1064.87)
Trade Payables, Provisions & Others Liabilities		(362.02)	798.77
Direct Taxes paid		(43.42)	(87.52)
NET CASH FROM OPERATING ACTIVITIES	**"A"**	**(477.03)**	**(2698.61)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (including CWIP)		(590.51)	(270.75)
Investment in Joint Ventures		(67.84)	(55.00)
Fixed Assets Sold/Discarded		4.11	4.98
Gain of Mutual Fund		0.27	1.46
Interest Received		3.59	4.98
NET CASH FROM INVESTING ACTIVITIES	**"B"**	**(650.38)**	**(314.33)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans		1211.66	3231.68
Long Term Loan		427.35	171.21
Interest Paid		(405.47)	(316.36)
Dividend/Distribution Tax paid		(101.72)	(64.46)
Payment of Lease Liabilities		(1.48)	0.00
NET CASH FROM FINANCING ACTIVITIES	**"C"**	**1130.34**	**3022.07**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**2.93**	**9.13**
Cash And Cash Equivalents (Closing Balance)		19.55	16.62
Cash And Cash Equivalents (Opening Balance)		16.62	7.49
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2.93**	**9.13**
Reconciliation of Cash and Cash Equivalents with the Balance Sheet			
Components of Cash and Cash Equivalents (Note - 12)			
Balances with banks			
Current accounts		14.54	0.30
Remittances in transit		4.99	16.30
Cash on hand		0.02	0.02
	Total	**19.55**	**16.62**

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

(Y. P. Bhola)
Director (Finance)
DIN No.08551454

(Virendra Nath Datt)
Chairman & Managing Director
DIN No.07823778

As per our report of even date attached
For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)
Partner
Membership No.087716

For S. Mann & Company
Chartered Accountants
Firm Regd. No. 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: Noida
Date: 30th July, 2020

Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

₹in Crore

	Notes	Amount
As at 1st April 2018	19	490.58
Change in equity share capital during the year		-
As at 31st March 2019		**490.58**
As at 1st April 2019	19	490.58
Change in equity share capital during the year		-
As at 31st March 2020		**490.58**

B. OTHER EQUITY

₹in Crore

Particulars	Reserve & Surplus			
	Capital Reserve	General Reserve	Retained Earning	Total
Opening balance as at 1st April 2018	**2.51**	**332.89**	**1,161.42**	**1,496.82**
Profit for the year	-		298.45	298.45
Comprehensive income for the year	-		(2.37)	(2.37)
Total Comprehensive Income for the year	-		**296.08**	**296.08**
Dividend Paid (Including Tax on Dividend)			(64.46)	(64.46)
Transfer to/(from) retained earnings	-		-	-
Closing balance as at 31st March 2019	**2.51**	**332.89**	**1,393.04**	**1,728.44**
Opening balance as at 1st April 2019	**2.51**	**332.89**	**1,393.04**	**1,728.44**
Profit for the year	-	-	(171.01)	(171.01)
Comprehensive income for the year	-	-	(25.30)	(25.30)
Total Comprehensive Income for the year	-	-	**(196.31)**	**(196.31)**
Dividend Paid (Including Tax on Dividend)	-	-	(101.72)	(101.72)
Adjustment of Transitional Provision of Lease Asset	-	-	(0.05)	(0.05)
Closing Balance as at 31st March 2020	**2.51**	**332.89**	**1,094.96**	**1,430.36**

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

(Y. P. Bhola)
Director (Finance)
DIN No.08551454

(Virendra Nath Datt)
Chairman & Managing Director
DIN No.07823778

As per our report of even date attached
For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)
Partner
Membership No.087716

For S. Mann & Company
Chartered Accountants
Firm Regd. No. 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: Noida
Date: 30th July, 2020

Notes to the financial statements and significant accounting policies

Company Overview and Significant Accounting Policies

1.1 Company Overview

National Fertilizers Limited (the 'Company') is a Company limited by shares, incorporated and domiciled in India. The Company is engaged in production and marketing of Neem Coated Urea, Bio-Fertilizers (solid & liquid) and other allied Industrial products like Ammonia, Nitric Acid, Ammonium Nitrate, Sodium Nitrite and Sodium Nitrate. The Company is also engaged in trading of Imported and Domestic Fertilizers, Compost, Seeds, Agro Chemicals and other Agro products. The registered office of the Company is located at New Delhi, India. The Government of India is the principal shareholder of the Company. The shares of the Company are listed on National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE"), India.

The financial statements are approved for issue by the Company's Board of Directors on 30th July, 2020.

1.2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2.1 Basis of preparation

a) Compliance with Ind AS

The financial statements prepared on accrual basis, as a going concern, comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended) and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- assets held for sale -measured at the lower of carrying amount and fair value less cost to sell; and
- defined benefit plans — plan assets measured at fair value

1.2.2 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates and judgments affect the application of accounting policies and the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of financial statements and the reported amount of revenue and expenses during the period. Application of accounting policies that require critical accounting estimates involving judgments have been disclosed in note (1.2.3).

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of change in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

1.2.3 Critical Accounting Estimates and judgments

a) Property Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(b) Revenue Recognition

Price and Freight Subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy and the bills are raised based on such notification. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification received is treated as current year income or expenditure and the effect of change in estimate, if material, is disclosed separately.

1.2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Refer note 49 for segment information presented.

1.2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit and Loss except in case of long term liability relating to acquisition of fixed assets acquired upto March 31, 2016, where the same are adjusted to carrying amount of such assets.

Foreign exchange gains and losses regarded as an adjustment to borrowing costs are charged in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

1.2.6 Revenue recognition

Revenue is recognized net of returns, trade allowances, rebates etc. when performance obligation is satisfied by transferring control of goods or services (i.e. an asset) to a customer and it is probable to collect the consideration.

Sale of scrap/ waste materials is recognized on disposal.

1.2.7 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase/acquisition of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Interest subsidy received/receivable from Government for changeover of Ammonia Feed Stock Conversion Project from FO/LSHS to Gas is recognized in the Statement of Profit and Loss and is being deducted in reporting the related expense.

1.2.8 Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in Joint Ventures where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.2.9 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised where the carrying value of an asset to be replaced is not separately identifiable it is derecognized on estimated/technical report basis. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are aligned to useful life specified under Schedule II of the Companies Act, 2013 except for certain items of plant and machinery which are depreciated as below:

a) Reformer Package and Instrumentation: 15 years

b) Heat Exchangers, compressor, pumps, turbines and CO2 Booster: 20 years

In respect of Plant and Machinery, Computer and data processing units residual value of five percent and rupee one in respect of asset acquired out of Govt Grant/retailer margin, Capital Spares and other Fixed Assets is retained.

Leasehold land and buildings are amortized over the lease period. Buildings constructed over leasehold land are depreciated at the estimated useful life which is in line with useful life as specified under Schedule II of the Companies Act, 2013, where the lease period is beyond the useful life of the building.

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

Spares that can be used only in connection with an item of fixed asset is depreciated over a period not exceeding the useful life of the principal item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss with in other Income.

1.2.10 Investment Property

Investment Properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss.

1.2.11 Intangible Assets

Intangible Assets are stated at cost less accumulated amortization and impairment.

License and process know-how having future economic benefits is amortized on straight line method over a period of ten years or license period, whichever is less.

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.2.12 Capital Work in Progress

All revenue expenses incurred during Construction period, which are exclusively attributable to acquisition/ construction of fixed assets, are capitalised at the time of commissioning of Assets.

Pre-project expenditure relating to Projects which are considered unviable/closed is charged off to Revenue in the year of declaration/closure.

The capital work in progress includes Construction Stores including Material in Transit/Equipment/Services etc. received at site for use in the projects.

1.2.13 Leases

Till 31st March 2019:

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

With effective from 1st April 2019:

"Effective April 1st, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Accordingly, comparative information as at and for the year ended March 31, 2019 has not been restated. The impact of adoption of the standard on financial statements of the Company has been disclosed in the notes to accounts.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability

at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

The Company as a lessee:

The Company's lease asset classes primarily consist of leases for land, vehicle and office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

i) the contract involves the use of an identified asset

ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and estimated restoration costs of the underlying asset where applicable. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate of the Company. Lease liabilities are remeasured to reflect any re-assessment, lease modification, or revised in-substance fixed lease payments, with a corresponding adjustment to the related right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of - use assets arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustment to the accounting for assets held as lessor as a result of adopting the new leasing standard.

1.2.14 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount

may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non¬financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.2.15 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks/ financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.2.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.2.17 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.2.18 Inventories - Raw materials and stores, work in progress, packaging material and finished goods

Raw materials, packaging materials and stores and spares are stated at the lower of monthly weighted average cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In case of stores and spares not moved for more than two years and upto five years, provision for obsolescence is made at five percent per annum (on straight line basis) and charged to revenue. In case of stores and spares which have not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

Finished and semi-finished goods are valued at lower of weighted average cost and net realizable value based on the applicable Concession/Sale Price. In warehouses carrying Finished Goods of more than one Plant, the Plant wise finished stocks are determined on first-in-first-out basis and costs worked out accordingly.

Traded Fertilizers are valued at lower of cost determined on first-in-first-out basis and net realizable value.

Other Traded Goods are valued at lower of weighted average cost and net realizable value.

1.2.19 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses arising from fair valuation will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

b) Measurement

Initial recognition

The Company measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, at fair value including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Investment in Joint Venture:

Investment in Joint venture is carried at cost in the financial statements.

c) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 55 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

d) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

e) Derivatives

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value through profit or loss at the end of each reporting period.

1.2.20 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.2.21 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.2.22 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

1.2.23 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the statement of Profit and Loss Account in the period in which they are incurred.

1.2.24 Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b) Other long-term employee benefit obligations

The Company provides following long term benefits:

i) Leave Encashment (Earned Leave/Sick Leave/Half Pay Leave)

ii) Long Service Award (LSA)

The liability for Leave encashment and Long term service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the financial reporting period using the projected unit credit method as calculated by Actuary. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

c) Post-employment obligations

The Company operates the following post-employment schemes:

i) defined benefit plans such as gratuity, provident fund, post retirement settlement benefits, social security benefits and employees' family economic rehabilitation scheme; and

ii) defined contribution plans such as post-employment medical plan and pension plan.

d) Defined Benefit Obligations

The defined benefit obligation (other than Provident Fund) is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The liability or asset recognised in the balance sheet in respect of defined benefit obligations (except Provident Fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

e) Provident Fund

Contribution to provident fund is accounted for on accrual basis. The provident fund contributions are made by employee and Company as monthly contribution equal to specified percentage of covered employee's salary to a trust administered by the Company. The trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the trust is notified by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

f) Defined Contribution Plans

The Company has a Post-Retirement Medical Benefits (PRMB) and pension plan for its employees. The Company has taken the insurance policies to meet its obligations under these plans. Accordingly, the liability of the Company is limited upto the amount of insurance premium paid. These plans have been treated as defined contribution plans. The insurance premium paid for these plans is recognised as employee benefit expense and charged in statement of profit and loss account.

1.2.25 Provisions

Provisions (other than employee benefits) are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

1.2.26 Claims

Pending settlement, claims made on underwriters /railways /others as assessed by the Company on a probable realization basis are recognized at the time of lodgment.

1.2.27 Adjustment pertaining to Prior Period

Income/Expenditure pertaining to prior period upto Rs 10.00 crores in each case subject to cumulative limit of 0.50% of sales turnover of previous year are not considered material and are included under the income/ expenditure of the current year.

1.2.28 Prepaid Expenditure

Prepaid expenditure upto Rupee one lakh in each case not being considered material is included under the expenditure of the current year.

1.2.29 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

1.2.30 Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

i) the profit attributable to owners of the Company

ii) by the weighted average number of equity shares outstanding during the financial year.

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

i) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

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 2020

Note: 2.1 Property, Plant & Equipment

₹in Crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2019	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2020	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2019	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto 31st March 2020	As at 31st March 2020	As at 31st March 2019
LAND										
- Freehold	12.19	-	-	12.19	-	-	-	-	12.19	12.19
- Leasehold	6.35	-	-	6.35	0.40	0.10	-	0.50	5.85	5.95
BUILDINGS										
- on Freehold Land	120.18	2.57	-	122.75	22.21	4.80	-	27.01	95.74	97.97
- on Leasehold Land	34.61	-	-	34.61	16.42	1.12	-	17.54	17.07	18.19
Leasehold Buildings	0.28	-	-	0.28	0.22	0.03	-	0.25	0.03	0.06
Plant and Machinery	4848.51	52.08	11.41	4889.18	1027.51	323.93	9.10	1342.34	3546.84	3821.00
Furniture and Fixtures	2.43	0.65	0.34	2.74	1.05	0.40	0.32	1.13	1.61	1.38
Vehicles	3.43	3.13	(2.31)	8.87	1.03	0.53	(2.20)	3.76	5.11	2.40
Office Equipments	3.75	1.47	(0.07)	5.29	1.60	1.00	0.23	2.37	2.92	2.15
OTHERS										
Electrical Installations	17.66	2.93	(0.05)	20.64	9.98	3.14	-	13.12	7.52	7.68
Railway Sidings	0.61	0.49	-	1.10	0.43	0.54	-	0.97	0.13	0.18
EDP Equipments	14.88	35.05	1.66	48.27	5.15	33.23	1.22	37.16	11.11	9.73
Other Equipments	22.46	3.18	(7.10)	32.74	12.65	2.75	(6.09)	21.49	11.25	9.81
As at 31st March,2020	**5087.34**	**101.55**	**3.88**	**5185.01**	**1098.65**	**371.57**	**2.58**	**1467.64**	**3717.37**	**3988.69**
As at 31st March,2019	**4897.89**	**201.60**	**12.14**	**5087.35**	**825.53**	**282.59**	**9.46**	**1098.66**	**3988.69**	

Footnote:

a. Title/Lease Deed for land acquired at Vijaipur (₹4.36 crore), Bathinda (₹0.15 crore), Alwar (*) are pending execution.

b Out of total land of 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 ₹3949.99 crore (CPLY ₹3624.78 crore) represented by capital grant as disclosed in Note: 24 & 30 Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹2546.62 crore(CPLY ₹2793.91 crore) as on 31.03.2020.

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 ₹8.31 crore (CPLY ₹11.75 crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2020. The unamortized amount of exchange difference as on 31.03.2020 is ₹68.87 crore (CPLY ₹64.50 crore).

e. EDP Equipment includes PoS Devices amounting to ₹34.02 crore purchased during the FY 2016-17 and FY 2017-18 out of Retailer Margin which has been capitalised during the year ended 31.03.2020. The Depreciation of ₹30.46 crore charged for the year ended 31.03.2020 includes depreciation of ₹19.53 crores for previous years.

f. Due to change in the Accounting Policy regarding keeping of residual value of assets acquired out of Govt Grant would be kept at ₹1, as against 5 % residual value, the additional depreciation charged during the year on Plant and Machinery is ₹46.12 crore. Consequently Deferred Govt Grant equivalent to the additional depreciation charged has been adjusted in the Govt Grant Income in Profit and Loss Account.

- The residual value of AFCP Asset acquired out of Govt. Grant has been kept at Rupee One, instead of 5% as applicable for other Plant & Machinery.
- The change in Accounting Policy is in order to ensure that charging of depreciation on AFCP assets is matched with the amount of Govt Grant at the end of useful life of the assets acquired out of Govt Grant.
- Amount of adjustment:

₹in Crore

Pariculars	Total	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Depreciation Expense (Note 41)	46.12	7.17	9.85	10.04	5.72	5.73	5.70	1.91
Amortisation of Govt Grant (Note 32)	46.12	7.17	9.85	10.04	5.72	5.73	5.70	1.91

- No Impact on Basic & Diluted earning per share as per Ind AS 33.

* The value of Land at Alwar is ₹1, hence figure is not given.

Notes to Financial Statements for the year ended 31st March 2020

Note: 2.2 Right-of-Use Assets

₹in Crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2019	Transitional Impact of Ind AS 116	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2020	Depreciation				Net carrying Amount	
						Accumulated Depreciation as on 1st April 2019	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto 31st March 2020	As at 31st March 2020	As at 31st March 2019
Vehicles	-	6.25	-	-	6.25	-	1.63	-	1.63	4.62	-
As at 31st March, 2020	**-**	**6.25**	**-**	**-**	**6.25**	**-**	**1.63**	**-**	**1.63**	**4.62**	**-**

"Company has adopted modified retrospective approach as suggested in Ind AS 116 "" Leases"" and accordingly instead of restating the comparative information, the cummulative effect of initially applying this standard on the date of initial application has been recognised as an adjustment to the opening balance of retained earnings as on 01.04.2019.

On transition, the adoption of the new standard resulted in recognistion of Right-of-Use Assets as on 01.04.2019 of ₹6.25 crore from leases that were earlier classified as operating lease and a Lease Liability of ₹6.30 crore."

	₹in Crore
Lease Liability recognised as at 1st April 2019	6.30
Right of Use Asset recognised as at 1st April 2019	6.25

Amount recognised in Statement of Profit and Loss Account

₹in Crore

Particulars	
Depreciation charged for the Right of Use Asset	1.63
Interest Expense	0.44

The Total Cash Outflow for leases for the year ended March 31, 2020 was ₹1.92 crore

The following is the movement in lease liabilities during the year ended March 31, 2020

₹in Crore

Particulars	
Balance as of April 1, 2019	6.30
Additions during the period	-
Finance Cost accrued during the period	0.44
Less : Payment of Lease Liability	1.92
Balance as of March 31, 2020	**4.82**
Lease Liability - Current (Note No. - 31)	1.67
Lease Liability - Non Current (Note No. - 25)	3.15

Notes to Financial Statements for the year ended 31st March 2020

Note: 2.3 Investment Property

₹in Crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2019	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2020	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2019	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto 31st March 2020	As at 31st March 2020	As at 31st March 2019
Building										
Scope Building – New Delhi	1.18	-	-	1.18	0.14	0.04	-	0.18	1.00	1.04
Paryavas Bhawan – Bhopal	0.30	-	-	0.30	0.14	0.03	-	0.17	0.13	0.16
Bajaj Bhawan - Mumbai	0.05	-	-	0.05		-	-	-	0.05	0.05
As at 31st March, 2020	**1.53**	**-**	**-**	**1.53**	**0.28**	**0.07**	**-**	**0.35**	**1.18**	**1.25**
As at 31st March, 2019	**1.53**	**-**	**-**	**1.53**	**0.21**	**0.07**	**-**	**0.28**	**1.25**	

i) Title/Lease Deed for Building at Scope Complex, New Delhi is pending for execution.

ii) The management has determined that the above assets as Investment Properties and disclosure is being made seperately with effect 01.04.2019.

iii) Information regarding income and expenditure of Investment Property

₹in Crore

Particulars	As at 31.03.2020	As at 31.03.2019
Rental Income derived from investment properties.	12.74	7.47
Less : Direct operating expenses (including repairs and maintenance) generating rental income	0.35	0.37
Less : Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.01	0.01
Profit arising from investment properties before depreciation and indirect expense.	**12.38**	**7.09**
Less: Depreciation	0.07	0.07
Profit arising from investment properties before indirect expense.	12.31	7.02

Notes to Financial Statements for the year ended 31st March 2020

Note : 3 Capital work-in-progress

₹in Crore

		As at 31st March 2020	As at 31st March 2019
Building		6.83	0.91
Plant and Machinery		582.94	78.65
Capital Stores		17.87	38.42
Others		0.48	0.40
Expenditure During Construction Period		48.18	15.00
		656.30	**133.38**
Details of Expenditure During Construction Period			
Opening Balance	**(A)**	**15.00**	**6.19**
Add: Expenditure during the year:			
Employees' Remuneration & Benefits		1.69	0.82
Power & fuel		0.29	0.04
Project Management fee		2.83	5.49
Other Expenses		1.33	3.29
Start-up Expenses (net)		-	(4.05)
Finance cost		27.04	2.71
Total	**(B)**	**33.18**	**8.30**
Total Expenditure	**(A+B)**	**48.18**	**14.49**
Less: Transfer to Property, Plant & Equipment		-	(0.51)
Closing Balance		**48.18**	**15.00**

Note: 4 Other Intangible Assets

₹in Crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2019	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2020	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2019	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto 31st March 2020	As at 31st March 2020	As at 31st March 2019
Computer Software	0.57	0.06	(0.35)	0.98	0.31	0.14	(0.35)	0.80	0.18	0.26
Licence and Know-how	26.18	-	-	26.18	22.93	1.02	-	23.95	2.23	3.25
As at 31st March, 2020	**26.75**	**0.06**	**(0.35)**	**27.16**	**23.24**	**1.16**	**(0.35)**	**24.75**	**2.41**	**3.51**
As at 31st March, 2019	**27.07**	**0.03**	**(0.35)**	**26.75**	**21.22**	**2.37**	**(0.35)**	**23.24**	**3.51**	

Notes to Financial Statements for the year ended 31st March 2020

Note: 5 Investments

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Investment in joint venture (Unquoted) #		
1,80,002 Equity Shares (CPLY 1,80,002 Equity Shares) with face value of ₹10 each fully paid up in Urvarak Videsh Limited**	0.18	0.18
Provision for diminution in value of investments	(0.15)	(0.15)
	0.03	0.03
34,15,28,200 Equity Shares (CPLY 27,36,90,004 Equity Shares) with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)$	341.53	273.69
	341.56	273.72
Aggregate amount of unquoted investments	341.71	273.87
Aggregate provision for diminution in value of investments	(0.15)	(0.15)
	341.56	**273.72**
Investment in Equity Instruments of Co-operative Societies (Unquoted)*		
1250 Equity Shares (CPLY 1250 Equity Shares) with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*
100 Equity Shares (CPLY 100 Equity Shares) with face value of ₹50 each fully paid up (₹5000) in NFL Employees' Consumer co-operative stores	*	*
Investment in mutual fund (₹5000)	*	*
	341.56	**273.72**

* Being less than ₹50,000/-, figures not given.

In compliance with Accounting Standard (Ind AS) 28 - Investment in Associates & Joint Venture". The Reporting information is as under :

Joint controlled entity

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31.03.2020	31.03.2019
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 is expected to be completed by October 2020. 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 Financial Statements for the year ended 31st March 2020

Note : 6 Loans

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Secured, considered good		
Loans to employees	6.85	7.45
Unsecured, considered good		
Loans to employees	0.03	0.42
	6.88	**7.87**

Note : 7 Other Financial Assets

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Security Deposits	0.03	0.03
Margin Money against Bank Guarantees (more than one year)	8.10	8.10
	8.13	**8.13**

Notes to Financial Statements for the year ended 31st March 2020

Note:8 Deferred Tax Assets (Net)

₹in Crore

	As at 31st March 2020	As at 31st March 2019
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.	132.08	158.87
Losses carried forward	52.80	-
(A)	**184.88**	**158.87**
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.	157.25	220.29
(B)	**157.25**	**220.29**
Net deferred tax assets (A-B)	**27.63**	**(61.42)**

Movement in deferred tax components

₹in Crore

	At April 1, 2019	Charged or (credited) to profit or loss	At March 31, 2020
Expenses allowed on cash basis	158.87	26.79	132.08
Losses carried forward	-	(52.80)	52.80
Property, Plant & Equipment impact	(220.29)	(63.04)	(157.25)
Total	**(61.42)**	**(89.05)**	**27.63**

Company has exercised the option of shifting to lower tax rate along with consequent reduction in certain tax incentive permitted under Section 115 BAA of the Income Tax Act, 1961, as introduced by the Government of India through Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provison for Current Tax for the year ended 31.03.2020 and re-measured its Deferred Tax Assets and Deferred Tax Liabilities on the basis of the rates prescribed in the said section. An amount of ₹17.18 crore have been written back in the statement of Profit and loss Account for the year ended 31.03.2020.

Note :9 Other Non-Current Assets

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Unsecured, considered good		
Others	0.63	0.64
	0.63	**0.64**

Notes to Financial Statements for the year ended 31st March 2020

Note : 10 Inventories

₹in Crore

	As at 31st March 2020		As at 31st March 2019	
Raw materials	0.39		1.35	
Add: In transit	0.09	0.48	0.23	1.58
Work in Progress		25.31		32.58
Finished goods	362.48		151.57	
Add: In transit	98.87	461.35	73.56	225.13
Traded goods	484.91		977.44	
Add: In transit	13.78	498.69	163.30	1140.74
Stores and spares	273.26		138.80	
Add: In transit	1.45		24.34	
Less: Provision for Obsolescence	1.73	272.98	1.68	161.46
Packing Materials	16.53		21.61	
Add: In transit	1.14	17.67	2.94	24.55
		1276.48		**1586.04**

Inventories have been valued at lower of cost or net realizable value considering Note No.1.2.18 of Accounting Policy.

Notes to Financial Statements for the year ended 31st March 2020

Note : 11 Trade Receivables

₹in Crore

		As at 31st March 2020		As at 31st March 2019
Trade Receivables outstanding for a period more than six months from the date they are due for payment				
Subsidy (Government of India)#	1204.19		185.47	
Others	12.90	1217.09	11.65	197.12
Trade Receivables less than six months				
Subsidy (Government of India)#	5785.92		6376.43	
Others	742.17	6528.09	593.02	6969.45
Provision for doubtful receivables		(9.85)		(10.81)
		7735.33		**7155.76**
Aggregate of trade receivables:				
Unsecured, considered good (including secured debts backed by bank guarantees ₹1.61 crore, (CPLY ₹4.11 crore)		7735.33		7155.76
Unsecured, considered doubtful		9.85		10.81
Provision for doubtful receivables		(9.85)		(10.81)
		7735.33		**7155.76**

The Total Subsidy Receivable is ₹6990.11 crore. Loan against Subsidy under Special Banking Arrangement amounting to ₹1215.14 crore (CPLY ₹1451.73 crore) was received during March 2020 and the same is appearing in Note No. 26 - Borrowing.

The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) Scheme for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea is released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of urea and P&K fertilizer totalling 12.57 lakh MT through POS machine to beneficiaries as on 31.03.2020, subsidy of ₹1353.54 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period (CPLY quantities 10.34 lakh MT and subsidy ₹1590.85 crore).

Notes to Financial Statements for the year ended 31st March 2020

Note: 12 Cash & Cash Equivalents

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Balances with banks		
Current accounts	14.54	0.30
Remittances in transit	4.99	16.30
Cash on hand	0.02	0.02
	19.55	**16.62**

Note: 13 Other Bank Balances

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Margin Money against Bank Guarantees	2.50	2.35
Unclaimed dividend account	0.15	0.09
	2.65	**2.44**

Note : 14 Loans

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Secured, considered good		
Loans to employees	1.39	2.17
Unsecured, considered good		
Loans to employees	1.73	1.76
	3.12	**3.93**

Notes to Financial Statements for the year ended 31st March 2020

Note : 15 Other Financial Assets

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Security Deposits	23.47	24.65
Capital Grant recoverable from Government of India (GOI)$	203.76	203.43
Interest Subsidy recoverable from Government of India	2.23	2.23
Claims recoverable	55.88	1.73
Interest Accrued but not due on Deposits	3.68	2.85
	289.02	**234.89**
Unsecured, considered good from above	288.71	234.65
Unsecured, considered doubtful from above	0.31	0.24
Provision for doubtful advances^	(0.31)	(0.24)
	288.71	**234.65**
^ Details of Provisions for doubtful advance		
Claims recoverable	0.31	0.24
Total	**0.31**	**0.24**

$ Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia feed stock conversion project from `LSHS/FO' to `Gas' as disclosed in Note 24 & 30.

Note : 16 Current Tax Assets (Net)

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Tax refunds	17.54	49.69
Advance Income Tax	30.84	-
	48.38	**49.69**

Notes to Financial Statements for the year ended 31st March 2020

Note: 17 Other current assets

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Unsecured, considered good unless otherwise stated		
Advances		
Contractors	25.48	72.86
Suppliers $ #	325.13	297.33
Employees	1.75	3.12
Recoverable/Balances with customs and excise authorities	2.33	8.27
GST Input Credit*	172.78	165.34
Others	72.66	47.87
	600.13	**594.79**
Unsecured, considered good from above	438.44	443.47
Unsecured, considered doubtful from above	161.69	151.32
Provision for doubtful advances^	(32.05)	(21.68)
Provision for doubtful advances appropriated from reserve^	(129.64)	(129.64)
	438.44	443.47

^ Details of Provisions for doubtful advances

Contractors	0.52	0.51
Suppliers	129.73	129.90
Recoverable Balances with customs and excise authorities	7.27	7.27
GST Input Credit	23.75	12.22
Others	0.42	1.42
Total	**161.69**	**151.32**

Includes an advance of ₹130.69 crore (CPLY ₹130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹129.64 crore (after recovery of ₹1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

$ Includes amount recoverable on account of Gas Pool Account amounting to ₹179.43 crore (CPLY ₹124.32 crore)

* Company has filed total refund claim of GST amounting to ₹59.35 crore (previous year - ₹43.78 crore) under inverted tax structure in respect of imported traded fertilizers. The refund applications of ₹17.89 crore after rejection, are in appeal. Refund of ₹37.44 crore was received during the FY 2019-20.

Note: 18 Assets held for disposal

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Assest Held for Disposal	2.71	2.36
	2.71	**2.36**

Notes to Financial Statements for the year ended 31st March 2020

Note : 19 Equity Share Capital

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Authorized	1000.00	1000.00
100,00,00,000 Equity Shares (CPLY 100,00,00,000 Equity Shares) of ₹10 each		
Issued, Subscribed and Paid -up		
49,05,78,400 Equity Shares (CPLY 49,05,78,400 Equity Shares) of ₹10 each fully paid up	490.58	490.58
	490.58	**490.58**

a. There has been no movement in the Issued, Subscribed and Paid -up capital of the Company during the year.

b. Terms/Rights attached to equity shares

The Company has only one class of equity share having a face value of ₹10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends approved by shareholders.

In the event of liquidation of the Company, the holders of equity share will be entitled to receive remaining assets of the Company, after distribution to creditors and all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder.

c. Details of shareholders holding more than 5% shares in the Company

Particulars	31st March, 2020		31st March, 2019	
	No.	%	No.	%
Equity Shares of ₹10 each fully paid				
i) Government of India	366529532	74.71	366529532	74.71
ii) Life Insurance Corporation of India (LIC)	55523101	11.32	55523101	11.32

d. Movement of Equity Shares Capital

Particulars	31st March, 2020		31st March, 2019	
	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 Financial Statements for the year ended 31st March 2020

Note : 20 Other Equity

₹in Crore

		As at 31st March 2020	As at 31st March 2019
Capital Reserve			
Balance at the beginning of the year		2.51	2.51
Balance at the end of the year	**A**	**2.51**	**2.51**
General Reserve			
Balance at the beginning of the year		332.89	332.89
Balance at the end of the year	**B**	**332.89**	**332.89**
Retained Earnings in Statement of Profit and Loss			
Balance at the beginning of the year		1393.04	1161.42
Less: Dividend Paid		101.72	64.46
Less: Adjustment of Transitional Provisions of Right-of-Use Asset		0.05	-
		1291.27	1096.96
Profit/(Loss) for the year transferred from Statement of Profit and Loss		(171.01)	298.45
Profit/(Loss) for the year transferred from Other Comprehensive Income		(25.30)	(2.37)
Balance at the end of the year	**C**	**1094.96**	**1393.04**
Total (A+B+C)		**1430.36**	**1728.44**

Notes to Financial Statements for the year ended 31st March 2020

Note : 21 Borrowings

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Term Loans		
Foreign Currency Loans - External Commercial Borrowing from Bank (Secured)$	-	61.22
Rupee Term Loan (Secured)#	596.85	218.40
	596.85	**279.62**

$ Foreign Currency External Commercial Borrowing (ECB) loan from Bank, has been used for energy saving and urea capacity augmentation projects at Vijaipur complex and is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The ECB was earlier drawn from SBI, NY at rate of interest of 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility. ECB has been refinanced through DBS Bank, Singapore on 06.01.2016.

The rate of interest of refinanced ECB from DBS, Singapore is 3 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan has commenced from FY 2016-17. Foreign Currency External Commercial Borrowing (ECB) loan from DBS Bank is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

A sum of ₹67.59 crore is outstanding as on 31.03.2020 disclosed in Note : 28 Other Financial Liabilities. The repayment of ECB loan will fall due for ₹67.59 crore in FY 2020-21.

To meet the funding requirement of Energy Saving and Capex Schemes, the Company has entered into a Rupee Term Loan Agreement with SBI on 24.12.2018 for ₹1044 crore.

The borrowings of Rupee Term loan is secured by first pari-passu charge on the fixed assets (both movable and immovable) of the manufacturing units i.e. Nangal, Bathinda, Panipat, Vijaipur - I & Vijaipur - II and Corporate Office and over cash flow of the Company.

Against the above Rupee Term Loan, Company has drawn ₹701.25 crore. Out of which amount of ₹104.40 crore will fall due for payment in FY 2020-21.

Repayment of sanctioned term loan would fall due for repayment in 40 quarterly installments of ₹26.10 crore each starting from June 2020 and ending in March 2030. The rate of interest on the term loan is 1year MCLR plus spread of 0.15%. During the year interest rate was 8.05% p.a. During the period, the amount of interest of ₹24.33 crore (CPLY - ₹2.71 crore) has been capitalised.

The repayment of Rupee Term Loan of ₹104.40 crore during FY 2020-21 is disclosed in Note 28-Other Financial Liabilities.

Notes to Financial Statements for the year ended 31st March 2020

Note : 22 Other Financial Liabilities

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Security Deposits	4.20	4.13
Others#	14.58	14.05
	18.78	**18.18**

Includes gross amount of ₹21.22 crore (CPLY ₹18.05 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

Note : 23 Provisions

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Provision for employee benefits *^	204.98	178.00
	204.98	**178.00**
*** Item wise breakup of Provisions for employee benefits**		
Earned Leave	92.25	74.49
Half Pay Leave	98.82	89.44
Post Retirement Settlement Benefits	1.58	1.50
Long Service Award	0.40	0.42
Social Security Benefits	4.94	4.76
Employees' Family Economic Rehabilitation Scheme	6.99	7.39
	204.98	**178.00**

^ Short term Provision for Employee Benefits of ₹230.85 crore is disclosed in Note 29.

Notes to Financial Statements for the year ended 31st March 2020

Note: 24 Deferred Government Grant

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Opening Balance#		
Non Current	2614.96	2766.52
Current	184.06	211.37
Add: Addition/Adjustment during the year (AFCP)*	0.34	-
Add: Addition/Adjustment during the year (Others)$	34.02	5.02
Less : Govt Grant recognised in Statement of Profit & loss Account (Note No. 32)	278.11	183.89
Less : Transferred Deferred Government Grant Current (Note 30)	222.99	184.06
	2332.28	**2614.96**

Includes Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate and actual value of disposal of redundant assets discarded after conversion.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

$ Includes PoS Devices amounting to ₹34.02 crore purchased during the FY 2016-17 and FY 2017-18 out of Retailer Margin which has been capitalised during the year ended 31.03.2020.

Note : 25 Other Non Current Liabilities

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Lease Liability	3.15	-
Others	0.75	8.30
	3.90	**8.30**

Notes to Financial Statements for the year ended 31st March 2020

Note : 26 Borrowings

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Secured		
Cash credit from banks*	55.40	58.70
Working Capital Demand Loan#	1200.00	-
Unsecured		
Commercial Paper	3100.00	-
Short Term loans from Banks$	2978.37	6063.41
	7333.77	**6122.11**

*Cash credit from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation of inventories, book debts and other current assets of the Company.

#Working Capital Demand Loan from Banks are secured by pari-pasu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.

$ Includes borrowings of ₹1215.14 crore (CPLY ₹1451.73 crore) under Special Banking Arrangement.

Note : 27 Trade Payables

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Micro and Small Enterprises*	1.32	1.81
Other than Micro and Small Enterprises$	895.34	619.22
	896.66	**621.03**

*Interest amount due to MSMED parties during the year is neither due/accrued/nor paid or payable.

$ Includes amount of ₹666.10 crore (CPLY ₹386.94 crore) on account of Gas supplies.

Notes to Financial Statements for the year ended 31st March 2020

Note:28 Other Financial Liabilities

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Current maturities of long term borrowings		
Foreign Currency Loan *	67.59	61.87
Rupee Term Loan#	104.40	-
Creditors for Capital Works	126.42	295.59
Security Deposits	213.55	160.66
Liability for employee benefits/remuneration	48.83	151.05
Unclaimed dividend	0.15	0.09
Others$	113.32	531.39
	674.26	**1200.65**

*Details in respect of Interest and terms of repayment of Foreign Currency Loan are disclosed in Note 21: Borrowings.

Details in respect of Interest and terms of repayment of Rupee Term Loan are disclosed in Note : 21 Borrowings.

$ Amount of ₹0.79 crore (CPLY ₹1.99 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 :29 Provisions

₹in Crore

		As at 31st March 2020		As at 31st March 2019
Provisions for employee benefits*^		230.85		173.70
Provision for Corporate Tax				
Provision for tax	-		150.80	
Advance Tax/TDS	-	-	(113.42)	37.38
Provision for Local Area Development Tax		-		6.72
		230.85		**217.80**

*** Item wise breakup of provisions for employee benefits:**

Gratuity		204.08		150.65
Earned Leave		10.38		8.39
Half Pay Leave		13.13		11.66
Post Retirement Settlement Benefits		0.19		0.15
Long Service Award		0.11		0.09
Social Security Benefits		0.89		0.95
Employees' Family Economic Rehabilitation Scheme		2.07		1.81
		230.85		**173.70**

^ Long term Provision for Employee Benefits of ₹204.98 crore is disclosed in Note 23.

Notes to Financial Statements for the year ended 31st March 2020

Note: 30 Deferred Government Grant

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Deferred Government Grant		
AFCP*#	219.50	184.05
Others	3.49	0.01
	222.99	**184.06**

"# The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government."

Pending finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate and actual value of disposal of redundant assets discarded after conversion.

"*Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

Non Current Deferred Governement Grant is disclosed in Note No. 24.

Note: 31 Other Current Liabilities

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Advances from customers	32.71	55.23
Statutory Dues	111.44	131.44
Lease Liability	1.67	-
Others	-	0.33
	145.82	**187.00**

Notes to Financial Statements for the year ended 31st March 2020

Note : 32 Revenue from operations

₹in Crore

		Year Ended 31st March 2020	Year Ended 31st March 2019
A) Sale of Goods			
Finished goods		2105.52	2238.39
Traded goods		2564.83	1679.96
	(a)	**4670.35**	**3918.35**
Subsidy from Government of India:			
Finished goods (Urea)-Subsidy			
Price subsidy		6532.76	7089.18
Freight subsidy		365.75	407.55
		6898.51	**7496.73**
Traded goods (Di Ammonium Phosphate) Subsidy			
Price subsidy		711.75	524.11
Freight subsidy		119.92	110.38
		831.67	**634.49**
Traded goods (Compost) Subsidy			
Price subsidy		3.75	3.20
Freight subsidy		-	-
		3.75	**3.20**
Traded goods (Muriate of Potash) Subsidy			
Price subsidy		47.60	-
Freight subsidy		14.44	-
		62.04	**-**
Traded goods (NPK) Subsidy			
Price subsidy		44.72	60.98
Freight subsidy		8.48	11.63
		53.20	**72.61**
Traded goods (Ammonium Phosphate Sulphate) Subsidy			
Price subsidy		27.84	18.52
Freight subsidy		6.79	3.28
		34.63	**21.80**
Traded goods (IMP UREA - Govt A/c) Subsidy			
Freight subsidy		207.88	66.85
		207.88	**66.85**
Traded goods (NPK 10:26:26)*Subsidy			
Price subsidy		16.11	-
Freight subsidy		3.57	-
		19.68	**-**
Total subsidy$	(b)	**8111.36**	**8295.68**
Revenue from operations (gross) (a)+(b)	**(A)**	**12781.71**	**12214.03**

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Details of goods sold		
Finished goods (including subsidy)		
Urea	8810.36	9521.56
Industrial Products	165.72	199.05
Ammonia Sales	4.73	1.85
Bio Fertilizers	2.05	1.82
Bentonite Sulphur	21.17	10.83
	9004.03	**9735.11**
Traded goods (including subsidy)		
Seeds	47.17	24.89
Compost	10.64	8.83
Di Ammonium Phosphate (Imported)	2361.65	1883.53
Agro Chemicals	8.19	11.71
Muriate of Potash (MOP)	185.54	-
NPK (12:32:16)	164.72	226.02
Ammonium Phosphate Sulphate (APS)	104.02	63.82
Imported Urea - Govt A/c	827.08	260.12
NPK (10:26:26)	61.16	-
SSP Powder	3.47	-
SSP Plain	1.93	-
Calcium Nitrate 100 % Water Soluble Fertilizer	0.55	-
NPK (19:19:19) 100 % Water Soluble Fertilizer	1.56	-
	3777.68	**2478.92**
	12781.71	**12214.03**

$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year

Price Subsidy (Urea)	4.26	24.69
Freight Subsidy (Urea)	0.37	0.54
	4.63	25.23

"The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) Scheme in a phased manner for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea is released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of urea and P&K fertilizer totalling 12.57 lakh MT through POS machine to beneficiaries as on 31.03.2020, subsidy of ₹1353.54 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period (CPLY quantities 10.34 lakh MT and subsidy ₹1590.85 crore)."

Notes to Financial Statements for the year ended 31st March 2020

₹in Crore

		Year Ended 31st March 2020	Year Ended 31st March 2019
B) Sale of Services			
i)	Training & Recruitment for other organisation	4.70	10.28
	(B)	**4.70**	**10.28**
C) Other Operating Revenue			
i)	Amortisation of Deferred Govt Grant*		
	AFCP	247.63	183.88
	Others	30.48	0.01
ii)	Forfeiture of Security Deposits etc	0.06	1.17
iii)	Liquidated Damages recovered from Contractor/Supplier	7.98	7.27
iv)	Recovery of Dispatch Money	2.22	1.63
v)	Sale of Scrap	6.57	5.02
vi	Hire Charges of Equipment	0.17	0.09
vii)	Commission on Sale of Urea on Govt A/c	-	0.08
Viii)	Recoveries on delayed payment on credit sales	12.27	5.67
ix)	Insurance Claims	41.57	-
	(C)	**348.95**	**204.82**
	Total revenue from operation (A+B+C)	**13135.36**	**12429.13**

*Deferred Govt Grant of ₹278.11 crore (₹247.63 crore + ₹30.48 crore) recognised on a systematic basis over the useful life of the AFCP and Other Assets. The corresponding depreciation is appearing in Note No. 41.

Note : 33 Other Income

₹in Crore

		Year Ended 31st March 2020	Year Ended 31st March 2019
A) Interest Income on Financial Assets measured at amortised cost			
Term Deposits		1.71	2.09
Loan to employees		0.37	0.50
Unwinding of Interest accrued on Deposits		0.45	0.35
Others		1.06	2.04
	(A)	**3.59**	**4.98**
B) Interest income on Income Tax Refund		10.55	23.70
	(B)	**10.55**	**23.70**
C) Non Operating Income			
Profit on Sale of Assets		3.28	2.15
Gain on Mutual Funds		0.27	1.46
Rent		17.98	13.29
Provision no Longer required Written Back		6.73	-
Others		14.10	5.94
	(C)	**42.36**	**22.84**
	(A+B+C)	**56.50**	**51.52**

Notes to Financial Statements for the year ended 31st March 2020

Note: 34 Cost of material consumed

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Raw Material (A)		
Inventory at the beginning of the year	1.58	3.91
Purchases	4336.41	4515.48
	4337.99	**4519.39**
Less:Inventory at the end of the year	(0.47)	(1.58)
Cost of raw material consumed	**4337.52**	**4517.81**
Packing material (B)	183.55	164.65
Stores and spares (C)	56.06	55.88
Cost of material consumed (A+B+C)	**4577.13**	**4738.34**
Itemwise break up of raw material consumed		
Natural Gas	4326.33	4506.20
Others	11.19	11.61
	4337.52	**4517.81**

Note 35 Purchase of Stock- in- Trade

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Traded goods purchased		
Imported		
Di Ammonium Phosphate (DAP)	1282.16	2517.05
Ammonium Phosphate Sulphate (APS)	109.51	0.08
Muriate of Potash (MOP)	239.43	-
NPK (12:32:16)	71.22	206.71
NPK (10:26:26)	86.28	-
NPK (19:19:19) 100 % Water Soluble Fertilizer	1.36	-
Calcium Nitrate 100 % Water Soluble Fertilizer	0.37	-
Indigenous		
Imported Urea - Govt A/c	415.09	204.79
Agro Chemicals	7.06	9.76
Seeds	36.24	19.10
Compost	9.20	7.31
SSP Powder	3.26	-
SSP Plain	1.84	-
	2263.02	**2964.80**

Notes to Financial Statements for the year ended 31st March 2020

Note: 36 Changes in inventories of finished goods, work-in-progress and stock -in- trade

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Opening inventories		
Work in Progress	32.58	21.57
Finished goods	225.13	224.35
Traded goods	1140.74	133.48
	1398.45	**379.40**
Closing inventories		
Work in Progress	25.31	32.58
Finished goods	461.35	225.13
Traded goods	498.69	1140.74
	985.35	**1398.45**
Net (Increase)/Decrease in inventories	**413.10**	**(1019.05)**

Note: 37 Employee benefits expense

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Salaries, Wages and Bonus	488.99	449.29
Contribution to Provident and Other Funds	54.92	47.12
Gratuity Expenses	20.88	23.64
Welfare expenses#	34.53	35.96
	599.32	**556.01**

Includes payment of ₹2.90 crore (CPLY ₹2.71 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 2020	Year Ended 31st March 2019
Purchased power	128.41	124.74
Coal	652.86	532.48
Natural gas	2305.50	2446.47
Cess on Electricity	18.67	19.05
	3105.44	**3122.74**

Notes to Financial Statements for the year ended 31st March 2020

Note: 39 Repair and maintenance

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Plant and machinery	65.33	58.35
Buildings	9.99	5.90
Others	9.12	7.43
	84.44	**71.68**

Note: 40 Finance Costs

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Interest :		
Cash credit	7.33	10.21
Commercial Papers	305.70	250.02
Short term loans	66.23	35.45
Rupee Term Loan	12.85	8.78
Others	8.93	7.96
Other Borrowing Cost	4.43	3.94
	405.47	**316.36**

Note: 41 Depreciation and Amortization Expense

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Depreciation/Amortization on tangible assets*	371.57	282.59
Depreciation on Investment Property	0.07	0.07
Depreciation on Right of Use Asset	1.63	-
Amortization of intangible assets	1.16	2.37
	374.43	**285.03**

*Depreciation includes ₹278.11 crore (CPLY ₹183.89 crore) towards Assets of AFCP/PoS Devices/Others purchased from Govt Grant/retailer margin and equivalent amount is appearing as Govt Grant Income in Note 32.

Notes to Financial Statements for the year ended 31st March 2020

Note : 42 Other expenses

₹in Crore

		Year Ended 31st March 2020		Year Ended 31st March 2019
Rent		0.76		0.99
Rent for Godown		16.85		10.79
Rates and taxes		2.63		2.53
Insurance		14.02		9.45
Auditors' remuneration:				
Audit Fee	0.25		0.25	
Tax Audit Fee	0.07		0.07	
Certification and other fee	0.28		0.20	
Out of pocket expenses	0.01	**0.61**	0.04	**0.56**
Cost Audit Fee		0.03		0.02
Security Expenses		58.92		55.96
Printing and Stationery		1.35		1.08
Advertisement, Publicity and Sales Promotion		2.78		4.39
Directors' Fees		0.17		0.15
Telephone and Postage		1.80		2.03
Travelling		25.83		22.61
Water Charges		24.32		15.86
Provision for:				
Doubtful Advances & Debts	(1.87)		(0.91)	
Un-utilised GST Input Credit	11.53		12.21	
Others	0.05	**9.71**	0.05	**11.35**
Loss on Sale of Investments		-		-
Write Off:				
Stores and spares	3.45		4.72	
Others	0.23	**3.68**	0.09	**4.81**
Legal Expenses		0.84		1.10
Bank Charges		3.73		3.74
Demurrage and Wharfage		2.46		1.46
Exchange rate variation (net)		3.79		(4.66)
CSR Expenditure (refer note 53)		5.75		2.29
Miscellaneous expenses		34.95		37.62
		214.98		**184.13**

Notes to Financial Statements for the year ended 31st March 2020

Note : 43 Exceptional Item

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Reversal of Minimum Fixed Cost Subsidy	388.85	-
	388.85	**-**

Exceptional item relates to minimum fixed cost subsidy of ₹388.85 crore which was accrued during the period 02.04.2014 to 31.03.2019 and consequent to deletion of provision of minimum fixed cost retrospectively w.e.f. 02.04.2014 vide Department of Fertilizer Policy letter dated 30.03.2020 under Modified New Pricing Scheme-III dated 02.04.2014 the said subsidy of ₹388.85 crore has been reversed during the current period.

Note : 44 Income Tax Expense

₹in Crore

		Year Ended 31st March 2020	Year Ended 31st March 2019
Current Tax			
Current Tax on Profits for the year		-	150.79
Adjustments for Current Tax of prior periods		(1.16)	2.03
Total Current tax expense (A)		**(1.16)**	**152.82**
Deferred Tax			
Decrease/(increase) in deferred tax assets		(26.01)	(2.92)
(Decrease)/increase in deferred tax liabilities		(63.04)	13.74
Total Deferred Tax Expense/(benefits) (B)		**(89.05)**	**10.82**
	A+B	**(90.21)**	**163.64**
Income Tax Relating to Other Comprehensive Income		8.51	1.28
Income Tax Expense		**(81.70)**	**164.92**

Reconcilation of the tax expense and the accounting profit multiplied by tax rate

Profit before tax	**(252.71)**	**463.37**
Tax at the enacted rate of 25.168% (CPLY 34.944%)	(63.60)	161.92
Add :		
Tax effect of amount not deductable (taxable) while calculating taxable income		
Add :CSR Exp	1.45	0.80
Add : Interest on Income Tax	-	0.73
Add: Payment To Special Welfare Fund Not Allowable	0.01	0.01
Others	(19.56)	1.46
Total Income Tax Expense	**(81.70)**	**164.92**

Company has exercised the option of shifting to lower tax rate along with consequent reduction in certain tax incentive permitted under Section 115 BAA of the Income Tax Act, 1961, as introduced by the Government of India through Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provison for Current Tax for the year ended 31.03.2020 and re-measured its Deferred Tax Assets and Deferred Tax Liabilities on the basis of the rates prescribed in the said section. An amount of ₹17.18 crore have been written back in the statement of Profit and loss Account for the year ended 31.03.2020.

Notes to Financial Statements for the year ended 31st March 2020

Note: 45 Earning per share

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Profit/(Loss) after Tax (₹Crore)	(171.01)	298.45
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic/Diluted earnings per share (₹)	(3.49)	6.08

The Company has not issued any security which will have the effect of diluting earnings on equity.

Note 46: Contingent liabilities

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Claims against the Company not acknowledged as debts		
Pending Appellate/Judicial decisions:		
Income tax	31.17	29.26
Excise, customs and service tax	18.24	27.14
Value Added Tax	0.67	0.64
Land compensation/development claims	1.21	3.88
Arbitration and civil cases	53.93	86.18
Other claims	0.84	0.51
Claims in respect of legal cases filed against the Company for labour and other matters, amount whereof is not ascertainable	-	-
	106.06	**147.61**

Note 47: Capital and other commitments

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	188.35	577.54
Unutilized amount of Letter of Credit	189.28	458.61

Notes to Financial Statements for the year ended 31st March 2020

48.1 Ind AS-19: Employee Benefits

48.1.1 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.
Post Retirement Settlement Benefits (PRSB)	Post Retirement Settlement Benefits (PRSB) for settlement at home town for employees and dependents
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹9.00 lakhs with minimum benefits of ₹1.00 lakhs).
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

48.1.2 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 ₹44.36 crore (CPLY ₹27.56 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, 2020.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

Notes to Financial Statements for the year ended 31st March 2020

48.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹in Crore

		Gratuity		EL		HPL		PRSB		LSA		PF	
		19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19
(i)	**Reconciliation of present value of defined benefit obligations and plan assets:**												
1	Present value of projected benefit obligations at beginning of the year	299.29	296.11	82.87	70.43	101.10	91.31	1.66	1.57	0.51	0.55	1078.89	1011.44
2	Service Cost	9.83	9.73	5.79	6.36	4.66	4.22	0.08	0.07	0.03	0.02	44.36	27.56
3	Past Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
4	Interest Cost	21.96	22.80	6.08	5.42	7.42	7.03	0.12	0.12	0.04	0.04	94.11	77.88
5	Actuarial (Gains)/Losses	30.60	3.18	31.30	21.76	5.15	4.38	0.05	0.02	0.01	0.02	(18.51)	(8.36)
6	Benefits Paid	(46.72)	(32.53)	(23.41)	(21.10)	(6.38)	(5.84)	(0.14)	(0.12)	(0.09)	(0.12)	(96.66)	(88.95)
7	Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	81.77	58.24
8	Transfer in	-	-	-	-	-	-	-	-	-	-	3.23	1.08
9	Present value of projected benefit obligations at close of the year [1 to 8]	314.96	299.29	102.63	82.87	111.95	101.10	1.77	1.66	0.50	0.51	1187.19	1078.89
10	Fair Value of Plan assets at close of the year	(110.88)	(148.64)	-	-	-	-	-	-	-	-	(1221.00)	(1249.26)
11	Net Liability recognized in Balance Sheet at close of the year [9-10]	204.08	150.65	102.63	82.87	111.95	101.10	1.77	1.66	0.50	0.51	-	-
(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	148.64	114.53	-	-	-	-	-	-	-	-	1249.26	1162.82
	Opening Adjustment as per balance sheet											(158.40)	-
2	Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	85.00	59.32
3	Expected Return on plan assets	10.91	8.82	-	-	-	-	-	-	-	-	94.11	77.88
4	Actual Company's contribution	-	58.08	-	-	-	-	-	-	-	-	44.36	27.56
5	Actuarial Gains/(Losses)	(3.16)	(0.46)	-	-	-	-	-	-	-	-	3.33	10.63
6	Benefits Payments	(45.51)	(32.33)	-	-	-	-	-	-	-	-	(96.66)	(88.95)
7	Past service Cost	-	-	-	-	-	-	-	-	-	-	-	-
8	Fair value of plan assets at close of the year (1 to 7)	110.88	148.64	-	-	-	-	-	-	-	-	1221.00	1249.26
9	Present value of defined benefit obligation	314.96	299.29	-	-	-	-	-	-	-	-	1187.19	1078.89
10	Net liability recognized in the Balance Sheet at close of the year [9-8]	204.08	150.65	-	-	-	-	-	-	-	-	-	-
(iii)	**Expenses recognized in the Statement of Profit & Loss:**												
1	Service Cost	9.83	9.73	5.79	6.36	4.66	4.22	0.08	0.07	0.03	0.02	44.36	27.56
2	Past Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
3	Interest Cost	21.96	22.80	6.08	5.42	7.42	7.03	0.12	0.12	0.04	0.04	94.11	77.88
4	Actuarial (Gains)/Losses	33.76	3.64	31.30	21.76	5.15	4.38	0.05	0.02	0.01	0.02	(18.51)	(8.36)
5	Expected return on Plan Assets	(10.91)	(8.82)	-	-	-	-	-	-	-	-	(94.11)	(77.88)
6	Total charged to P&L Account	54.64	27.35	43.17	33.54	17.23	15.63	0.25	0.21	0.08	0.08	-	-

(iv)	Actuarial assumptions:	As at 31st March, 2020	As at 31st March, 2019
1	Method used	Projected Unit credit	Projected Unit credit
2	Discount Rate (per annum)	6.78%	7.34%
3	Mortality Rate	Indian assured lives mortality (2012-14) 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 Executives 3%/2%/1%, depending upon age	Executives and Non Executives 3%/2%/1%, depending upon age
5	Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	6.00%	6.00%
(v)	**Actuarial assumptions (PF):**	**As at 31st March, 2020**	**As at 31st March, 2019**
1	Discount Rate (per annum)	6.78%	7.34%
2	Interest Rate Guarantee	8.50%	8.65%

Sensitivity Analyses 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	8.50	(8.08)
2	Earned Leave	3.46	(3.25)
3	Half Pay Leave	3.12	(2.97)

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	(3.96)	3.60
2	Earned Leave	(3.29)	3.47
3	Half Pay Leave	(3.00)	3.13

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 ₹204.08 crore (CPLY ₹150.65 crore) is unfunded as on 31st March, 2020. Other defined benefit obligations are unfunded.

48.1.4 Other Employee Benefit Schemes:
Provision of (₹0.02) crore (CPLY (₹0.68) crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been reversed on the basis of actuarial valuation and credited to the Statement of Profit and Loss account. A net liability of ₹14.89 crore (CPLY ₹14.91 crore) has been recognized in the Balance Sheet as at 31st March 2020 on account of these schemes.

48.1.5 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.

The major categories of plans assets are as follows:

₹in Crore

Particulars	31-Mar-20				31-Mar-19			
	Quoted ₹	Unquoted ₹	Total ₹	in %	Quoted ₹	Unquoted ₹	Total ₹	in %
Equity instruments	34.22	-	34.22	2.97	24.28	-	24.28	2.30
Debt instruments	1103.97	-	1103.97	95.89	1024.00	-	1024.00	97.22
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	13.12	13.12	1.14	-	5.03	5.03	0.48
Total	**1138.19**	**13.12**	**1151.31**	**100.00**	**1048.28**	**5.03**	**1053.31**	**100.00**

Notes to Financial Statements for the year ended 31st March 2020

Note 49 : 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 & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme), and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

49.1.1 Geographical Segment:

The operations of the Company are conducted within India and there is no separate reportable geographical segment.

49.1.2 The disclosure of segment-wise information is as below:

PARTICULARS	Year ended 31st March, 2020	Year ended 31st March, 2019
Segment Revenue		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	9111.69	9718.10
Fertilizer Trading	3763.89	2442.32
Other Products & Services	316.51	331.22
Eliminations	56.73	62.51
Total Segment Revenue	**13135.36**	**12429.13**
Segment Results		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	288.53	581.17
Fertilizer Trading	248.51	162.47
Other Products & Services	53.30	59.76
Total Segment Results	**590.34**	**803.40**
Finance expenses	405.47	316.36
Unallocable Expenses (Net of unallocable income)	48.73	23.67
Profit/(Loss) Before exceptional item & tax	**136.14**	**463.37**
Exceptional Item*	388.85	-
Profit/(Loss) Before Tax	**(252.71)**	**463.37**
Provision for Tax	(81.70)	164.92
Profit After Tax	**(171.01)**	**298.45**
Other comprehensive income (net of taxes)	(25.30)	(2.37)
Total Comprehensive Income	**(196.31)**	**296.08**
Segment Assets		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	11103.83	11154.33
Fertilizer Trading	2034.21	1876.95
Other Products & Services	127.54	131.33
Unallocable	1316.50	749.54
Segment Assets	**14582.08**	**13912.15**

₹in Crore

PARTICULARS	Year ended 31st March, 2020	Year ended 31st March, 2019
Segment Liabilities		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4225.76	4180.67
Fertilizer Trading	97.11	442.28
Other Products & Services	39.33	44.92
Unallocable	8298.94	7025.26
Segment Liabilities	**12661.14**	**11693.13**
Capital Expenditure		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	98.83	199.09
Fertilizer Trading	-	-
Other Products & Services	2.22	0.02
Unallocable	0.56	2.52
Capital Expenditure	**101.61**	**201.63**
Depreciation and Amortisation expenses		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	363.66	271.71
Fertilizer Trading	-	-
Other Products & Services	8.18	11.15
Unallocable	2.59	2.17
Depreciation and Amortisation expenses	**374.43**	**285.03**
Non-cash expenses other than Depreciation and Amortisation		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	2.34	5.60
Fertilizer Trading	15.00	8.00
Other Products & Services	(0.23)	-
Unallocable	0.03	(2.11)
Non-cash expenses other than Depreciation and Amortisation	**17.14**	**11.49**

* Exceptional item relates to minimum fixed cost subsidy of ₹388.85 crore which was accrued during the period 02.04.2014 to 31.03.2019 and consequent to deletion of provision of minimum fixed cost retrospectively w.e.f. 02.04.2014 vide Department of Fertilizer Policy letter dated 30.03.2020 under Modified New Pricing Scheme-III dated 02.04.2014 the said subsidy of ₹388.85 crore has been reversed during the current period.

Notes to Financial Statements for the year ended 31st March 2020

Note 50 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 (upto 30.06.2019) Director (Finance) iii) Shri D.S. Ahuja Director (Technical) iv) Shri V. N. Datt Director (Marketing) & Additional Charge of the Post of Director (Finance) during the period 15.07.2019 to 02.09.2019. v) Shri Y. P. Bhola (w.e.f. 03.09.2019) Director (Finance) vi) Shri Raj Kumar (upto 31.01.2020) Company Secretary vii) Shri Ashok Jha (w.e.f. 01.02.2020) Company Secretary

C) Key management personnel compensation

₹in Crore

	31st March 2020	31st March 2019
Short-term employee benefits	2.18	2.09
Post-employment benefits	-	-
Other Long-term employee benefits	0.65	0.18
Termination benefits	-	-
Total Compensation	**2.83**	**2.27**

D) Transactions with Related parties:

i) During the year, there were transactions of ₹89.18 crore (CPLY ₹76.57 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹67.84 crore (CPLY ₹55.00 crore) and others ₹21.34 crore (CPLY ₹21.57 crore). The amount recoverable from Ramagundam Fertilizers & Chemicals Limited as on 31.03.2020 is ₹3.23 crore (CPLY ₹3.90 crore)

ii) Remuneration to Key Management Personnel at (C) above is ₹2.83 crore (CPLY ₹2.27 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

Notes to Financial Statements for the year ended 31st March 2020

Note 51: 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 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 Fund carried forward from earlier year	7.89	3.88
B	Amount required to be spent during the year (As per Companies Act)	7.50	6.30
C	Total (A+B)	15.39	10.18
D	Amount Spent on CSR Expenses during the year	5.75	2.29
E	Closing Balance of CSR Fund (D-E)	9.64	7.89
F	Total amount of ₹5.75 crores has been spent in cash during the year ended 31st March, 2020.		

Break-up of the CSR expenses under major heads is as under:

Particulars		Amount
1	Health and Sanitation	1.21
2	Education & Skill Development	0.64
3	Promoting gender, empowering women, setting up homes	0.10
4	Environmental & Sustainability	0.38
5	Measure for the benefit of Armed Force	-
6	Training to Promote Rural Sports, paralympic sports	0.05
7	Rural Development projects	2.73
8	Contribution to PM Care Fund	0.64
	Total	**5.75**

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	698	1396
b) Number of ordinary shares held by them	1664574	3229148
c) Amount of Dividend (₹in Crore)	0.13	0.25

Notes to Financial Statements for the year ended 31st March 2020

Note : 55 Fair Value Measurement

Financial instruments by category

Particular	March 31, 2020			March 31, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investment			341.56			273.72
Loan to Employee			10.00			11.80
Other Financial Assets			296.84			242.78
Trade Receivables			7735.33			7155.76
Cash & Cash Equivalents			19.55			16.62
Other Bank Balances			2.65			2.44
Total financial assets	**-**	**-**	**8405.93**	**-**	**-**	**7,703.12**
Financial liabilities						
Borrowings						
ECB Loan			67.59			123.09
Term Loan			701.25			218.40
Borrowings			7333.77			6122.11
Other Financial Liabilities			303.30			992.17
Security Deposits			217.75			164.79
Trade Payables			896.66			621.03
Total financial liabilities	**-**	**-**	**9520.32**	**-**	**-**	**8241.59**

i) **Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Financial Investments at FVOCI:		-	-	-	-
Total financial assets		-	-	-	-
Financial liabilities		-	-	-	-
Total financial liabilities		-	-	-	-

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Financial Investments at FVOCI:					
Total financial assets		-	-	-	-
Financial liabilities		-	-	-	-
Total financial liabilities		-	-	-	-

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

₹ in Crore

At 31st March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	341.56	**341.56**
Loans to employees		-	-	10.00	**10.00**
Other Financial Assets		-	-	296.84	**296.84**
Trade Receivables		-	-	7735.33	**7735.33**
Cash & Cash Equivalents		-	-	19.55	**19.55**
Other Bank Balances		-	-	2.65	**2.65**
Total financial assets		**-**	**-**	**8405.93**	**8405.93**
Financial Liabilities					
Borrowings		-	-		
ECB Loan		-	-	67.59	**67.59**
Term Loan		-	-	701.25	**701.25**
Borrowings		-	-	7333.77	**7333.77**
Other Financial Liabilities		-	-	303.30	**303.30**
Security Deposits		-	-	217.75	**217.75**
Trade Payables		-	-	896.66	**896.66**
Total financial liabilities		**-**	**-**	**9520.32**	**9520.32**

₹ in Crore

At 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	273.72	**273.72**
Loan to Employee		-	-	11.80	**11.80**
Other Financial Assets		-	-	242.78	**242.78**
Trade Receivables		-	-	7155.76	**7155.76**
Cash & Cash Equivalents		-	-	16.62	**16.62**
Other Bank Balances		-	-	2.44	**2.44**
Total financial assets		-	-	**7703.12**	**7703.12**

Financial Liabilities				
Borrowings				
ECB Loan	-	-	123.09	123.09
Term Loan	-	-	218.40	218.40
Borrowings	-	-	6122.11	6122.11
Other Financial Liabilities	-	-	992.17	992.17
Security Deposits	-	-	164.79	164.79
Trade Payables	-	-	621.03	621.03
Total financial liabilities	**-**	**-**	**8241.59**	**8241.59**

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, 2020	N.A.	-
As at 31st March, 2019	N.A.	-

iv) Fair value of financial assets and liablities measured at Amortised cost

₹ in Crore

	31-Mar-20		31-Mar-19	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment	341.56	341.56	273.72	273.72
Loan to Employee	10.00	10.00	11.80	11.80
Other Financial Assets	296.84	296.84	242.78	242.78
Trade Receivables	7735.33	7735.33	7155.76	7155.76
Cash & Cash Equivalents	19.55	19.55	16.62	16.62
Other Bank Balances	2.65	2.65	2.44	2.44
Total financial assets	**8405.93**	**8405.93**	**7703.12**	**7703.12**

Financial Liabilities				
Borrowings				
ECB Loan	67.59	67.59	123.09	123.09
SBI Term Loan	701.25	701.25	218.40	218.4
Borrowings	7333.77	7333.77	6122.11	6122.11
Other Financial Liabilities	303.3	303.3	992.17	992.17
Security Deposits	217.75	217.75	164.79	164.79
Trade Payables	896.66	896.66	621.03	621.03
Total Financial Liabilities	**9520.32**	**9520.32**	**8241.59**	**8241.59**

The carrying amounts of trade receivables, trade payables, Borrowing, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. The discount rate considered for FY 2019-20 is 8.50% (CPLY 8.15%). They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to Financial Statements for the year ended 31st March 2020

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 ₹7745.18 crore and ₹7166.57 crore as of March 31, 2020 and March 31, 2019, 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	31.03.2020 Rs in crore	% of Total Debtors	31.03.2019 Rs in crore	% of Total Debtors
Govt of India (Subsidy)	6990.11	90.25	6561.90	91.56
Institutional Dealers	273.50	3.53	304.68	4.25
Private Dealers	481.57	6.22	299.99	4.19
	31.03.2020	**% of Debtors to Total Sales**	**31.03.2019**	**% of Debtors to Total Sales**
Total Sales	12781.71	60.60	12214.03	58.67

Note- The Total Subsidy Receivable is ₹6990.11 crore. Loan against Subsidy under Special Banking Arrangement amounting to ₹1215.14 crore (CPLY ₹1451.73 crore) was received during March 2020.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹in Crore

	31 March, 2020	31 March, 2019
Floating rate		
Expiring within one year (Bank Overdraft/CC Limit and other facilities)	666.23	1,531.69

The Bank Overdraft/Cash Credit (CC)/Short term loan (STL) facilities may be drawn at any time and may be called back by the bank at their discretion. The credit facilities of Banks are subject to compliance with sanctioned terms & conditions. The credit facilities have an average maturity of 1 year.

C) Market Risk – Foreign Exchange

The Position of Hedged Foreign Currency exposures are as under:-

Particulars	Hedged Exposures	Cross Currency	As on 31.03.2020	As on 31.03.2019
Foreign Currency exchange contracts	Trade Exposure/Buyer's credit/ Supplier's credit availed for import of fertilizers and others	-	174.90	-
	Foreign Currency Term Loan (ECB)	-	-	-

The year-end foreign currency expossures that have not been hedged by a derivative instrument or otherwise are as under:-

Particulars	As on 31.03.2020	As on 31.03.2019
Foreign Currency Term Loan (ECB)	67.59	123.74
Trade Exposure/Buyer's credit/Supplier's credit availed for import of fertilizers and others	57.32	656.01

Notes to Financial Statements for the year ended 31st March 2020

Note No. 57 Capital Management

a) Risk management

The Company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt as per guidelines of Governement of India.

Consistent with others in the industry, The Company monitors capital on the basis of the following gearing ratio:

Debt (long term borrowings)

divided by

Total 'equity' (as shown in the balance sheet).

The Company's strategy is to maintain Debt Equity ratio within 2.5:1. The Debt Equity ratio is as follows:

₹in Crore

	31 March 2020	31 March 2019
Debt	768.84	341.49
Total equity	1920.94	2219.02
Debt to equity ratio (in times)	**0.40**	**0.15**

b) Dividends

₹in Crore

	31 March, 2020	31 March, 2019
Equity shares		
Interim dividend for the year ended 31 March 2020 (INR 0.95 per share) (31 March 2019 – INR 53.47 crore (INR 1.09 per share) per fully paid share	**46.60**	53.47
Final dividend for the year ended 31 March 2019 (INR 0.77 per share) (31 March 2018 – INR 0) per fully paid share	**-**	37.77

Notes to Financial Statements for the year ended 31st March 2020

Note No. 58 CoVID - 19 Impact Ananlysis

For the year ended 31.03.2020 operations of the Company: There was no impact on operations of the Company and its results for the year ended 31.03.2020.

For the financial year 2020-21 adverse impact is anticipated in the following areas:

i) Manpower - own employees as well as contract labour downtime due to movement restrictions.

ii) Delay in commissioning of Energy Reduction Projects due to lessor availability of contract labour at site and delay in visit of foreign experts for commissioning activities

iii) Rationalisation of Government expenditure may result in delayed settlement of outstanding subsidies straining liquidity and working capital.

As per current assessment, no significant impact on carrying amount of inventories, tangible assets, intangible assets, trade receivables, investment and other financial assets is expected and Company continues to monitor the change in future economic conditions. The Management does not percieve any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However, the actual impact of CoVID-19 on the Company's financial statements may differ from the current assessment.

Note No. 59 Others

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

(Y. P. Bhola)
Director (Finance)
DIN No.08551454

(Virendra Nath Datt)
Chairman & Managing Director
DIN No.07823778

As per our report of even date attached
For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)
Partner
Membership No.087716

For S. Mann & Company
Chartered Accountants
Firm Regd. No. 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: Noida
Date: 30th July, 2020

Auditor's Report

S. MANN & Company
CHARTERED ACCOUNTANTS
1006, 10TH FLOOR, VIKRANT TOWER, RAJENDRA PLACE
DELHI-110008

MEHRA GOEL & Company
CHARTERED ACCOUNTANTS
505, CHIRANJIV TOWER,
43, NEHRU PLACE
NEW DELHI- 110019

INDEPENDENT AUDITOR'S REPORT

To the Members of National Fertilizers Limited

Report on the Consolidated IND AS Financial Statements

Opinion

We have audited the acCompanying Consolidated IND AS financial statements of National Fertilizers Limited ('the Company') and its Jointly Controlled Companies (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2020, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated IND AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated IND AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the IND AS, of the Consolidated financial position of the Group as at 31st March, 2020, and its Consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Going concern

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Company to cease to continue as a going concern.

As per the sufficient and appropriate audit evidence obtained during the audit, we conclude that, based on the audit evidence obtained, we have not found any indication of having existence of material uncertainty. Accordingly, we assume going concern assumption of the audit. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report

Emphasis of Matter

We draw attention to Note No. 43 of Consolidated IND AS Financial Statements. During the financial year 2019-20, the Company has reversed fixed cost subsidy of ₹388.85 Crore recognised during period 02.04.2014 to 31.03.2019 due to retrospective deletion of Minimum fixed cost under Modified NPS-III Policy by the Ministry of Chemicals and Fertilizers, Government of India vide letter dated 30th March 2020.

We draw attention to Note No. 2.1(e) of Consolidated IND AS Financial Statements regarding capitalization of POS machine amounting to ₹34.02 crores purchased out of Retailer's Margin during Financial year 2016-17 and 2017-18 which has been capitalized during the year. The depreciation charged on aforesaid POS machines for the year ended 31st March 2020 is ₹30.46 crores includes depreciation of ₹19.53 crores for previous years. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. Summary of the same is mentioned here under:

Sr. No.	Key Audit Matter	Response to Key Audit Matter
1	**Revenue recognition** Recognition of subsidy is generally made on the basis of in principle recognition/approval/settlement of claims from Fertilizer Industry Co-ordination Committee (FICC), Department of Fertilizers (DoF), Government of India (GOI) while finalizing the financial statements. Also the FICC regulates such subsidy and the bills raised on such notifications. Escalations/de-escalations in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given. Since there is a time lag between actual expenditure incurred and notification of concession rates for the year, Management exercises significant judgment in arriving at the income entitled on account of same for the year. Therefore, there is a risk of revenue being misstated on account of estimation of concession/ Import Parity Price(IPP) rates yet to be notified. During the current year, the Company has recognized Urea Subsidy Income of aggregating to ₹6898.51 crores and derecognized/ write-off subsidy balance of ₹388.85 Crores which was recognized in earlier years and outstanding prior to 2019-20. **Refer Note 32 and 43 in Consolidated Financial Statements.**	The following principal audit procedures have been performed by us in relation to subsidy income recognition: We have reviewed the Company's Accounting policies for Revenue Recognition (Refer Note No. 1 of the financial Statements), relevant Notification and Circulars issued by Ministry to Government of India. We have carried out substantive procedures on sample basis for Evaluation of operating effectiveness of key controls over subsidy and each income stream, basis of management estimation and their corresponding disclosure.

2	**Estimation of Provision & Contingent Liabilities** The Company has its operations in various States within India, exposing it to a variety of different Central and State laws. Litigations and claims may arise from direct and indirect tax proceedings. Resolution of litigations and claims proceedings may span over multiple years beyond March 31, 2020. The determination of a provision or contingent liability requires significant judgement by the Company because of the inherent complexity in estimating future costs. The Company has reported Provision and Contingencies amounting to ₹106.06 Crores in note 46 to Consolidated Ind AS financial statement. The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims over time as new facts emerge as each legal case progresses and positions taken by the Company. There is an inherent complexity and magnitude of potential exposures is significant across the Company. Significant judgment is necessary to estimate the likelihood, timing and amount of the cash outflows, interpretations of the legal aspects, legislations and judgements previously made by the authorities.	**Principal Audit Procedures** Our audit process involved understanding of identification process relating to litigations, claims and contingent liabilities. Evaluated the design and testing the operating effectiveness of controls in respect of process. The amount recognised as a provision is the best estimate of the possible expenditure. We have evaluated management's assessment of the likely outcome and potential exposures arising from significant contingencies subject to ongoing court and arbitration proceedings and considered the requirements for any provision. In respect of significant claims, we checked the amount of claim, nature of issues involved, management submissions and corroborated the same with external evidence, where available.
3	**Trade receivables** Trade Receivables appearing in financial statement consists of receivables from sale of products as well as receivable from Government of India in the form of subsidy. As at March 31, 2020, Trade Receivables amounting to ₹7,735.33 Crores which Includes subsidy and other dues of ₹6,990.11 Crores receivable from Government of India. **Refer Note 11 to the Consolidated Financial Statements**	**Principal Audit Procedures** Our audit approach was a combination of test of internal controls and substantive procedures which included the following: In respect of Subsidy recoverable from Government of India, as no confirmation of balance is on record we have relied on the management's assertion on the recoverability. As subsidy receivable is outstanding from Department of Fertilizer, Government of India (i.e. sovereign Authority) and is backed by the approved claims generated from MFMS (Mobile Fertilizer Management System), amount outstanding as at balance sheet date has been considered as recoverable and no provision has been made for long outstanding amount. In respect of receivables other than Subsidy recoverable, management have sent request for confirmation from the parties. The response to the request were checked together subsequent realisation were also performed and long outstanding balances have been reviewed.

4	**Property, Plant and Equipment** Management judgment is utilised for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/ amortization rates. These include the decision to capitalize or expense costs; the annual asset life review; the timelines of the capitalization of assets and the measurement and recognition criteria for assets retired from active use. Please refer accounting policy 1.2.10.	**Principal Audit Procedures** Testing of controls in place over the fixed assets cycle, Evaluation of appropriateness of capitalization process performed tests to verify the capitalized costs, Assessment the timelines of the capitalization of the assets and assessed the derecognition criteria for assets retired from active use. The useful life review of assets has been assessed by the management. In performing these procedures, we reviewed the judgments made by management for the following: Identification of the nature of underlying costs capitalized, Determination of realizable value of the assets retired from active use, Appropriateness of asset lives applied in the calculation of depreciation/ amortization, Useful lives of assets prescribed in Schedule II of the Companies Act, 2013.
5	**Capital Work in Progress** The Company is in the process of executing various energy reduction projects in Nangal, Bhatinda and Panipat plant of the Company. This is a major capitalization against which major debt has been taken from Bank(s). Please refer accounting policy no 1.2.13. During the year, the Company has made a net addition of ₹522.92 Crores in Capital Work in Progress including expenditure during construction phase ₹33.18 Crores towards its plant. Total CWIP as on 31-03-2020 amounts ₹656.30 Crores.	**Principal Audit Procedures** Our audit process included a review of the progress of the projects and the intention and ability of the management to carry forward and bring the asset to its state of intended use. We understood and evaluated the design and tested operating effectiveness of management's internal financial control in relation to approval of expenditure and capitalization of appropriate costs. We were able to place reliance on these controls for the purpose of our audit. In respect of internal costs allocated to the plant, test checked the identification and allocation of costs directly attributable to the construction of plant.

6	**Impact of CoVID-19:** It is the responsibility of the management to make appropriate adjustments to the financial statements and ensure necessary disclosures specifically the impact on business due to CoVID-19, subsequent risks and uncertainties, and conditions that may impact future operating results, cash flows and financial position of the entity. We are informed by the management that considering the present scale of operations, seasonal product, demand in the ensuing future, the management does not perceive any risk in ensuing operations, liquidity and capital resources. We find sufficient and appropriate evidences of such management perception on record. It is also concluded by the management that no material adjustments are required in the financial statements in the current financial year. However, the situation with CoVID-19 is still evolving. Also, the various preventive measures taken (such as lockdown restrictions by the Government of India, travel restrictions etc.) are still in force, leading to a highly uncertain economic environment. However, the management's assessment of the impact on the subsequent period is immaterial. **Refer Note 58 of Consolidated Financial Statements**	The audit procedures included but were not limited to: Obtaining a detailed understanding of future business climate and demand potential. Subsequent performance upto the date of signing the report. Minutes of the Audit Committee/ Board and discussions with the appropriate Management personnel. Possible outcomes and the reasonableness of the estimates.

Management's Responsibility for the Consolidated IND AS Financial Statements

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. 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, 2020, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the consolidated financial statements:

₹in Crore

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
Ramagundam Fertilizers and Chemicals Limited	5002.92	8.74	(0.99)
Urvarak Videsh Limited	0.10	0.01	0.02
Total	**5003.02**	**8.75**	**(0.97)**

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.

2. The Consolidated IND AS financial statements of the Company for the year ended March 31, 2019 were audited by the joint auditors of the Company, one of which is the predecessor audit firm, and have expressed an unmodified opinion dated May 02, 2019 on such financial statements.

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) As per notification number G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in **"Annexure A";**

   g) As per notification number G.S.R. 463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 197 of the Act regarding remuneration to director is not applicable to the Company, since it is a Government Company; and

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

      i.) The consolidated IND AS financial statements disclose the impact of pending litigations on its financial position of the Group – Refer Note 46 to the Consolidated IND AS financial statements;

      ii.) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group Companies in India.

For S MANN & Company
Chartered Accountants
Firm's Registration No.: 000075N

(Subhash Chander Mann)
Partner
Membership number: 080500

UDIN: 20080500AAAACQ8787

For MEHRA GOEL & Company
Chartered Accountants
Firm's Registration No.: 000517N

(Devinder Kumar Aggarwal)
Partner
Membership number: 087716

UDIN: 20087716AAAAAT5333

Place: New Delhi
Date: 30.07.2020

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, 2020.

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

We have audited the internal financial controls over financial reporting of National Fertilizers Limited ("the Company") as of 31st March, 2020 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:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the group;
- 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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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 S MANN & Company
Chartered Accountants
Firm's Registration No.: 000075N

(Subhash Chander Mann)
Partner
Membership number: 080500

UDIN: 20080500AAAACQ8787

For MEHRA GOEL & Company
Chartered Accountants
Firm's Registration No.: 000517N

(Devinder Kumar Aggarwal)
Partner
Membership number: 087716

UDIN: 20087716AAAAAT5333

Place: New Delhi
Date: 30.07.2020

Consolidated Balance Sheet as at 31st March 2020

₹in Crore

	Note	As at 31st March 2020	As at 31st March, 2019 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	2.1	3717.37	3988.69
Right-of-Use Assets	2.2	4.62	-
Investment Property	2.3	1.18	1.25
Capital Work In Progress	3	656.30	133.38
Other Intangible Assets	4	2.41	3.51
Investments	5	322.86	265.07
Financial Assets			
Loans	6	6.88	7.87
Other Financial Assets	7	8.13	8.13
Deferred Tax Assets (Net)	8	27.63	-
Other Non-Current Assets	9	0.63	0.64
		4748.01	**4408.54**
CURRENT ASSETS			
Inventories	10	1276.48	1586.04
Financial Assets			
Trade Receivables	11	7735.33	7155.76
Cash & Cash Equivalents	12	19.55	16.62
Other Bank Balances	13	2.65	2.44
Loans	14	3.12	3.93
Other Financial Assets	15	288.71	234.65
Current Tax Assets (Net)	16	48.38	49.69
Other Current Assets	17	438.44	443.47
		9812.66	**9492.60**
Assets Held for Disposal	18	2.71	2.36
		14563.38	**13903.50**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	19	490.58	490.58
Other Equity	20	1411.66	1719.79
		1902.24	**2210.37**
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	21	596.85	279.62
Other Financial Liabilities	22	18.78	18.18
Provisions	23	204.98	178.00
Deferred Government Grant	24	2332.28	2614.96
Deferred Tax Liabilities (Net)	8	-	61.42
Other non-current Liabilities	25	3.90	8.30
		3156.79	**3160.48**
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	26	7333.77	6122.11
Trade Payables	27		
Micro Small Enterprises		1.32	1.81
Other than Micro & Small Enterprises		895.34	619.22
Other financial liabilities	28	674.26	1200.65
Provisions	29	230.85	217.80
Deferred Government Grant	30	222.99	184.06
Other Current Liabilities	31	145.82	187.00
		9504.35	**8532.65**
		14563.38	**13903.50**

Significant accounting policies 1

The acCompanying notes forms an integral part of these financial statetments

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

(Y. P. Bhola)
Director (Finance)
DIN No.08551454

(Virendra Nath Datt)
Chairman & Managing Director
DIN No.07823778

As per our report of even date attached
For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)
Partner
Membership No.087716

For S. Mann & Company
Chartered Accountants
Firm Regd. No. 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: Noida
Date: 30th July, 2020

Consolidated Statement of Profit and Loss for the year ended 31st March 2020

₹in Crore

	Note	Year Ended 31st March 2020	Year Ended 31st March, 2019 (Restated)
Revenue			
Revenue from operations	32	13135.36	12429.13
Other Income	33	56.50	51.52
Total Revenue (I)		**13191.86**	**12480.65**
Expenses			
Cost of Materials consumed	34	4577.13	4738.34
Purchase of Stock- in- Trade	35	2263.02	2964.80
Changes in inventories of finished goods, work-in-progress and stock -in- trade	36	413.10	(1019.05)
Employee Benefits Expense	37	599.32	556.01
Power and Fuel	38	3105.44	3122.74
Freight and Handling		1018.39	797.24
Repair and Maintenance	39	84.44	71.68
Finance Cost	40	405.47	316.36
Depreciation and Amortization Expense	41	374.43	285.03
Other Expenses	42	214.98	184.13
Total Expenses (II)		**13055.72**	**12017.28**
Profit before share of profit/(loss) of joint venture as per equity method, exceptional item and tax (III) = (I) - (II)		**136.14**	**463.37**
Share of Profit/(loss) of Joint Venture as per Equity Method (IV)		**(10.05)**	**(4.48)**
Profit/(Loss) before exceptional item and tax (V) = (III) + (IV)		**126.09**	**458.89**
Exceptional Item (VI)	43	**388.85**	**-**
Profit/(Loss) before Tax (VII)=(V)-(VI)		**(262.76)**	**458.89**
Tax expenses:	44		
Current tax		8.51	152.07
Deferred tax		(89.05)	10.82
Short/(Excess) tax for earlier years		(1.16)	2.03
Total Tax Expense (VIII)		**(81.70)**	**164.92**
Profit/(Loss) for the year (IX)=(VII)-(VIII)		**(181.06)**	**293.97**
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Remeasurement of Defined Employee Benefit obligations		**(33.81)**	**(3.65)**
Income Tax relating to above items		**8.51**	**1.28**
Other Comprehensive Income (net of tax) (X)		**(25.30)**	**(2.37)**
Total Comprehensive Income (XI) = (IX) + (X)		**(206.36)**	**291.60**
Earnings per share	45		
Basic earnings per share of ₹10 each		**(3.69)**	**5.99**
Diluted earnings per share of ₹10 each		**(3.69)**	**5.99**
Significant accounting policies	1		
The acCompanying notes forms an integral part of these financial statetments			

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

(Y. P. Bhola)
Director (Finance)
DIN No.08551454

(Virendra Nath Datt)
Chairman & Managing Director
DIN No.07823778

As per our report of even date attached
For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)
Partner
Membership No.087716

For S. Mann & Company
Chartered Accountants
Firm Regd. No. 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: Noida
Date: 30th July, 2020

Consolidated Statement of Cash Flows for the year ended 31st March 2020

₹in Crore

	Note	As at 31st March 2020	As at 31st March, 2019 (Restated)
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/(Loss) Before Tax		**(262.76)**	**458.89**
Adjustments For :			
Depreciation/Amortization		374.43	285.03
Finance Charges		405.47	316.36
Amortisation of Deferred Govt Grant		(278.11)	(183.89)
Interest Income		(3.59)	(4.98)
Profit on Sale of Fixed Assets		(3.28)	(2.15)
Gain on Mutual Fund		(0.27)	(1.46)
Exchange Rate Variation (Net)		3.79	(4.66)
Provision for Doubtful Debts/ Advances		(1.87)	(0.91)
Provision for Obsolete/Surplus Stores		0.05	0.05
Stores and Spares write offs		3.45	4.72
Assets Written off		0.12	0.07
Other Write off		0.11	0.02
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**237.54**	**867.09**
Adjustments For :			
Trade and Other Receivables		(625.13)	(3216.56)
Inventories		305.95	(1064.87)
Trade Payables, Provisions & Others Liabilities		(362.02)	798.77
Direct Taxes paid		(43.42)	(87.52)
NET CASH FROM OPERATING ACTIVITIES	**A**	**(487.08)**	**(2703.09)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (including CWIP)		(590.51)	(270.75)
Investment in Joint Ventures		(57.79)	(50.52)
Fixed Assets Sold/Discarded		4.11	4.98
Gain of Mutual Fund		0.27	1.46
Interest Received		3.59	4.98
NET CASH FROM INVESTING ACTIVITIES	**B**	**(640.33)**	**(309.85)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans		1211.66	3231.68
Long Term Loan		427.35	171.21
Interest Paid		(405.47)	(316.36)
Dividend/Distribution Tax paid		(101.72)	(64.46)
Payment of Lease Liabilities		(1.48)	0.00
NET CASH FROM FINANCING ACTIVITIES	**C**	**1130.34**	**3022.07**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2.93**	**9.13**
Cash And Cash Equivalents (Closing Balance)		19.55	16.62
Cash And Cash Equivalents (Opening Balance)		16.62	7.49
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**2.93**	**9.13**
Reconciliation of Cash and Cash Equivalents with the Balance Sheet			
Components of Cash and Cash Equivalents (Note - 12)			
Balances with banks			
Current accounts		14.54	0.30
Remittances in transit		4.99	16.30
Cash on hand		0.02	0.02
		19.55	**16.62**

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

(Y. P. Bhola)
Director (Finance)
DIN No.08551454

(Virendra Nath Datt)
Chairman & Managing Director
DIN No.07823778

As per our report of even date attached
For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)
Partner
Membership No.087716

For S. Mann & Company
Chartered Accountants
Firm Regd. No. 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: Noida
Date: 30th July, 2020

Consolidated Statement of Changes in Equity

A. Equity Share Capital

₹in Crore

	Notes	Amount
As at 1st April 2018	19	490.58
Change in equity share capital during the year		-
As at 31st March 2019		**490.58**
As at 1st April 2019	19	490.58
Change in equity share capital during the year		-
As at 31st March 2020		**490.58**

B. Other Equity

₹in Crore

Particulars	Reserve & Surplus			
	Capital Reserve	General Reserve	Retained Earning	Total
Opening balance as at 1st April 2018	**2.51**	**332.89**	**1,157.25**	**1,492.65**
Profit for the year	-	-	293.97	293.97
Comprehensive income for the year	-	-	(2.37)	(2.37)
Total Comprehensive Income for the year	**-**	**-**	**291.60**	**291.60**
Dividend Paid (Including Tax on Dividend)	-	-	(64.46)	(64.46)
Transfer to/(from) retained earnings	-	-	(64.46)	(64.46)
Closing balance as at 31st March 2019	**2.51**	**332.89**	**1,384.39**	**1,719.79**
Opening balance as at 1st April 2019	**2.51**	**332.89**	**1,384.39**	**1,719.79**
Profit for the year	-	-	(181.06)	(181.06)
Comprehensive income for the year	-	-	(25.30)	(25.30)
Total Comprehensive Income for the year	**-**	**-**	**(206.36)**	**(206.36)**
Dividend Paid (Including Tax on Dividend)	-	-	(101.72)	(101.72)
Adjustment of Transitional Provision of Lease Asset	-	-	(0.05)	(0.05)
Closing Balance as at 31st March 2020	**2.51**	**332.89**	**1,076.26**	**1,411.66**
Significant accounting policies	1			

The acCompanying notes forms an integral part of these financial statetments

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

(Y. P. Bhola)
Director (Finance)
DIN No.08551454

(Virendra Nath Datt)
Chairman & Managing Director
DIN No.07823778

As per our report of even date attached
For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)
Partner
Membership No.087716

For S. Mann & Company
Chartered Accountants
Firm Regd. No. 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: Noida
Date: 30th July, 2020

Notes to the Consolidated Financial Statements and Significant Accounting Policies

Overview and Significant Accounting Policies

1.1 Overview

National Fertilizers Limited (the 'Company') is a Company limited by shares, incorporated and domiciled in India. These are consolidated financial statements of National Fertilizers Limited and its Joint Ventures referred below for the year ended 31 March 2020.

a) Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited has been declared Dormant Company.

b) Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited (EIL) and Fertilizer Corporation(FCIL) of India has been incorporated on 17.02.2015 for revival of closed Fertilizer Unit of FCIL at Ramagundam, Telengana, India.

The Company is engaged in producing and marketing of Neem Coated Urea, Bio-Fertilizers (solid & liquid) and other allied Industrial products like Ammonia, Nitric Acid, Ammonium Nitrate, Sodium Nitrite and Sodium Nitrate. The Company is also engaged in trading of Fertilizers, Compost, Seeds, Agro Chemicals and other Agro products. The registered office of the Company is located at New Delhi, India. The Government of India is the principal shareholder of the Company. The shares of the Company are listed on National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE"), India.

The consolidated financial statements were approved for issue by the Board of Directors and authorized for issue on 30th July, 2020.

1.2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2.1 Basis of preparation

a) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended) and other relevant provisions of the Act.

The consolidated financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- assets held for sale — measured at the lower of carrying amount and fair value less cost to sell; and
- defined benefit plans — plan assets measured at fair value

1.2.2 Basis of consolidation

Joint Venture

In the consolidated Balance Sheet Interests in the joint venture are accounted for using the equity method. Under the equity method of accounting, the investment are initially being recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described below.

These consolidated financial statements comprise the financial statement of National Fertilizers Limited (the Company") and its joint ventures (JV) (the "Group"), as given in the following table:

Name of Joint Venture	Country of incorporation	Extent of Holding (%age)	
		31 March 2020	31 March 2019
Urvarak Videsh Limited	India	33.33%	33.33%
Ramagundam Fertilizers & Chemicals Limited	India	26.29%	26.86%

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 49 for segment information presented.

1.2.5 Foreign currency translation

a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit and Loss except in case of long term liability relating to acquisition of fixed assets acquired upto March 31, 2016, where the same are adjusted to carrying amount of such assets.

Foreign exchange gains and losses regarded as an adjustment to borrowing costs are charged in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

1.2.7 Revenue recognition

Revenue is recognized net of returns, trade allowances, rebates etc. when performance obligation is satisfied by transferring control of goods or services (i.e. an asset) to a customer and it is probable to collect the consideration.

Sale of scrap/ waste materials is recognized on disposal.

1.2.8 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase/acquisition of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Interest subsidy received/receivable from Government for changeover of Ammonia Feed Stock Conversion Project from FO/LSHS to Gas is recognized in the Consolidated Statement of Profit and Loss and is being deducted in reporting the related expense.

1.2.9 Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in Joint Ventures where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax

liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.2.10 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised where the carrying value of an asset to be replaced is not separately identifiable it is derecognized on estimated/technical report basis. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are aligned to useful life specified under Schedule II of the Companies Act, 2013 except for certain items of plant and machinery which are depreciated as below:

Reformer Package and Instrumentation:	15 years
Heat Exchangers, compressor, pumps, turbines and CO2 Booster:	20 years

In respect of Plant and Machinery, Computer and data processing units residual value of five percent and rupee one in respect of asset acquired out of Govt Grant/retailer margin, Capital Spares and other Fixed Assets is retained.

Leasehold land and buildings are amortized over the lease period. Buildings constructed over leasehold land are depreciated at the estimated useful life which is in line with useful life as specified under Schedule II of the Companies Act, 2013, where the lease period is beyond the useful life of the building.

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

Spares that can be used only in connection with an item of fixed asset is depreciated over a period not exceeding the useful life of the principal item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss with in other Income.

1.2.11 Investment Property

Investment Properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss.

1.2.12 Intangible Assets

Intangible Assets are stated at cost less accumulated amortization and impairment.

License and process know-how having future economic benefits is amortized on straight line method over a period of ten years or license period, whichever is less.

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.2.13 Capital Work in Progress

All revenue expenses incurred during Construction period, which are exclusively attributable to acquisition/ construction of fixed assets, are capitalised at the time of commissioning of Assets.

Pre-project expenditure relating to Projects which are considered unviable/closed is charged off to Revenue in the year of declaration/closure.

The capital work in progress includes Construction Stores including Material in Transit/Equipment/Services etc. received at site for use in the projects.

1.2.14 Leases

Till 31st March 2019:

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

With effective from 1st April 2019:

"Effective April 1st, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Accordingly, comparative information as at and for the year ended March 31, 2019 has not been restated. The impact of adoption of the standard on financial statements of the Company has been disclosed in the notes to accounts.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

The Company as a lessee:

The Company's lease asset classes primarily consist of leases for land, vehicle and office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

i) the contact involves the use of an identified asset

ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and estimated restoration costs of the underlying asset where applicable. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payment. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate of the Company. Lease liabilities are remeasured to reflect any re-assessment, lease modification, or revised in-substance fixed lease payments, with a corresponding adjustment to the related right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of - use assets arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustment to the accounting for assets held as lessor as a result of adopting the new leasing standard.

1.2.15 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non¬financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.2.16 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks/ financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.2.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.2.18 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.2.19 Inventories - Raw materials and stores, work in progress, packaging material and finished goods

Raw materials, packaging materials and stores and spares are stated at the lower of monthly weighted average cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In case of stores and spares not moved for more than two years and upto five years, provision for obsolescence is made at five percent per annum (on straight line basis) and charged to revenue. In case of stores and spares which have not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

Finished and semi-finished goods are valued at lower of weighted average cost and net realizable value based on the applicable Concession/Sale Price. In warehouses carrying Finished Goods of more than one Plant, the Plant wise finished stocks are determined on first-in-first-out basis and costs worked out accordingly.

Traded Fertilizers are valued at lower of cost determined on first-in-first-out basis and net realizable value.

Other Traded Goods are valued at lower of weighted average cost and net realizable value.

1.2.14 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.

1.2.21 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.2.22 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.2.23 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

1.2.23 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.

1.2.25 Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b) Other long-term employee benefit obligations

The Company provides following long term benefits:

i) Leave Encashment (Earned Leave/Sick Leave/Half Pay Leave)

ii) Long Service Award (LSA)

The liability for Leave encashment and Long term service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the financial reporting period using the projected unit credit method as calculated by Actuary. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

c) Post-employment obligations

The Company operates the following post-employment schemes:

i) defined benefit plans such as gratuity, provident fund, post retirement settlement benefits, social security benefits and employees' family economic rehabilitation scheme; and

ii) defined contribution plans such as post-employment medical plan and pension plan.

d) Defined Benefit Obligations

The defined benefit obligation (other than Provident Fund) is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The liability or asset recognised in the balance sheet in respect of defined benefit obligations (except Provident Fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

e) Provident Fund

Contribution to provident fund is accounted for on accrual basis. The provident fund contributions are made by employee and Company as monthly contribution equal to specified percentage of covered employee's salary to a trust administered by the Company. The trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the trust is notified by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

f) Defined Contribution Plans

The Company has a Post-Retirement Medical Benefits (PRMB) and pension plan for its employees. The Company has taken the insurance policies to meet its obligations under these plans. Accordingly, the liability of the Company is limited upto the amount of insurance premium paid. These plans have been treated as defined contribution plans. The insurance premium paid for these plans is recognised as employee benefit expense and charged in statement of profit and loss account.

1.2.26 Provisions

Provisions (other than employee benefits) are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

1.2.27 Claims

Pending settlement, claims made on underwriters /railways /others as assessed by the Company on a probable realization basis are recognized at the time of lodgment.

1.2.28 Adjustment pertaining to Prior Period

Income/Expenditure pertaining to prior period upto Rs 10.00 crores in each case subject to cumulative limit of 0.50% of sales turnover of previous year are not considered material and are included under the income/ expenditure of the current year.

1.2.29 Prepaid Expenditure

Prepaid expenditure upto Rupee one lakh in each case not being considered material is included under the expenditure of the current year.

1.2.30 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

1.2.30 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 2020

Note: 2.1 Property, Plant & Equipment

₹in Crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2019	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2020	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2019	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto	As at 31st March 2020	As at 31st March 2019
LAND										
- Freehold	12.19	-	-	12.19	-	-	-	-	12.19	12.19
- Leasehold	6.35	-	-	6.35	0.40	0.10	-	0.50	5.85	5.95
BUILDINGS										
- on Freehold Land	120.18	2.57	-	122.75	22.21	4.80	-	27.01	95.74	97.97
- on Leasehold Land	34.61		-	34.61	16.42	1.12	-	17.54	17.07	18.19
Leasehold Buildings	0.28	-	-	0.28	0.22	0.03	-	0.25	0.03	0.06
Plant and Machinery	4848.51	52.08	11.41	4889.18	1027.51	323.93	9.10	1,342.34	3546.84	3821.00
Furniture and Fixtures	2.43	0.65	0.34	2.74	1.05	0.40	0.32	1.13	1.61	1.38
Vehicles	3.43	3.13	(2.31)	8.87	1.03	0.53	(2.20)	3.76	5.11	2.40
Office Equipments	3.75	1.47	(0.07)	5.29	1.60	1.00	0.23	2.37	2.92	2.15
OTHERS										
Electrical Installations	17.66	2.93	(0.05)	20.64	9.98	3.14	-	13.12	7.52	7.68
Railway Sidings	0.61	0.49	-	1.10	0.43	0.54	-	0.97	0.13	0.18
EDP Equipments	14.88	35.05	1.66	48.27	5.15	33.23	1.22	37.16	11.11	9.73
Other Equipments	22.46	3.18	(7.10)	32.74	12.65	2.75	(6.09)	21.49	11.25	9.81
As at 31st March, 2020	**5087.34**	**101.55**	**3.88**	**5185.01**	**1098.65**	**371.57**	**2.58**	**1467.64**	**3717.37**	**3988.69**
As at 31st March, 2019	**4897.89**	**201.60**	**12.14**	**5087.35**	**825.53**	**282.59**	**9.46**	**1098.66**	**3988.69**	

Footnote

a. Title/Lease Deed for land acquired at Vijaipur (₹4.36 crore), Bathinda (₹0.15 crore), Alwar (*) are pending execution.

b. Out of total land of 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 ₹3949.99 crore (CPLY ₹3624.78 crore) represented by capital grant as disclosed in Note: 24 & 30 Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹2546.62 crore(CPLY ₹2793.91 crore) as on 31.03.2020.

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 ₹8.31 crore (CPLY ₹11.75 crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2020. The unamortized amount of exchange difference as on 31.03.2020 is ₹68.87 crore (CPLY ₹64.50 crore).

e. EDP Equipment includes PoS Devices amounting to ₹34.02 crore purchased during the FY 2016-17 and FY 2017-18 out of Retailer Margin which has been capitalised during the year ended 31.03.2020. The Depreciation of ₹30.46 crore charged for the year ended 31.03.2020 includes depreciation of ₹19.53 crores for previous years.

f. Due to change in the Accounting Policy regarding keeping of residual value of assets acquired out of Govt Grant would be kept at ₹1, as against 5 % residual value, the additional depreciation charged during the year on Plant and Machinery is ₹46.12 crore. Consequently Deferred Govt Grant equivalent to the additional depreciation charged has been adjusted in the Govt Grant Income in Profit and Loss Account.

- The residual value of AFCP Asset acquired out of Govt. Grant has been kept at Rupee One, instead of 5% as applicable for other Plant & Machinery.
- The change in Accounting Policy is in order to ensure that charging of depreciation on AFCP assets is matched with the amount of Govt Grant at the end of useful life of the assets acquired out of Govt Grant.
- Amount of adjustment:

Pariculars	Total	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Depreciation Expense (Note 41)	46.12	7.17	9.85	10.04	5.72	5.73	5.70	1.91
Amortisation of Govt Grant (Note 32)	46.12	7.17	9.85	10.04	5.72	5.73	5.70	1.91

- No Impact on Basic & Diluted earning per share as per Ind AS 33.

* The value of Land at Alwar is ₹1, hence figure is not given.

Note: 2.2 Right-of-Use Assets

₹in Crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2019	Transitional Impact of Ind AS 116	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2020	Depreciation				Net carrying Amount	
						Accumulated Depreciation as on 1st April 2019	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto 31st March 2020	As at 31st March 2020	As at 31st March 2019
Vehicles	-	6.25	-	-	6.25	-	1.63	-	1.63	4.62	-
As at 31st March, 2020	**-**	**6.25**	**-**	**-**	**6.25**	**-**	**1.63**	**-**	**1.63**	**4.62**	**-**

"Company has adopted modified retrospective approach as suggested in Ind AS 116 "" Leases"" and accordingly instead of restating the comparative information, the cummulative effect of initially applying this standard on the date of initial application has been recognised as an adjustment to the opening balance of retained earnings as on 01.04.2019.

On transition, the adoption of the new standard resulted in recognistion of Right-of-Use Assets as on 01.04.2019 of ₹6.25 crore from leases that were earleir classified as operating lease and a Lease Liability of ₹6.30 crore."

₹in Crore

Lease Liability recognised as at 1st April 2019	6.30
Right to Use Asset recognised as at 1st April 2019	6.25

Amount recognised in Statement of Profit and Loss Account

₹in Crore

Particulars	
Depreciation charged for the Right of Use Asset	1.63
Interest Expense	0.44

The Total Cash Outflow for leases for the year ended March 31, 2020 was ₹1.92 crore

The following is the movement in lease liabilities during the year ended March 31, 2020

₹in Crore

Particulars	
Balance as of April 1, 2019	6.30
Additions during the period	-
Finance Cost accrued during the period	0.44
Less : Payment of Lease Liability	1.92
Balance as of March 31, 2020	**4.82**
Lease Liability - Current (Note No. - 31)	1.67
Lease Liability - Non Current (Note No. - 25)	3.15

Note: 2.3 Investment Property

₹in Crore

DESCRIPTION	Gross Carrying Amount as on 1st April 2019	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2020	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2019	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto 31st March 2020	As at 31st March 2020	As at 31st March 2019
Building										
Scope Building-New Delhi	1.18	-	-	1.18	0.14	0.04	-	0.18	1.00	1.04
Paryavas Bhawan-Bhopal	0.30	-	-	0.30	0.14	0.03	-	0.17	0.13	0.16
Bajaj Bhawan-Mumbai	0.05	-	-	0.05	-	-	-	-	0.05	0.05
As at 31st March, 2020	**1.53**	**-**	**-**	**1.53**	**0.28**	**0.07**	**-**	**0.35**	**1.18**	**1.25**
As at 31st March, 2019	**1.53**	**-**	**-**	**1.53**	**0.21**	**0.07**	**-**	**0.28**	**1.25**	

i) 'Title/Lease Deed for Building at Scope Complex, New Delhi is pending for execution.

ii) The management has determined that the above assets as Investment Properties and disclosure is being made seperately with effect 01.04.2019.

ii) Information regarding income and expenditure of Investment Property

₹in Crore

Particulars	As at 31.03.2020	As at 31.03.2019
Rental Income derived from investment properties.	**12.74**	**7.47**
Less : Direct operating expenses (including repairs and maintenance) generating rental income	0.35	0.37
Less : Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.01	0.01
Profit arising from investment properties before depreciation and indirect expense.	**12.38**	**7.09**
Less: Depreciation	0.07	0.07
Profit arising from investment properties before indirect expense.	**12.31**	**7.02**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 3 Capital work-in-progress

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Building	6.83	0.91
Plant and Machinery	582.94	78.65
Capital Stores	17.87	38.42
Others	0.48	0.40
Expenditure During Construction Period	48.18	15.00
	656.30	**133.38**
Details of Expenditure During Construction Period		
Opening Balance	**15.00**	**6.19**
Add: Expenditure during the year:		
Employees' Remuneration & Benefits	1.69	0.82
Power & fuel	0.29	0.04
Project Management fee	2.83	5.49
Other Expenses	1.33	3.29
Start-up Expenses (net)	-	(4.05)
Finance cost	27.04	2.71
Total	**33.18**	**8.30**
Total Expenditure	**48.18**	**14.49**
Less: Transfer to Property, Plant & Equipment	**-**	**(0.51)**
Closing Balance	**48.18**	**15.00**

Note: 4 Other Intangible Assets

₹in Crore

DESCRIPTION	Gross Block				Amortization				Net Block	
	Gross Carrying Amount as on 1st April 2019	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2020	Accumulated Depreciation as on 1st April 2019	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto 31st March, 2020	As at 31st March 2020	As at 31st March 2019
Computer Software	0.57	0.06	(0.35)	0.98	0.31	0.14	(0.35)	0.80	0.18	0.26
Licence and Know-how	26.18	-	-	26.18	22.93	1.02	-	23.95	2.23	3.25
As at 31st March, 2020	**26.75**	**0.06**	**(0.35)**	**27.16**	**23.24**	**1.16**	**(0.35)**	**24.75**	**2.41**	**3.51**
As at 31st March, 2019	**27.07**	**0.03**	**(0.35)**	**26.75**	**21.22**	**2.37**	**(0.35)**	**23.24**	**3.51**	

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note: 5 Investments

₹in Crore

	As at 31st March 2020	As at 31st March 2019 (Restated)
Investment in joint venture (Unquoted) #		
1,80,002 Equity Shares (CPLY 1,80,002 Equity Shares) with face value of ₹10 each fully paid up in Urvarak Videsh Limited**	0.03	0.03
Share of Loss in Joint Venture	(0.01)	-
(A)	0.02	0.03
34,15,28,200 Equity Shares (CPLY 27,36,90,004 Equity Shares) with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)$	341.53	273.69
Accumulated Losses in Joint Venture	(8.65)	(4.17)
Share of Loss in Joint Venture	(10.04)	(4.48)
(B)	322.84	265.04
Total (A + B)	**322.86**	**265.07**
Investment in Equity Instruments of Co-operative Societies (Unquoted)*		
1250 Equity Shares (CPLY 1250 Equity Shares) with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*
100 Equity Shares (CPLY 100 Equity Shares) with face value of ₹50 each fully paid up (₹5000) in NFL Employees' Consumer co-operative stores	*	*
Investment in mutual fund (₹5000)	*	*
	322.86	**265.07**

* 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	
		31.03.2020	31.03.2019
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 is expected to be completed by October 2020. 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.

^ Refer Note No. 59

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 6 Loans

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Secured, considered good		
Loans to employees	6.85	7.45
Unsecured, considered good		
Loans to employees	0.03	0.42
	6.88	**7.87**

Note : 7 Other Financial Assets

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Security Deposits	0.03	0.03
Margin Money against Bank Guarantees (more than one year)	8.10	8.10
	8.13	**8.13**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note:8 Deferred Tax Assets (net)

₹in Crore

	As at 31st March 2020	As at 31st March 2019
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.	132.08	158.87
Losses carried forward	52.80	-
(A)	**184.88**	**158.87**
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.	157.25	220.29
(B)	**157.25**	**220.29**
Net deferred assets Assets (A-B)	**27.63**	**(61.42)**

Movement in deferred tax components

	At April 1, 2019	Charged or (credited) to profit or loss	At March 31, 2020
Expenses allowed on cash basis	158.87	26.79	132.08
Losses carried forward	-	(52.80)	52.80
Property, Plant & Equipment impact	(220.29)	(63.04)	(157.25)
Total	**(61.42)**	**(89.05)**	**27.63**

Company has exercised the option of shifting to lower tax rate along with consequent reduction in certain tax incentive permitted under Section 115 BAA of the Income Tax Act, 1961, as introduced by the Government of India through Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provison for Current Tax for the year ended 31.03.2020 and re-measured its Deferred Tax Assets and Deferred Tax Liabilities on the basis of the rates prescribed in the said section. An amount of ₹17.18 crore have been written back in the statement of Profit and loss Account for the year ended 31.03.2020.

Note :9 Other Non-Current Assets

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Unsecured, considered good		
Others	0.63	0.64
	0.63	**0.64**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 10 Inventories

₹in Crore

	As at 31st March 2020		As at 31st March 2019	
Raw materials	0.39		1.35	
Add: In transit	0.09	0.48	0.23	1.58
Work in Progress		25.31		32.58
Finished goods	362.48		151.57	
Add: In transit	98.87	461.35	73.56	225.13
Traded goods	484.91		977.44	
Add: In transit	13.78	498.69	163.30	1140.74
Stores and spares	273.26		138.80	
Add: In transit	1.45		24.34	
Less: Provision for Obsolescence	1.73	272.98	1.68	161.46
Packing Materials	16.53		21.61	
Add: In transit	1.14	17.67	2.94	24.55
		1276.48		1586.04

Inventories have been valued at lower of cost or net realizable value considering Note No.1.2.18 of Accounting Policy.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 11 Trade Receivables

₹in Crore

	As at 31st March 2020		As at 31st March 2019	
Trade Receivables outstanding for a period more than six months from the date they are due for payment				
Subsidy (Government of India)#	1204.19		185.47	
Others	12.90	1217.09	11.65	197.12
Trade Receivables less than six months				
Subsidy (Government of India)#	5785.92		6376.43	
Others	742.17	6528.09	593.02	6969.45
Provision for doubtful receivables		(9.85)		(10.81)
		7735.33		**7155.76**
Aggregate of trade receivables:				
Unsecured, considered good (including secured debts backed by bank guarantees ₹1.61 crore, (CPLY ₹4.11 crore)		7735.33		7155.76
Unsecured, considered doubtful		9.85		10.81
Provision for doubtful receivables		(9.85)		(10.81)
		7735.33		**7155.76**

The Total Subsidy Receivable is ₹6990.11 crore. Loan against Subsidy under Special Banking Arrangement amounting to ₹1215.14 crore (CPLY ₹1451.73 crore) was received during March 2020 and the same is appearing in Note No. 26 - Borrowing.

"The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) Scheme for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea is released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of urea and P&K fertilizer totalling 12.57 lakh MT through POS machine to beneficiaries as on 31.03.2020, subsidy of ₹1353.54 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period (CPLY quantities 10.34 lakh MT and subsidy ₹1590.85 crore)."

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note: 12 Cash & Cash Equivalents

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Balances with banks		
Current accounts	14.54	0.30
Remittances in transit	4.99	16.30
Cash on hand	0.02	0.02
	19.55	**16.62**

Note: 13 Other Bank Balances

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Margin Money against Bank Guarantees	2.50	2.35
Unclaimed dividend account	0.15	0.09
	2.65	**2.44**

Note : 14 Loans

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Secured, considered good		
Loans to employees	1.39	2.17
Unsecured, considered good		
Loans to employees	1.73	1.76
	3.12	**3.93**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 15 Other Financial Assets

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Security Deposits	23.47	24.65
Capital Grant recoverable from Government of India (GOI)$	203.76	203.43
Interest Subsidy recoverable from Government of India	2.23	2.23
Claims recoverable	55.88	1.73
Interest Accrued but not due on Deposits	3.68	2.85
	289.02	**234.89**
Unsecured, considered good from above	288.71	234.65
Unsecured, considered doubtful from above	0.31	0.24
Provision for doubtful advances^	(0.31)	(0.24)
	288.71	**234.65**
^ Details of Provisions for doubtful advance		
Claims recoverable	0.31	0.24
Total	**0.31**	**0.24**

$ Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia feed stock conversion project from `LSHS/FO' to `Gas' as disclosed in Note 24 & 30.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 16 Current Tax Assets (Net)

₹in Crore

	As at 31st March 2020	As at 31st March 219
Tax refunds	17.54	49.69
Advance Income Tax	30.84	-
	48.38	**49.69**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note: 17 Other current assets

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Unsecured, considered good unless otherwise stated		
Advances		
Contractors	25.48	72.86
Suppliers $ #	325.13	297.33
Employees	1.75	3.12
Recoverable/Balances with customs and excise authorities	2.33	8.27
GST Input Credit*	172.78	165.34
Others	72.66	47.87
	600.13	**594.79**
Unsecured, considered good from above	438.44	443.47
Unsecured, considered doubtful from above	161.69	151.32
Provision for doubtful advances^	(32.05)	(21.68)
Provision for doubtful advances appropriated from reserve^	(129.64)	(129.64)
	438.44	**443.47**
^ Details of Provisions for doubtful advances		
Contractors	0.52	0.51
Suppliers	129.73	129.90
Recoverable/Balances with customs and excise authorities	7.27	7.27
GST Input Credit	23.75	12.22
Others	0.42	1.42
	161.69	**151.32**

Includes an advance of ₹130.69 crore (CPLY ₹130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹129.64 crore (after recovery of ₹1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

$ Includes amount recoverable on account of Gas Pool Account amounting to ₹179.43 crore (CPLY ₹124.32 crore)

* Company has filed total refund claim of GST amounting to ₹59.35 crore (previous year - ₹43.78 crore) under inverted tax structure in respect of imported traded fertilizers. The refund applications of ₹17.89 crore after rejection, are in appeal. Refund of ₹37.44 crore was received during the FY 2019-20.

Note: 18 Assets held for disposal

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Assest Held for Disposal	2.71	2.36
	2.71	**2.36**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 19 Equity Share Capital

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Authorized	1000.00	1000.00
100,00,00,000 Equity Shares (CPLY 100,00,00,000 Equity Shares) of ₹10 each		
Issued, Subscribed and Paid -up		
49,05,78,400 Equity Shares (CPLY 49,05,78,400 Equity Shares) of ₹10 each fully paid up	490.58	490.58
	490.58	**490.58**

a. There has been no movement in the Issued, Subscribed and Paid -up capital of the Company during the year.

b. Terms/Rights attached to equity shares

The Company has only one class of equity share having a face value of ₹10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends approved by shareholders.

In the event of liquidation of the Company, the holders of equity share will be entitled to receive remaining assets of the Company, after distribution to creditors and all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder.

c. Details of shareholders holding more than 5% shares in the Company

Particulars	31st March, 2020		31st March, 2019	
	No.	%	No.	%
Equity Shares of ₹10 each fully paid				
i) Government of India	366529532	74.71	366529532	74.71
ii) Life Insurance Corporation of India (LIC)	55523101	11.32	55523101	11.32

d. Movement of Equity Shares Capital

Particulars	31st March, 2020		31st March, 2019	
	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 2020

Note : 20 Other Equity

₹in Crore

		As at 31st March 2020	As at 31st March 2019 (Restated)
Capital Reserve			
Balance at the beginning of the year		2.51	2.51
Balance at the end of the year	A	**2.51**	**2.51**
General Reserve			
Balance at the beginning of the year		332.89	332.89
Balance at the end of the year	B	**332.89**	**332.89**
Retained Earnings in Statement of Profit and Loss			
Balance at the beginning of the year		1384.39	1157.25
Less: Dividend Paid (including tax on dividend)		101.72	64.46
Less: Adjustment of Transitional Provisions of Right-of-Use Asset		0.05	-
		1282.62	1092.79
Profit/(Loss) for the year transferred from Statement of Profit and Loss		(181.06)	293.97
Profit/(Loss) for the year transferred from Other Comprehensive Income		(25.30)	(2.37)
Balance at the end of the year	C	**1076.26**	**1384.39**
Total (A+B+C)		**1411.66**	**1719.79**

^ Refer Note No. 59

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 21 Borrowings

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Term Loans		
Foreign Currency Loans - External Commercial Borrowing from Bank (Secured)$	-	61.22
Rupee Term Loan (Secured)#	596.85	218.40
	596.85	**279.62**

$ Foreign Currency External Commercial Borrowing (ECB) loan from Bank, has been used for energy saving and urea capacity augmentation projects at Vijaipur complex and is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The ECB was earlier drawn from SBI, NY at rate of interest of 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility. ECB has been refinanced through DBS Bank, Singapore on 06.01.2016.

The rate of interest of refinanced ECB from DBS, Singapore is 3 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan has commenced from FY 2016-17. Foreign Currency External Commercial Borrowing (ECB) loan from DBS Bank is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur complex and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

A sum of ₹67.59 crore is outstanding as on 31.03.2020 disclosed in Note : 28 Other Financial Liabilities. The repayment of ECB loan will fall due for ₹67.59 crore in FY 2020-21.

To meet the funding requirement of Energy Saving and Capex Schemes, the Company has entered into a Rupee Term Loan Agreement with SBI on 24.12.2018 for ₹1044 crore.

The borrowings of Rupee Term loan is secured by first pari-passu charge on the fixed assets (both movable and immovable) of the manufacturing units i.e. Nangal, Bathinda, Panipat, Vijaipur - I & Vijaipur - II and Corporate Office and over cash flow of the Company.

Against the above Rupee Term Loan, Company has drawn ₹701.25 crore. Out of which amount of ₹104.40 crore will fall due for payment in FY 2020-21.

Repayment of sanctioned term loan would fall due for repayment in 40 quarterly installments of ₹26.10 crore each starting from June 2020 and ending in March 2030. The rate of interest on the term loan is 1year MCLR plus spread of 0.15%. During the year interest rate was 8.05% p.a. During the period, the amount of interest of ₹24.33 crore (CPLY - ₹2.71 crore) has been capitalised

The repayment of Rupee Term Loan of ₹104.40 crore during FY 2020-21 is disclosed in Note 28 - Other Financial Liabilities.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 22 Other Financial Liabilities

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Security Deposits	4.20	4.13
Others#	14.58	14.05
	18.78	**18.18**

Includes gross amount of ₹21.22 crore (CPLY ₹18.05 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

Note : 23 Provisions

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Provision for employee benefits *^	204.98	178.00
	204.98	**178.00**
*** Item wise breakup of Provisions for employee benefits**		
Earned Leave	92.25	74.49
Half Pay Leave	98.82	89.44
Post Retirement Settlement Benefits	1.58	1.50
Long Service Award	0.40	0.42
Social Security Benefits	4.94	4.76
Employees' Family Economic Rehabilitation Scheme	6.99	7.39
	204.98	**178.00**

^ Short term Provision for Employee Benefits of ₹230.85 crore is disclosed in Note 29.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note: 24 Deferred Government Grant

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Opening Balance#		
Non Current	2614.96	2766.52
Current	184.06	211.37
Add: Addition/Adjustment during the year (AFCP)*	0.34	0.00
Add: Addition/Adjustment during the year (Others)$	34.02	5.02
Less : Govt Grant recognised in Statement of Profit & loss Account (Note No. 32)	278.11	183.89
Less : Transferred Deferred Government Grant Current (Note 30)	222.99	184.06
	2332.28	**2614.96**

Includes Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate and actual value of disposal of redundant assets discarded after conversion.

* Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

$ Includes PoS Devices amounting to ₹34.02 crore purchased during the FY 2016-17 and FY 2017-18 out of Retailer Margin which has been capitalised during the year ended 31.03.2020.

Note : 25 Other Non Current Liabilities

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Lease Liability	3.15	-
Others	0.75	8.30
	3.90	**8.30**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 26 Borrowings

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Secured		
Cash credit from banks*	55.40	58.70
Working Capital Demand Loan#	1200.00	-
Unsecured		
Commercial Paper	3100.00	-
Short Term loans from Banks$	2978.37	6063.41
	7333.77	**6122.11**

* Cash credit from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation of inventories, book debts and other current assets of the Company.

\# Working Capital Demand Loan from Banks are secured by pari-pasu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.

$ Includes borrowings of ₹1215.14 crore (CPLY ₹1451.73 crore) under Special Banking Arrangement.

Note : 27 Trade Payables

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Micro and Small Enterprises*	1.32	1.81
Other than Micro and Small Enterprises$	895.34	619.22
	896.66	**621.03**

* Interest amount due to MSMED parties during the year is neither due/accrued/nor paid or payable.

$ Includes amount of ₹666.10 crore (CPLY ₹386.94 crore) on account of Gas supplies.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note:28 Other Financial Liabilities

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Current maturities of long term borrowings		
Foreign Currency Loan *	67.59	61.87
Rupee Term Loan#	104.4	-
Creditors for Capital Works	126.42	295.59
Security Deposits	213.55	160.66
Liability for employee benefits/remuneration	48.83	151.05
Unclaimed dividend	0.15	0.09
Others$	113.32	531.39
	674.26	**1200.65**

*Details in respect of Interest and terms of repayment of Foreign Currency Loan are disclosed in Note 21: Borrowings.

Details in respect of Interest and terms of repayment of Rupee Term Loan are disclosed in Note : 21 Borrowings.

$ Amount of ₹0.79 crore (CPLY ₹1.99 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 :29 Provisions

₹in Crore

		As at 31st March 2020		As at 31st March 2019
Provisions for employee benefits*^		230.85		173.70
Provision for Corporate Tax				
Provision for tax	-		150.80	
Advance Tax/TDS	-	-	(113.42)	37.38
Provision for Local Area Development Tax		-		6.72
		230.85		**217.80**
*** Item wise breakup of provisions for employee benefits:**				
Gratuity		204.08		150.65
Earned Leave		10.38		8.39
Half Pay Leave		13.13		11.66
Post Retirement Settlement Benefits		0.19		0.15
Long Service Award		0.11		0.09
Social Security Benefits		0.89		0.95
Employees' Family Economic Rehabilitation Scheme		2.07		1.81
		230.85		**173.70**

^ Long term Provision for Employee Benefits of ₹204.98 crore is disclosed in Note 23.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note: 30 Deferred Government Grant

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Deferred Government Grant		
AFCP*#	219.5	184.05
Others	3.49	0.01
	222.99	**184.06**

The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from `LSHS/FO' to `Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per Ind AS 20 `Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government."

Pending finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate and actual value of disposal of redundant assets discarded after conversion.

"*Represents addition to Property, Plant & Equipment in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

Non Current Deferred Governement Grant is disclosed in Note No. 24.

Note: 31 Other Current Liabilities

₹in Crore

	As at 31st March 2020	As at 31st March 2019
Advances from customers	32.71	55.23
Statutory Dues	111.44	131.44
Lease Liability	1.67	-
Others	-	0.33
	145.82	**187.00**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 32 Revenue from operations

₹in Crore

		Year Ended 31st March 2020	Year Ended 31st March 2019
A) Sale of Goods			
Finished goods		2105.52	2238.39
Traded goods		2564.83	1679.96
	(A)	**4670.35**	**3918.35**
Subsidy from Government of India:			
Finished goods (Urea)-Subsidy			
Price subsidy		6532.76	7089.18
Freight subsidy		365.75	407.55
		6898.51	**7496.73**
Traded goods (Di Ammonium Phosphate) Subsidy			
Price subsidy		711.75	524.11
Freight subsidy		119.92	110.38
		831.67	**634.49**
Traded goods (Compost) Subsidy			
Price subsidy		3.75	3.20
Freight subsidy		-	-
		3.75	**3.20**
Traded goods (Muriate of Potash) Subsidy			
Price subsidy		47.60	-
Freight subsidy		14.44	-
		62.04	**-**
Traded goods (NPK) Subsidy			
Price subsidy		44.72	60.98
Freight subsidy		8.48	11.63
		53.20	**72.61**
Traded goods (Ammonium Phosphate Sulphate) Subsidy			
Price subsidy		27.84	18.52
Freight subsidy		6.79	3.28
		34.63	**21.80**
Traded goods (IMP UREA - Govt A/c) Subsidy			
Freight subsidy		207.88	66.85
		207.88	**66.85**
Traded goods (NPK 10:26:26)*Subsidy			
Price subsidy		16.11	-
Freight subsidy		3.57	-
		19.68	**-**
Total subsidy$	**(B)**	**8111.36**	**8295.68**
Revenue from operations (gross) (a)+(b)	**(A+B)**	**12781.71**	**12214.03**
Details of goods sold			
Finished goods (including subsidy)			
Urea		8810.36	9521.56

Note : 32 Revenue from operations

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Industrial Products	165.72	199.05
Ammonia Sales	4.73	1.85
Bio Fertilizers	2.05	1.82
Bentonite Sulphur	21.17	10.83
	9004.03	**9735.11**
Traded goods (including subsidy)		
Seeds	47.17	24.89
Compost	10.64	8.83
Di Ammonium Phosphate (Imported)	2361.65	1883.53
Agro Chemicals	8.19	11.71
Muriate of Potash (MOP)	185.54	-
NPK (12:32:16)	164.72	226.02
Ammonium Phosphate Sulphate (APS)	104.02	63.82
Imported Urea - Govt A/c	827.08	260.12
NPK (10:26:26)	61.16	-
SSP Powder	3.47	-
SSP Plain	1.93	-
Calcium Nitrate 100 % Water Soluble Fertilizer	0.55	-
NPK (19:19:19) 100 % Water Soluble Fertilizer	1.56	-
	3777.68	**2478.92**
	12781.71	**12214.03**

$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year

Price Subsidy (Urea)	4.26	24.69
Freight Subsidy (Urea)	0.37	0.54
	4.63	25.23

The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) Scheme in a phased manner for all fertilizers. As per earlier procedure, adhoc subsidy @ 85%/90% (for P&K) and 95% (for Urea) was allowed to manufacturers on monthly basis based on receipt of fertilizer in the district. Balance 15%/10% for P&K and 5% for Urea is released on confirmation of receipts through FMS amongst other requirements. However, the revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of urea and P&K fertilizer totalling 12.57 lakh MT through POS machine to beneficiaries as on 31.03.2020, subsidy of ₹1353.54 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period (CPLY quantities 10.34 lakh MT and subsidy ₹1590.85 crore).

Note : 32 Revenue from operations

B) Sale of Services

₹in Crore

		Year Ended 31st March 2020	Year Ended 31st March 2019
Training & Recruitment for other organisation		4.70	10.28
	(B)	**4.70**	**10.28**
C) Other Operating Revenue			
Amortisation of Deferred Govt Grant*			
AFCP		247.63	183.88
Others		30.48	0.01
Forfeiture of Security Deposits etc		0.06	1.17
Liquidated Damages recovered from Contractor/Supplier		7.98	7.27
Recovery of Dispatch Money		2.22	1.63
Sale of Scrap		6.57	5.02
Hire Charges of Equipment		0.17	0.09
Commission on Sale of Urea on Govt A/c		-	0.08
Recoveries on delayed payment on credit sales		12.27	5.67
Insurance Claims		41.57	-
	(C)	**348.95**	**204.82**
	(A+B+C)	**13135.36**	**12429.13**

* Deferred Govt Grant of ₹278.11 crore (₹247.63 crore + ₹30.48 crore) recognised on a systematic basis over the useful life of the AFCP and Other Assets. The corresponding depreciation is appearing in Note No. 41.

Note : 33 Other Income

₹in Crore

		Year Ended 31st March 2020	Year Ended 31st March 2019
A) Interest Income on Financial Assets measured at amortised cost			
Term Deposits		1.71	2.09
Loan to employees		0.37	0.50
Unwinding of Interest accrued on Deposits		0.45	0.35
Others		1.06	2.04
	(A)	**3.59**	**4.98**
B) Interest income on Income Tax Refund	**(B)**	**10.55**	**23.70**
C) Non Operating Income			
Profit on Sale of Assets		3.28	2.15
Gain on Mutual Funds		0.27	1.46
Rent		17.98	13.29
Provision no Longer required Written Back		6.73	-
Others		14.10	5.94
	(C)	**42.36**	**22.84**
	(A+B+C)	**56.50**	**51.52**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note: 34 Cost of material consumed

₹in Crore

		Year Ended 31st March 2020	Year Ended 31st March 2019
Raw Material (A)			
Inventory at the beginning of the year		1.58	3.91
Purchases		4336.41	4515.48
		4337.99	**4519.39**
Less:Inventory at the end of the year		(0.47)	(1.58)
Cost of raw material consumed	**(A)**	**4337.52**	**4517.81**
Packing material	**(B)**	183.55	164.65
Stores and spares	**(C)**	56.06	55.88
Cost of material consumed	**(A+B+C)**	**4577.13**	**4738.34**
Itemwise break up of raw material consumed			
Natural Gas		4326.33	4506.20
Others		11.19	11.61
		4337.52	**4517.81**

Note 35 Purchase of Stock- in- Trade

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Traded goods purchased		
Imported		
Di Ammonium Phosphate (DAP)	1282.16	2517.05
Ammonium Phosphate Sulphate (APS)	109.51	0.08
Muriate of Potash (MOP)	239.43	-
NPK (12:32:16)	71.22	206.71
NPK (10:26:26)	86.28	-
NPK (19:19:19) 100 % Water Soluble Fertilizer	1.36	-
Calcium Nitrate 100 % Water Soluble Fertilizer	0.37	-
Indigenous		
Imported Urea - Govt A/c	415.09	204.79
Agro Chemicals	7.06	9.76
Seeds	36.24	19.10
Compost	9.20	7.31
SSP Powder	3.26	-
SSP Plain	1.84	-
	2263.02	**2964.80**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note: 36 Changes in inventories of finished goods, work-in-progress and stock -in- trade

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Opening inventories		
Work in Progress	32.58	21.57
Finished goods	225.13	224.35
Traded goods	1140.74	133.48
	1398.45	**379.40**
Closing inventories		
Work in Progress	25.31	32.58
Finished goods	461.35	225.13
Traded goods	498.69	1140.74
	985.35	**1398.45**
Net (Increase)/Decrease in inventories	**413.10**	**(1019.05)**

Note: 37 Employee benefits expense

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Salaries, Wages and Bonus	488.99	449.29
Contribution to Provident and Other Funds	54.92	47.12
Gratuity Expenses	20.88	23.64
Welfare expenses#	34.53	35.96
	599.32	556.01

Includes payment of ₹2.90 crore (CPLY ₹2.71 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 2020	Year Ended 31st March 2019
Purchased power	128.41	124.74
Coal	652.86	532.48
Natural gas	2305.50	2446.47
Cess on Electricity	18.67	19.05
	3105.44	**3122.74**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note: 39 Repair and maintenance

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Plant and machinery	65.33	58.35
Buildings	9.99	5.90
Others	9.12	7.43
	84.44	**71.68**

Note: 40 Finance Costs

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Interest :		
Cash credit	7.33	10.21
Commercial Papers	305.70	250.02
Short term loans	66.23	35.45
Rupee Term Loan	12.85	8.78
Others	8.93	7.96
Other Borrowing Cost	4.43	3.94
	405.47	**316.36**

Note: 41 Depreciation and Amortization Expense

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Depreciation/Amortization on tangible assets*	371.57	282.59
Depreciation on Investment Property	0.07	0.07
Depreciation on Right of Use Asset	1.63	-
Amortization of intangible assets	1.16	2.37
	374.43	**285.03**

* Depreciation includes ₹278.11 crore (CPLY ₹183.89 crore) towards Assets of AFCP/PoS Devices/Others purchased from Govt Grant/retailor margin and equivalent amount is appearing as Govt Grant Income in Note 32.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 42 Other expenses

₹in Crore

	Year Ended 31st March 2020		Year Ended 31st March 2019	
Rent		0.76		0.99
Rent for Godown		16.85		10.79
Rates and taxes		2.63		2.53
Insurance		14.02		9.45
Auditors' remuneration:				
Audit Fee	0.25		0.25	
Tax Audit Fee	0.07		0.07	
Certification and other fee	0.28		0.20	
Out of pocket expenses	0.01	**0.61**	0.04	**0.56**
Cost Audit Fee		0.03		0.02
Security Expenses		58.92		55.96
Printing and Stationery		1.35		1.08
Advertisement, Publicity and Sales Promotion		2.78		4.39
Directors' Fees		0.17		0.15
Telephone and Postage		1.80		2.03
Travelling		25.83		22.61
Water Charges		24.32		15.86
Provision for:				
Doubtful Advances & Debts	(1.87)		(0.91)	
Un-utilised GST Input Credit	11.53		12.21	
Others	0.05	**9.71**	0.05	**11.35**
Write Off:				
Stores and spares	3.45		4.72	
Others	0.23	**3.68**	0.09	**4.81**
Legal Expenses		0.84		1.10
Bank Charges		3.73		3.74
Demurrage and Wharfage		2.46		1.46
Exchange rate variation (net)		3.79		(4.66)
CSR Expenditure (refer note 53)		5.75		2.29
Miscellaneous expenses		34.95		37.62
		214.98		**184.13**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 43 Exceptional Item

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Reversal of Minimum Fixed Cost Subsidy	388.85	-
	388.85	-

Exceptional item relates to minimum fixed cost subsidy of ₹388.85 crore which was accrued during the period 02.04.2014 to 31.03.2019 and consequent to deletion of provision of minimum fixed cost retrospectively w.e.f. 02.04.2014 vide Department of Fertilizer Policy letter dated 30.03.2020 under Modified New Pricing Scheme-III dated 02.04.2014 the said subsidy of ₹388.85 crore has been reversed during the current period.

Note : 44 Income Tax Expense

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Current Tax		
Current Tax on Profits for the year	-	150.79
Adjustments for Current Tax of prior periods	(1.16)	2.03
Total Current tax expense (A)	**(1.16)**	**152.82**
Deferred Tax		
Decrease/(increase) in deferred tax assets	(26.01)	(2.92)
(Decrease)/increase in deferred tax liabilities	(63.04)	13.74
Total Deferred Tax Expense/(benefits) (B)	**(89.05)**	**10.82**
(A+B)	**(90.21)**	**163.64**
Income Tax Relating to Other Comprehensive Income	8.51	1.28
Income Tax Expense	**(81.70)**	**164.92**

Reconcilation of the tax expense and the accounting profit multiplied by tax rate

₹in Crore

	Year Ended 31st March 2020	Year Ended 31st March 2019
Profit before tax	(252.71)	463.37
Tax at the enacted rate of 25.168% (CPLY 34.944%)	(63.60)	161.92
Add :		
Tax effect of amount not deductable (taxable) while calculating taxable income		
Add :CSR Exp	1.45	0.80
Add : Interest on Income Tax	-	0.73
Add: Payment To Special Welfare Fund Not Allowable	0.01	0.01
Others	(19.56)	1.46
Total Income Tax Expense	**(81.70)**	**164.92**

Company has exercised the option of shifting to lower tax rate along with consequent reduction in certain tax incentive permitted under Section 115 BAA of the Income Tax Act, 1961, as introduced by the Government of India through Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provison for Current Tax for the year ended 31.03.2020 and re-measured its Deferred Tax Assets and Deferred Tax Liabilities on the basis of the rates prescribed in the said section. An amount of ₹17.18 crore have been written back in the statement of Profit and loss Account for the year ended 31.03.2020.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note: 45 Earning per share:

	Year Ended 31st March 2020	Year Ended 31st March 2019
Profit/(Loss) after Tax (₹Crore)	(171.01)	298.45
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic/Diluted earnings per share (₹)	**(3.69)**	**5.99**

The Company has not issued any security which will have the effect of diluting earnings on equity.

Note 46: Contingent liabilities

₹in Crore

		As at 31st March 2020	As at 31st March 2019
Claims against the Company not acknowledged as debts			
a.	**Pending Appellate/Judicial decisions:**		
	Income tax	31.17	29.26
	Excise, customs and service tax	18.24	27.14
	Value Added Tax	0.67	0.64
	Land compensation/development claims	1.21	3.88
	Arbitration and civil cases	53.93	86.18
b.	Other claims	0.84	0.51
c.	Claims in respect of legal cases filed against the Company for labour and other matters, amount whereof is not ascertainable	-	-
		106.06	**147.61**

Note 47: Capital and other commitments

₹in Crore

		As at 31st March 2020	As at 31st March 2020
	Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
(i)	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	188.35	577.54
(ii)	Unutilized amount of Letter of Credit	189.28	458.61

Notes to Consolidated Financial Statements for the year ended 31st March 2020

48.1 Ind AS-19: Employee Benefits

48.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of Rs 20 lakh to eligible employees who render continuous service of 5 years or more.
Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}	Payable on separation to eligible employees who have accumulated earned leave and half pay leave. During the service period encashment of accumulated earned leave is allowed in a financial year leaving minimum balance leave of 10 days.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Post Retirement Settlement Benefits (PRSB)	Post Retirement Settlement Benefits (PRSB) for settlement at home town for employees and dependents
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum `9.00 lakhs with minimum benefits of `1.00 lakhs).
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

"48.1.2 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 ₹44.36 crore (CPLY ₹27.56 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, 2020.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities. "

48.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

		Gratuity		EL		HPL		PRSB		LSA		PF	
		19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19
(i) Reconciliation of present value of defined benefit obligations and plan assets:													
1	Present value of projected benefit obligations at beginning of the year	299.29	296.11	82.87	70.43	101.10	91.31	1.66	1.57	0.51	0.55	1078.89	1011.44
2	Service Cost	9.83	9.73	5.79	6.36	4.66	4.22	0.08	0.07	0.03	0.02	44.36	27.56
3	Past Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
4	Interest Cost	21.96	22.80	6.08	5.42	7.42	7.03	0.12	0.12	0.04	0.04	94.11	77.88
5	Actuarial (Gains)/ Losses	30.60	3.18	31.30	21.76	5.15	4.38	0.05	0.02	0.01	0.02	(18.51)	(8.36)
6	Benefits Paid	(46.72)	(32.53)	(23.41)	(21.10)	(6.38)	(5.84)	(0.14)	(0.12)	(0.09)	(0.12)	(96.66)	(88.95)
7	Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	81.77	58.24
8	Transfer in	-	-	-	-	-	-	-	-	-	-	3.23	1.08

		Gratuity		EL		HPL		PRSB		LSA		PF	
		19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19
9	Present value of projected benefit obligations at close of the year [1 to 8]	314.96	299.29	102.63	82.87	111.95	101.10	1.77	1.66	0.50	0.51	1187.19	1078.89
10	Fair Value of Plan assets at close of the year	(110.88)	(148.64)									(1221.00)	1249.26
11	Net Liability recognized in Balance Sheet at close of the year [9-10]	204.08	150.65	102.63	82.87	111.95	101.10	1.77	1.66	0.50	0.51	-	-
(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	148.64	114.53	-	-	-	-	-	-	-	-	1249.26	1162.82
	Opening Adjustment as per balance sheet											(158.40)	-
2	Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	85.00	59.32
3	Expected Return on plan assets	10.91	8.82	-	-	-	-	-	-	-	-	94.11	77.88
4	Actual Company's contribution	-	58.08	-	-	-	-	-	-	-	-	44.36	27.56
5	Actuarial Gains/ (Losses)	(3.16)	(0.46)	-	-	-	-	-	-	-	-	3.33	10.63
6	Benefits Payments	(45.51)	(32.33)	-	-	-	-	-	-	-	-	(96.66)	(88.95)
7	Past service Cost	-	-	-	- -	-	- -	-	- -	-	-	-	-
8	Fair value of plan assets at close of the year (1 to 7)	110.88	148.64	-	-	-	-	-	-	-	-	1221.00	1249.26
9	Present value of defined benefit obligation	314.96	299.29	-	-	-	-	-	-	-	-	1187.19	1078.89
10	Net liability recognized in the Balance Sheet at close of the year [9-8]	204.08	150.65	-	-	-	-	-	-	-	-	-	-
(iii) Expenses recognized in the Statement of Profit & Loss:													
1	Service Cost	9.83	9.73	5.79	6.36	4.66	4.22	0.08	0.07	0.03	0.02	44.36	27.56
2	Past Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
3	Interest Cost	21.96	22.80	6.08	5.42	7.42	7.03	0.12	0.12	0.04	0.04	94.11	77.88
4	Actuarial (Gains)/ Losses	33.76	3.64	31.30	21.76	5.15	4.38	0.05	0.02	0.01	0.02	(18.51)	(8.36)
5	Expected return on Plan Assets	(10.91)	(8.82)	-	-	-	-	-	-	-	-	(94.11)	(77.88)
6	Total charged to P&L Account	54.64	27.35	43.17	33.54	17.23	15.63	0.25	0.21	0.08	0.08	-	-

(iv)	Actuarial assumptions:	As at 31st March, 2020	As at 31st March, 2019
1	Method used	Projected Unit credit	Projected Unit credit
2	Discount Rate (per annum)	6.78%	7.34%
3	Mortality Rate	Indian assured lives mortality (2012-14) 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 Executives 3%/2%/1%, depending upon age	Executives and Non Executives 3%/2%/1%, depending upon age
5	Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	6.00%	6.00%

(v)	Actuarial assumptions (PF):	As at 31st March, 2020	As at 31st March, 2019
1	Discount Rate (per annum)	6.78%	7.34%
2	Interest Rate Guarantee	8.50%	8.65%

Sensitivity Analyses of the defined benefit obligation.

Effect of half percent point change in the Discount rate on Employee's Benefit Schemes

Sr. No.	Particulars	0.5 percent point decrease in discounting rate	0.5 percent point increase in discounting rate
1	Gratuity	8.50	(8.08)
2	Earned Leave	3.46	(3.25)
3	Half Pay Leave	3.12	(2.97)
Effect of half percent point change in the Salary escalation on Employee's Benefit Schemes			
Sr. No.	Particulars	0.5 percent point decrease in salary escalation rate	0.5 percent point increase in salary escalation rate
1	Gratuity	(3.96)	3.60
2	Earned Leave	(3.29)	3.47
3	Half Pay Leave	(3.00)	3.13

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 ₹204.08 crore (CPLY ₹150.65 crore) is unfunded as on 31st March, 2020. Other defined benefit obligations are unfunded.

48.1.4 Other Employee Benefit Schemes: Provision of (₹0.02) crore (CPLY (₹0.68) crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been reversed on the basis of actuarial valuation and credited to the Statement of Profit and Loss account. A net liability of ₹14.89 crore (CPLY ₹14.91 crore) has been recognized in the Balance Sheet as at 31st March 2020 on account of these schemes.

48.1.5 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:

Particulars	31-Mar-20				31-Mar-19			
	Quoted ₹	Unquoted ₹	Total ₹	in %	Quoted ₹	Unquoted ₹	Total ₹	in %
Equity instruments	34.22	-	34.22	2.97	24.28	-	24.28	2.30
Debt instruments	1103.97	-	1103.97	95.89	1024.00	-	1024.00	97.22
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	13.12	13.12	1.14	-	5.03	5.03	0.48
Total	**1138.19**	**13.12**	**1151.31**	**100.00**	**1048.28**	**5.03**	**1053.31**	**100.00**

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note 49 : 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 & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme), and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). "

49.1.1 Geographical Segment:

The operations of the Company are conducted within India and there is no separate reportable geographical segment.

49.1.2 The disclosure of segment-wise information is as below:

₹in Crore

PARTICULARS	Year Ended 31st March 2020	Year Ended 31st March 2019
Segment Revenue		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	9111.69	9718.10
Fertilizer Trading	3763.89	2442.32
Other Products & Services	316.51	331.22
Eliminations	56.73	62.51
Total Segment Revenue	**13135.36**	**12429.13**
Segment Results		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	288.53	581.17
Fertilizer Trading	248.51	162.47
Other Products & Services	53.30	59.76
Total Segment Results	**590.34**	**803.40**
Finance expenses	405.47	316.36
Unallocable Expenses (Net of unallocable income)	58.78	28.15
Profit/(Loss) Before exceptional item & tax	**126.09**	**458.89**
Exceptional Item*	388.85	-
Profit/(Loss) Before Tax	**(262.76)**	**458.89**
Provision for Tax	(81.70)	164.92
Profit After Tax	**(181.06)**	**293.97**
Other comprehensive income (net of taxes)	(25.30)	(2.37)
Total Comprehensive Income	**(206.36)**	**291.60**
Segment Assets		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	11103.83	11154.33
Fertilizer Trading	2034.21	1876.95
Other Products & Services	127.54	131.33
Unallocable	1297.80	740.89
Segment Assets	**14563.38**	**13903.50**

PARTICULARS	Year Ended 31st March 2020	Year Ended 31st March 2019
Segment Liabilities		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4225.76	4180.67
Fertilizer Trading	97.11	442.28
Other Products & Services	39.33	44.92
Unallocable	8298.94	7025.26
Segment Liabilities	**12661.14**	**11693.13**
Capital Expenditure		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	98.83	199.09
Fertilizer Trading	-	-
Other Products & Services	2.22	0.02
Unallocable	0.56	2.52
Capital Expenditure	**101.61**	**201.63**
Depreciation and Amortisation expenses		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	363.66	271.71
Fertilizer Trading	-	-
Other Products & Services	8.18	11.15
Unallocable	2.59	2.17
Depreciation and Amortisation expenses	**374.43**	**285.03**
Non-cash expenses other than Depreciation and Amortisation		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	2.34	5.60
Fertilizer Trading	15.00	8.00
Other Products & Services	(0.23)	-
Unallocable	0.03	(2.11)
Non-cash expenses other than Depreciation and Amortisation	**17.14**	**11.49**

* Exceptional item relates to minimum fixed cost subsidy of ₹388.85 crore which was accrued during the period 02.04.2014 to 31.03.2019 and consequent to deletion of provision of minimum fixed cost retrospectively w.e.f. 02.04.2014 vide Department of Fertilizer Policy letter dated 30.03.2020 under Modified New Pricing Scheme-III dated 02.04.2014 the said subsidy of ₹388.85 crore has been reversed during the current period.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note 50 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 (upto 30.06.2019)** Director (Finance) iii) **Shri D.S. Ahuja** Director (Technical) iv) **Shri V. N. Datt** Director (Marketing) & Additional Charge of the Post of Director (Finance) during the period 15.07.2019 to 02.09.2019. v) **Shri Y. P. Bhola (w.e.f. 03.09.2019)** Director (Finance) vi) **Shri Raj Kumar (upto 31.01.2020)** Company Secretary vii) **Shri Ashok Jha (w.e.f. 01.02.2020)** Company Secretary

C) Key management personnel compensation

₹in Crore

	31st March 2020	31st March 2019
Short-term employee benefits	2.18	2.09
Post-employment benefits	-	-
Other Long-term employee benefits	0.65	0.18
Termination benefits	-	-
Total Compensation	**2.83**	**2.27**

D) Transactions with Related parties:

i) During the year, there were transactions of ₹89.18 crore (CPLY ₹76.57 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹67.84 crore (CPLY ₹55.00 crore) and others ₹21.34 crore (CPLY ₹21.57 crore). The amount recoverable from Ramagundam Fertilizers & Chemicals Limited as on 31.03.2020 is ₹3.23 crore (CPLY ₹3.90 crore)

ii) Remuneration to Key Management Personnel at (C) above is ₹2.83 crore (CPLY ₹2.27 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

Note 51: 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 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 Fund carried forward from earlier year**	**7.89**	**3.88**
B	Amount required to be spent during the year (As per Companies Act)	7.50	6.30
C	**Total (A+B)**	**15.39**	**10.18**
D	Amount Spent on CSR Expenses during the year	5.75	2.29
E	**Closing Balance of CSR Fund (C-D)**	**9.64**	**7.89**
F	Total amount of ₹5.75 crores has been spent in cash during the year ended 31st March, 2020.		

Break-up of the CSR expenses under major heads is as under:

₹in Crore

	Particulars	Amount
1	Health and Sanitation	1.21
2	Education & Skill Development	0.64
3	Promoting gender, empowering women, setting up homes	0.10
4	Environmental & Sustainability	0.38
5	Measure for the benefit of Armed Force	-
6	Training to Promote Rural Sports, paralympic sports	0.05
7	Rural Development projects	2.73
8	Contribution to PM Care Fund	0.64
	Total	**5.75**

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	698	1396
b) Number of ordinary shares held by them	1664574	3229148
c) Amount of Dividend (₹in Crore)	0.13	0.25

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note : 55 Fair Value Measurement

Financial instruments by category

Particular	March 31, 2020			March 31, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Loan to Employee	-	-	10.00	-	-	11.80
Other Financial Assets	-	-	296.84	-	-	242.78
Trade Receivables	-	-	7735.33	-	-	7155.76
Cash & Cash Equivalents	-	-	19.55	-	-	16.62
Other Bank Balances	-	-	2.65	-	-	2.44
Total financial assets	-	-	**8064.37**	-	-	**7,429.40**
Financial liabilities						
Borrowings						
ECB Loan	-	-	67.59	-	-	123.09
Term Loan	-	-	701.25	-	-	218.40
Borrowings	-	-	7333.77	-	-	6122.11
Other Financial Liabilities	-	-	303.30	-	-	992.17
Security Deposits	-	-	217.75	-	-	164.79
Trade Payables	-	-	896.66	-	-	621.03
Total financial liabilities	-	-	**9520.32**	-	-	**8241.59**

i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Financial Investments at FVOCI:		-	-	-	-
Total financial assets		-	-	-	-
Financial liabilities		-	-	-	-
Total financial liabilities		-	-	-	-

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Financial Investments at FVOCI:					
Total financial assets		-	-	-	-
Financial liabilities		-	-	-	-
Total financial liabilities		-	-	-	-

Assets and liabilities which are measured at amortised cost for which fair values are disclosed ₹in Crore

At 31st March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans to employees		-	-	10.00	**10.00**
Other Financial Assets		-	-	296.84	**296.84**
Trade Receivables		-	-	7735.33	**7735.33**
Cash & Cash Equivalents		-	-	19.55	**19.55**
Other Bank Balances		-	-	2.65	**2.65**
Total financial assets		**-**	**-**	**8064.37**	**8064.37**
Financial Liabilities					
Borrowings					
ECB Loan		-	-	67.59	**67.59**
Term Loan		-	-	701.25	**701.25**
Borrowings		-	-	7333.77	**7333.77**
Other Financial Liabilities		-	-	303.30	**303.30**
Security Deposits		-	-	217.75	**217.75**
Trade Payables		-	-	896.66	**896.66**
Total financial liabilities		-	**-**	**9520.32**	**9520.32**

₹in Crore

At 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loan to Employee		-	-	11.80	**11.80**
Other Financial Assets		-	-	242.78	**242.78**
Trade Receivables		-	-	7155.76	**7155.76**
Cash & Cash Equivalents		-	-	16.62	**16.62**
Other Bank Balances		-	-	2.44	**2.44**
Total financial assets		**-**	**-**	**7429.40**	**7429.40**
Financial Liabilities					
Borrowings					
ECB Loan		-	-	123.09	**123.09**
Term Loan				218.40	**218.40**
Borrowings		-	-	6122.11	**6122.11**
Other Financial Liabilities		-	-	992.17	**992.17**
Security Deposits		-	-	164.79	**164.79**
Trade Payables		-	-	621.03	**621.03**
Total financial liabilities		-	-	**8241.59**	**8241.59**

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, 2020	N.A.	-
As at 31st March, 2019	N.A.	-

iv) Fair value of financial assets and liabilities measured at amortised cost

(₹in Crore)

	March 31, 2020		March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loan to Employee	10.00	10.00	11.80	11.80
Other Financial Assets	296.84	296.84	242.78	242.78
Trade Receivables	7735.33	7735.33	7155.76	7155.76
Cash & Cash Equivalents	19.55	19.55	16.62	16.62
Other Bank Balances	2.65	2.65	2.44	2.44
Total financial assets	**8064.37**	**8064.37**	**7429.40**	**7429.40**
Financial Liabilities				
Borrowings				
ECB Loan	67.59	67.59	123.09	123.09
SBI Term Loan	701.25	701.25	218.40	218.4
Borrowings	7333.77	7333.77	6122.11	6122.11
Other Financial Liabilities	303.30	303.30	992.17	992.17
Security Deposits	217.75	217.75	164.79	164.79
Trade Payables	896.66	896.66	621.03	621.03
Total Financial Liabilities	**9520.32**	**9520.32**	**8241.59**	**8241.59**

The carrying amounts of trade receivables, trade payables, Borrowing, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. The discount rate considered for FY 2019-20 is 8.50% (CPLY 8.15%). They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

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 ₹7745.18 crore and ₹7166.57 crore as of March 31, 2020 and March 31, 2019, 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	31.03.2020 Rs in crore	% of Total Debtors	31.03.2019 Rs in crore	% of Total Debtors
Govt of India (Subsidy)	6990.11	90.25	6561.90	91.56
Institutional Dealers	273.50	3.53	304.68	4.25
Private Dealers	481.57	6.22	299.99	4.19
	31.03.2020	**% of Debtors to Total Sales**	**31.03.2019**	**% of Debtors to Total Sales**
Total Sales	12781.71	60.60	12214.03	58.67

Note - The Total Subsidy Receivable is ₹6990.11 crore. Loan against Subsidy under Special Banking Arrangement amounting to ₹1215.14 crore (CPLY ₹1451.73 crore) was received during March 2020.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹in Crore

	31 March, 2020	31 March, 2019
Floating rate		
Expiring within one year (Bank Overdraft/CC Limit and other facilities)	666.23	1,531.69

The Bank Overdraft/Cash Credit (CC)/Short term loan (STL) facilities may be drawn at any time and may be called back by the bank at their discretion. The credit facilities of Banks are subject to compliance with sanctioned terms & conditions. The credit facilities have an average maturity of 1 year.

C) Market Risk – Foreign Exchange

The Position of Hedged Foreign Currency exposures are as under:-

₹in Crore

Particulars	Hedged Exposures	Cross Currency	As on 31.03.2020	As on 31.03.2019
Foreign Currency exchange contracts	Trade Exposure/Buyer's credit/ Supplier's credit availed for import of fertilizers and others	-	174.90	-
	Foreign Currency Term Loan (ECB)	-	-	-

The year-end foreign currency expossures that have not been hedged by a dericative instrument or otherwise are as under:-

₹in Crore

Particulars	As on 31.03.2020	As on 31.03.2019
Foreign Currency Term Loan (ECB)	67.59	123.74
Trade Exposure/Buyer's credit/Supplier's credit availed for import of fertilizers and others	57.32	656.01

Notes to Consolidated Financial Statements for the year ended 31st March 2020

Note No. 57 Capital Management

a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt as per guidelines of Governement of India

Consistent with others in the industry, The Company monitors capital on the basis of the following gearing ratio:

Debt (long term borrowings)

divided by

Total 'equity' (as shown in the balance sheet).

The Company's strategy is to maintain Debt Equity ratio within 2.5:1. The Debt Equity ratio is as follows:

₹in Crore

	31 March 2020	31 March 2019
Debt	768.84	341.49
Total equity	1920.94	2219.02
Debt to equity ratio (in times)	0.40	0.15

b) Dividends

₹in Crore

	31 March 2020	31 March 2019
Equity shares		
Interim dividend for the year ended 31 March 2020 (INR 0.95 per share)	46.60	53.47
(31 March 2019 – INR 53.47 crore (INR 1.09 per share) per fully paid share		
Final dividend for the year ended 31 March 2019 (INR 0.77 per share)	-	37.77
(31 March 2018 – INR 0) per fully paid share		

Note No. 58 CoVID-19 Impact Ananlysis:

For the year ended 31.03.2020 operations of the Company: There was no impact on operations of the Company and its results for the year ended 31.03.2020.

For the financial year 2020-21 adverse impact is anticipated in the following areas:

i) Manpower - own employees as well as contract labour downtime due to movement restrictions.

ii) Delay in commissioning of Energy Reduction Projects due to lessor availability of contract labour at site and delay in visit of foreign experts for commissioning activities

iii) Rationalisation of Government expenditure may result in delayed settlement of outstanding subsidies straining liquidity and working capital.

As per current assessment, no significant impact on carrying amount of inventories, tangible assets, intangible assets, trade receivables, investment and other financial assets is expected and Company continues to monitor the change in future economic conditions. The Management does not percieve any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However, the actual impact of CoVID-19 on the Company's financial statements may differ from the current assessment.

Note No. 59 - Restatement of previous year balances.

Ramagundam Fertilizers and Chemicals Limited (Joint Venture Company) has restated its previously reported financial statement as at 01st April 2018 and for the year ending March 31, 2019 and all related disclosures. Accordingly the figures of the Consolidated Accounts have been restated in the following financial items.

Particulars	FY 2018-19 Restated ₹in crore	FY 2018-19 Reported ₹in crore
Other Equity (Note No. 20)		
Retained Earning in Statement of Profit and Loss Account - 01.04.2018	1157.25	1155.69
Share in Loss	4.48	3.37
Investment (Note : 5)		
Accumulated Loss as on 01.04.2018	(4.17)	(1.85)

This has resulted in decrease in profit of previous year ending 31.03.2019 by ₹1.11 crore and correspondingly reduction of Investment by ₹1.11 crore.

Note No. 60 Others

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For and on behalf of the Board of Directors

(Ashok Jha)
Company Secretary
A-14100

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

(Y. P. Bhola)
Director (Finance)
DIN No.08551454

(Virendra Nath Datt)
Chairman & Managing Director
DIN No.07823778

As per our report of even date attached
For Mehra Goel & Co.
Chartered Accountants
Firm Regd. No. 000517N

(Devinder Kumar Aggarwal)
Partner
Membership No.087716

For S. Mann & Company
Chartered Accountants
Firm Regd. No. 000075N

(Subhash Chander Mann)
Partner
Membership No.080500

Place: Noida
Date: 30th July, 2020

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2020

The preparation of financial statements of National Fertilizers Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 July 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of National Fertilizers Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

(Amitabh Prasad)
Principal Director of Audit
(Agriculture, Food & Water Resources)

Place: New Delhi
Date: 11.12.2020

COMMENTS OF THE COMPTROLLER AND AUDITOR TO GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2020

The preparation of consolidated financial statements of National Fertilizers Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory auditors appointed by the Comptroller and Auditor General of India under section 139 (5) read with section 129 (4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 July 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of National Fertilizers Limited for the year ended 31 March 2020 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of National Fertilizers Limited and Ramagundam Fertilizers and Chemicals Limited but did not conduct supplementary audit of the financial statements of Urvarak Videsh Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

(Amitabh Prasad)
Principal Director of Audit
(Agriculture, Food & Water Resources)

Place: New Delhi
Date: 11.12.2020

Efforts to Fight CoVID-19

Thermal Temperature Screening of Workers at the Urea Rake Points

Workers using mask while handling, loading and unloading of Kisan Urea at the railway rake point

Monetary contribution and distribution of PPE Kits, Masks, Fruit Baskets, Food packets etc. to District Authorities at Noida to fight against CoVID-19

Distribution of 3000 Masks to SSP, Bathinda by Bathinda Unit for use by Punjab Police personnel

Vijaipur Unit donated Rs.1.25 Lakh to District Administration to fight against CoVID-19

Sanitization of office premises

Thermal Temperature screening of employees at Bathinda Unit

Employees sanitizing hands at foot operated wash basins units installed at the factory gate of Nangal Unit

CSR Activities

Sh. V. N. Datt, C&MD distributing Cotton Plucking Machines to farmers at Khargone village in Madhya Pradesh under CSR

NFL officials distributing Certificates to Divyangjan beneficiaries after successful completion of three months Mobile Repairing Course under CSR initiative 'Saksham'

Glimpse of Health Check-up Camp for children organized by the Comapny at 10 Government Schools of Noida

Distribution of Dual Desks at Government School, Sutana, Panipat under CSR initiative 'KIND'

Distribution of Desk & Benches at Government School, Nangal under CSR initiative 'KIND'

Agri Extention Services

Sh. V. N. Datt, C&MD, flagging off newly inducted Mobile Soil Testing Van at Corporatate Office, Noida in presence of Directors and Sr. Officials of NFL

Farmers holding Soil Health Cards distributed by NFL in a Village in Distt. Gorkhpur, Uttar Pradesh

A view of Farmer Training Programme organised by NFL Area Office Gaya, Bihar

A view of demonstration plot in a village in Distt. Rohtak, Haryana

Farmer Training programme organised by NFL Area Office Jabalpur, M.P.

A view of demonstration plot in a village in Distt. Mahabubnagar, Telangana

Plant Visits of C&MD / Directors

Shri Virendra Nath Datt, C&MD, Shri Nirlep Singh Rai, Director (Technical) and other Senior officials during plant visit at Panipat Unit

C&MD inspecting Bentonite Sulphur bags at Panipat plant

Shri Virendra Nath Datt, C&MD, Shri Yash Paul Bhola, Director (Finance), Shri Nirlep Singh Rai, Director (Technical) at Seed Processing Plant of Panipat Unit

Shri V. N. Datt, C&MD inspecting Packaging of Liquid Bio-Fertilizers at newly commissioned bottling unit at Vijaipur Bio-Fertilizers Plant

C&MD inspecting Quality of Urea prills on conveyor belt at Panipat Unit

Significant Events

Shri Virendra Nath Datt, C&MD, NFL exchanging the MoU documents for the year 2020-21 with Shri Chhabilendra Roul, Secretary (Fertilizers) after the signing of MoU on 09-11-2020 at Shastri Bhawan, New Delhi. Under the MoU, NFL has set a target to achieve higher market share in 2020-21. Shri Dharam Pal, Addl. Secretary (Fertilizers) and Shri Y. P. Bhola, Director (Finance), NFL were also present on the occasion

C&MD receiving the Swachchta Award from Secretary (Fertilizers) for innovative and effective activities during Swachhta Pakhwada 2020

Visit of the Hon'ble MoS to Plants

Shri Virendra Nath Datt, C&MD welcoming Shri Mansukh Mandaviya, Hon'ble Minister of State for Chemicals & Fertilizers and Shipping (IC) on his arrival at Panipat Unit

Shri Nirlep Singh Rai, Director (Technical) greeting Shri Mansukh Mandaviya, Hon'ble Minister of State for Chemicals & Fertilizers and Shipping (IC) upon his visit to Panipat Unit

Shri Virendra Nath Datt, C&MD discussing the progress of the Company with Shri Mansukh Mandaviya, Hon'ble Minister of State for Chemicals & Fertilizers and Shipping (IC)

Hon'ble Minister of State interacting with C&MD, Director (Technical) and Unit Head during his plant visit at Nangal

Hon'ble MoS distributing Soil Health Cards to farmers during his visit to R&D Farm of NFL Nangal Unit

Felicitating the Hon'ble Minister

Shri Virendra Nath Datt, C&MD greeting Shri D.V. Sadananda Gowda, Hon'ble Union Minister of Chemicals & Fertilizers during his first meeting after taking over the additional charge as C&MD, NFL

एन एफ एल

NFL

National Fertilizers Limited

(A Government India Undertaking)

CIN: L74899DL1974GOI007417

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

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

www.nationalfertilizers.com