

CIN : L74899DLI974GOI007417

Corporate Office :

A-11, Sector-24, NOIDA - 201 301

Distt. : Gautam Budh Nagar (U.P.)

Phone : 0120-2412294, 2412445, 3292201-08

Fax : 0120-2412397

Website : <http://www.nationalfertilizers.com>



नेशनल फर्टिलाइजर्स लिमिटेड

एन.एफ.एल.

NATIONAL FERTILIZERS LIMITED

कारपोरेट कार्यालय :

ए-11, सैक्टर-24, नोएडा - 201 301

जिला गौतम बुद्ध नगर (उ०प्र०)

दूरभाष : 0120-2412294, 2412445, 3292201-08

फैक्स : 0120-2412397

नेशनल फर्टिलाइजर्स लिमिटेड

(भारत सरकार का उपक्रम)

NATIONAL FERTILIZERS LIMITED

(A GOVERNMENT OF INDIA UNDERTAKING)

No.NFL/SEC/SE/AGM/ 6374

Dated: 05.10.2016

Asstt. Vice President (Listing),
National Stock Exchange of India Limited,
Registered Office (Exchange Plaza),
C-1, Block-G, Bandra Kurla Complex,
Bandra (E),
Mumbai-400051.

✓ Dy. General Manager (Corp. Relations),
Bombay Stock Exchange of India Limited,
25th Floor, P.J. Towers, Dalal Street,
Mumbai - 400001.

Sub: Submission of Annual Report of the Company for the Financial Year 2015-16.

Dear Sir/ Madam,

We are forwarding herewith a copy of Annual Report of the Company for the Financial year 2015-16 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by members in the 42nd Annual General Meeting of the Company as per the provisions of Companies Act, 2013.

This is submitted for your intimation and record.

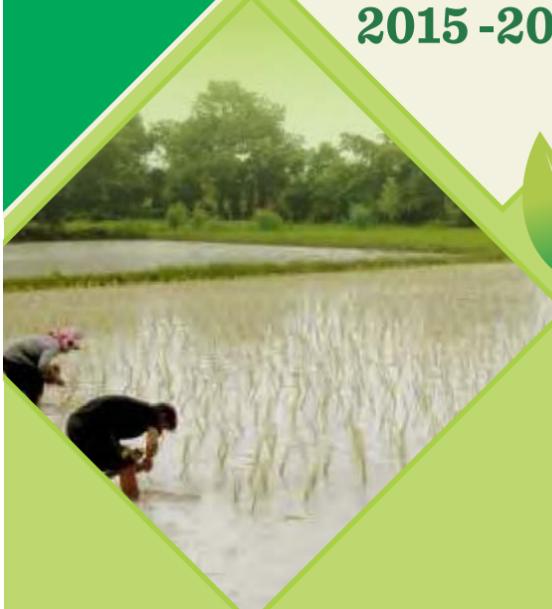
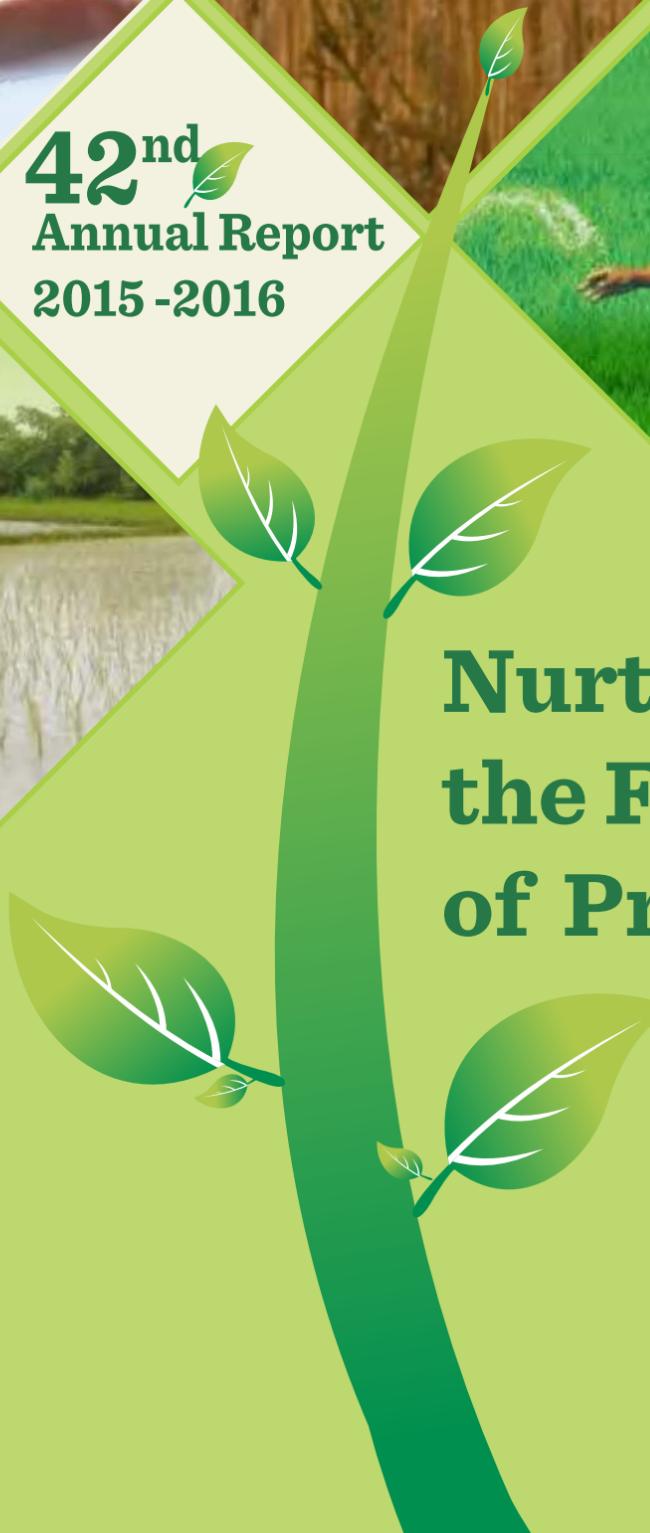
Thanking you,

Yours faithfully,
For National Fertilizers Limited,

R. Kumar

(Raj Kumar)
Company Secretary

Encl: As above



42nd
Annual Report
2015 -2016

Nurturing the Future of Prosperity



नेशनल फर्टिलाइजर्स लिमिटेड

एन.एफ.एल.
NATIONAL FERTILIZERS LIMITED

ध्येय

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

MISSION

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

लक्ष्य

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

VISION

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



STZTNO

Management Team	02
Board of Directors	03
Chairman's Message	05
Performance at a Glance	08
Board Report	09
Management Discussion & Analysis Report	19
Corporate Governance Report	30
Certificate of Auditors on Corporate Governance & Management's Explanation to Auditors' observations	51
Independent Auditors Report (Standalone)	56
Balance Sheet (Standalone)	65
Statement of profit & Loss (Standalone)	66
Cash Flow Statement (Standalone)	67
Notes to Financial Statements (Standalone)	68
Independent Auditors Report (Consolidated)	100
Balance Sheet (Consolidated)	104
Statement of profit & Loss (Consolidated)	105
Cash Flow Statement (Consolidated)	106
Notes to Financial Statements (Consolidated)	107
Comments of C&AG	139
Report on Corporate Social Responsibility	141
Particulars with respect to conservation of Energy	143
Report on Safety, Environment and Sustainable Development	145
Particulars of Loans, Guarantees, Security and acquisition under Section 186 of Companies Act, 2013 (Form MBP-2:)	147
Joint Venture / Associate Companies (Form AOC-1)	148
Related Party Disclosures (Form AOC-2)	150
Report on Procurement from Micro and Small Enterprises (MSEs)	151
Information of persons belonging to SCs/STs/OBCs/PHs	152
Secretarial Audit Report & Management's Explanation to Secretarial Auditors' observations	153
Extract of Annual Return (MGT-9)	157
Directors' Profile	165
Notice of Annual General Meeting	167
Route Map - Venue of 42 nd AGM	176
Proxy Form	177
Attendance Slip	

**BOARD LEVEL****Sh. Manoj Mishra**

Chairman & Managing Director

Sh. M. Sagar Mathews

Director (Technical)

Sh. Rajiv Kumar Chandiok

Director (Finance)

CORPORATE HEADS (S/SHRI)

Vigilance	Dr. A. K. Padhee, IAS Joint Secretary, DoF	Chief Vigilance Officer
Marketing	A.K. Asija	Executive Director
- Industrial Products, Agri. Business and Imports	N.K. Sharma	General Manager
- Sales & Distribution and FMS	Sohan Lal	General Manager
- Finance and Accounts	N.S. Verma	General Manager
Human Resources	M. K. Agarwal	General Manager
Technical	Anil Goel	General Manager
Finance and Accounts - C.O.	Y. P. Bhola	General Manager
Materials	J. P. Sachdev	General Manager
Internal Audit, Law & MS	R. K. Gogia	General Manager
Information Technology	S.M. Vashisht	General Manager
Company Secretariat	Raj Kumar	Company Secretary

UNIT HEADS (S/SHRI)**S.K. Jindal**Executive Director
Panipat Unit**D. S. Ahuja**Executive Director
Bathinda Unit**R. K. Chopra**Executive Director
Vijaipur Unit**Nirlep Singh Rai**General Manager I/c
Nangal Unit**AUDITORS****HDSG & Associates**Chartered Accountants,
New Delhi**Chandiok and Guliani**Chartered Accountants,
New Delhi**REGISTRAR & TRANSFER AGENTS****MAS Services Limited**T-34, IInd Floor,
Okhla Industrial Area-II
New Delhi – 110020
Email: info@masserv.com



Shri Manoj Mishra
Chairman & Managing Director
w.e.f. 03.06.2015



Shri M. Sagar Mathews
Director (Technical)



Shri Rajiv Kumar Chandiok
Director (Finance)



Shri Dharam Pal
Joint Secretary, DoF
w.e.f. 09.02.2016



Shri Gurinderjit Singh Sandhu
Independent Director



Smt. Bhavnaben Kardambhai Dave
Independent Director
w.e.f. 01.07.2016

Shri Heera Lal Samariya
Chairman & Managing Director
upto 03.06.2015

Capt. Pavan Kumar Kaul
Director (Marketing)
upto 05.02.2016

Shri Rajiv Yadav,
Special Secretary & Financial Advisor,
DoF
upto 01.09.2015

Shri Rakesh Kumar
Dy. Secretary,
DoF
upto 14.02.2016

Shri Vinod Kumar Thakral
Special Secretary and Financial Advisor,
DoF
from 09.02.2016 to 31.07.2016

Shri M. Raman
Independent Director
upto 05.05.2016

Shri Vikram Srivastava
Independent Director
upto 05.05.2016



Shri Manoj Mishra, C&MD receiving **Icon of the Year Award** given by The Institute of Cost Accountants of India from Shri Arun Jaitley, Hon'ble Union Minister of Finance, Corporate Affairs and Information & Broadcasting



Shri Manoj Mishra, C&MD receiving the **First Award for Excellent Job in Hindi Language** from Nagar Rajbhasha Karyanvan Samiti, Noida given to Corporate Office, NFL.



Shri R. K. Chandiok, Director (Finance) (Extreme Left), receiving the **Good Performance Award** given by The Institute of Cost Accountants of India to NFL

Chairman's Message



Dear Shareholders,

It gives me immense pleasure to present to you the 42nd Annual Report for the year 2015-16.

Economic Environment & Fertilizer Industry

The Financial Year 2015-16 witnessed continued global volatility across different markets. The fall in oil prices and commodities have had varied impact across different companies and countries. The China slowdown continues to be an important economic factor. However, the downward trend in crude oil prices has positively helped the Indian economy in terms of saving in import bill of crude oil and Government has also set an ambitious target of increasing the contribution of manufacturing output to 25 per cent of Gross Domestic Product (GDP) by 2025, from 16 per cent currently. The introduction of improved methods of agriculture and high yielding varieties (HYV) seeds, mainly wheat, had resulted in remarkable improvement in agricultural outputs. The productivity of land has increased tremendously giving huge economic boost to the nation.

Government of India (GOI) has taken some of the major reforms through notification of various policies such as 100% mandatory production of Neem Coated Urea w.e.f. 25.05.2015, introduction of New Urea policy 2015 for existing gas based Urea manufacturing Units effective from 01.06.2015 and pooling of gas notified w.e.f. 01.06.2015. The New Urea Policy 2015 incentivized the additional production beyond re-assessed capacity of the plants and thereby helped to achieve record domestic Urea production in the country during 2015-16. The introduction of pooling of gas mechanism has facilitated delivery of gas at uniform price to all Urea

manufacturers which has enabled production of Urea beyond re-assessed capacity viable. For the company, it has also helped in reducing the requirement of working capital to some extent.

The GOI is planning to directly transfer the fertilizer subsidy to farmers. This would help the poor farmers, reduce leakage and also reduce the government's subsidy burden, releasing resources to plough back into agriculture in a way that can help a greater number of poor farmers.

Performance Highlights

Despite challenges, your Company performed exceedingly well during the year 2015-16, the Company has achieved the **ever highest Urea production of 37.99 LMT** with an overall capacity utilization of 118%. The urea production includes ever best performance at Nangal, Panipat and Vijaipur-II plants. Urea sale was marginally lower at 36.41 LMT mainly due to poor demand owing to deficit winter rainfall / glut like situation. However, **Urea sale of 19.16 LMT for Rabi season during 2015-16 was ever highest**. Your company is the second largest domestic producer of Urea with market share of 15.5%. The Company recorded ever highest sale of 55,199 MT of Nitric Acid during 2015-16. The company made record production & dispatches of Bio-fertilizers of 567 MT & 619 MT respectively against previous best of 506 MT (2014-15) & 605 MT (2013-14) respectively. After a gap of more than 20 years, during 2015-16 the company imported 33459 MT of DAP worth ₹ 102 crore which was sold in the States of Bihar, MP and UP.

The Company achieved turnover of ₹7765.88 crore (including subsidy of ₹5433.58 crore) compared to ₹8519.69 crore of the CPLY (including subsidy of ₹6461.14 crore). The decrease in sales turnover was mainly due to cheaper gas price under Gas pooling mechanism (\$ 9.96 per mmbtu during current year from \$ 12.43 per mmbtu during CPLY) w.e.f. June 2015 and lower sale quantity.

The Company earned profit before tax of ₹283.49 crore (CPLY ₹ 44.72 crore) and profit after tax of ₹ 197.09 crore (CPLY ₹ 26.24 crore) during 2015-16, which was highest during the last ten years. The increase in profit is mainly attributed to increase in contribution from sale of urea beyond re-assessed capacity, decrease in finance cost, increase in contribution from Industrial products, decrease in energy consumption etc.

Further, all the Units of your Company except Vijaipur-I had achieved ever lowest energy consumption in 2015-16, which had helped in optimizing energy consumption in production of urea.

I am pleased to inform you that the Board has recommended a dividend of 12.10% (₹ 1.21 per equity share) for the year 2015-16 on equity share of ₹10 each amounting to ₹ 59.36 crore.



Agricultural Extension Services

NFL is organizing Agriculture Extension Services with an objective to educate farmers on judicious use of fertilizers along with total know-how on improved and scientific methods of cultivation, enhancing farmers' knowledge about latest techniques thus helping them to increase productivity. During 2015-16, 88 farmer training programmes had been organized and more than 6000 farmers were benefited. During these educational programmes, farmers were sensitized to issues related to soil fertility status including deficiency of various nutrients and remedy to increase fertilizer use efficiency and maximize yields. During the year, more than 36,000 soil samples were analyzed for major and micro nutrients and recommendations given through six static and four mobile soil testing laboratories. Based on the analysis, farmers were advised on soil fertility management through rational use of manure, fertilizers and other inputs to make agriculture more productive and sustainable.

Further, during the year 2015-16, NFL participated in 36 krishi melas / agriculture exhibitions organized by leading agriculture universities, agriculture department in Punjab, Haryana, UP, Uttarakhand, MP, Rajasthan.

Human Resource

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

The Company has manpower strength of 3595 employees as on 31.03.2016, which comprises of 1697 Executives and 1898 Non-Executives. Company promotes the employment of women and at present 202 women employees are on its roll, which is 5.61% of the total work force.

To improve skills and instil behavioural and personality development traits in all supervisory staff and managerial cadre, NFL organised number of training programmes (in-house as well as external) on contemporary subjects during the year. The training programmes were identified through Performance Management System by synchronizing organizational needs with individual needs. The Company also organized specially designed training programmes for developing women employees in various areas of expertise. In these diverse programmes, 12855 man-days training was imparted to employees and 421 man-days training to women employees.

The industrial relations in the company remained cordial during the year and no man-days were lost.

CSR Activities

The Company through its CSR initiatives continues to enhance value creation in the society. Under the "Swachh Vidyalaya Abhiyaan", a component of "Swachh Bharat Mission", launched by Hon'ble Prime Minister, Company constructed toilets in schools located in the vicinity of Panipat, Nangal and Vijapur Units and similar projects in Bathinda is also underway. During the year, the company also undertook relief work for Chennai Flood victims. In addition, various skill development programmes were also undertaken for woman.

Safety, Environment and Sustainable Development

During the year, the Company has undertaken various initiatives for in adopting best practices for health, safety, environment management and sustainable development. 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. Efficiency of Coal fired Boilers in Nangal, Bathinda and Panipat Units is being improved by using various techniques such as use of Coal additives. This will help to reduce consumption of fossil fuel. Afforestation has been adopted in all the Units to improve the environment surrounding the Units. A total of about 20,000 tree saplings were planted in and around various Units leaving a cleaner and greener earth for future generation. During the year, 5 rainwater harvesting system were installed in Units. This would help in conservation of water, increase in underground water table and increase greenery in the surroundings.

Awards and Accolades

I am happy to share with you that during the year 2015-16, your company has received number of prestigious awards in different spheres such as Safety Award (First prize) from National Safety Council of India (NSCI) to Panipat Unit, "**Chal-Vaijayanti Shield**" (First Prize) for excellent work in Official language for the year 2014-15 from Town Official Language Implementation Committee, Noida, **First Award towards best pavilion** in Kisan Agri Expo held in Jaipur, Third Level **Suraksha Puraskar** (Bronze Trophy) for 2015 to Bathinda Unit under Group-B manufacturing sector by NSCI, **Sarvashreshtha Suraksha Puraskar** (Golden Trophy) to Panipat Unit under Group B in manufacturing sector from NSCI and "Icon of the Year Award" to your C&MD by The Institute of Cost Accountants of India for significant contribution to the profession as well as society.



Growth Drivers

The company is focusing on the following areas for achieving growth in its business:

- ✓ Maximization of Urea production in energy efficient manner.
- ✓ Production of new products like Bentonite Sulphur, MoP, SSP etc.
- ✓ Maximization of production of Industrial Products including Ammonium Nitrate
- ✓ Production and sale of quality & certified seeds in own brand name through seeds multiplication program.
- ✓ Domestic trading of Agro products like pesticides, compost, Bentonite Sulphur, etc.
- ✓ Import and sale of fertilizers like Urea, DAP, MoP and complex fertilizers.
- ✓ Revival of other closed plants in the country through Joint venture mode.

Joint Venture

As you are already aware, the Company has formed a joint venture company, Ramagundam Fertilizers & Chemicals Limited (RFCL) with Engineers India Limited (EIL) and Fertilizer Corporation of India Limited for setting up of new gas based plant at Ramugundam in Telangana with a capacity of 1.27 Million Tonnes per annum. The zero date for the project has been declared on 25th September, 2015. The Foundation Stone Laying ceremony was held on 07.08.2016 through the hands of Hon'ble Prime Minister, Shri Narendra Modi at Gajwel, Dist. Medak, Telangana. It is expected that unit would be operational by 30.09.2018.

Corporate Governance

The philosophy of your company in relation to Corporate Governance is to fully conform to applicable laws, regulations, and guidelines and to promote ethical conduct in the organization. The company is committed to the highest standards of Corporate Governance. Report on Corporate Governance has been brought out separately as an annexure to the Directors' Report. All Directors and Senior Management officials have affirmed compliance to Code of Conduct.

I welcome Shri Dharam Pal, Joint Secretary, Department of Fertilizers and Smt. Bhavnaben Kardambhai Dave, Independent Director on joining the Board of the Company and hope that the Company will benefit greatly from their rich experience.

I will also like to place on record deep appreciation for the valuable guidance and significant contributions made by outgoing Directors, Shri Vinod Kumar Thakral, Shri Rakesh Kumar, Capt. Pavan Kumar Kaul, Shri Vikram Srivastava and Shri M. Raman, .

Acknowledgements

I also take this opportunity to express my sincere thanks and gratitude to my colleagues on the Board of Directors for their valuable guidance and support in running the affairs of the company.

I am also thankful for the whole-hearted support received by the Company from Department of Fertilizers, Fertilizer Industry Coordination Committee(FICC), Railways and other Ministries and Departments of Government of India and the various State Governments, Company's Bankers and Auditors and look forward to their continued support in Company's future endeavours. In particular, I shall like to thank all the shareholders for their continued confidence in the Company.

I sincerely thank the employees of NFL at all levels and would like to place on record that but for their contribution and dedication, the results achieved would not have been possible. I expect the same determination and spirit to continue in future to further improve the performance of the company.

Registered Office:

Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003

Date: 22nd August, 2016

(Manoj Mishra)
Chairman and Managing Director
DIN: 06408953



Performance at a Glance

FINANCIAL HIGHLIGHTS

(` in crore)

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Production (Urea) (Lakh MT)	37.99	36.39	36.36	32.11	34.01	33.80	33.30	33.44	32.68	33.51
Capacity Utilisation (Urea) (%)	106.47	101.99	101.92	91.94	105.30	104.60	103.07	103.50	101.10	103.70
Sales (Urea) (Lakh MT)	36.41	36.79	36.87	31.62	33.89	33.59	33.78	33.77	32.38	33.54
Sales - Finished Goods (a)	2096	2044	1936	1670	1919	1841	1662	1680	1616	1648
Sales - Traded Goods (b)	236	15	33	30	23	32	33	3	7	1
Subsidy (c)	5434	6461	6048	5020	5363	3918	3396	3444	2518	2217
TURNOVER (Net) (incl. Subsidy) (a+b+c)	7766	8520	8017	6720	7305	5791	5091	5127	4141	3866
Other Income	46	37	26	27	37	44	57	80	65	28
Earnings before depreciation, interest and tax (EBDITA)	591	419	172	17	342	302	365	293	262	387
Interest and Finance Charges	228	301	204	130	67	9	11	41	17	17
Depreciation	80	73	129	118	91	89	94	96	89	106
Profit/(Loss) before Tax	283	45	-161	-231	184	204	260	156	156	264
Tax Expenses	86	19	-71	-60	57	65	88	58	47	88
Profit/(Loss) after Tax	197	26	-90	-171	127	139	172	98	109	176
Gross Fixed assets	7287	7227	7182	5717	2958	2930	2924	2906	2925	2903
Net Fixed Assets	4288	4482	4682	3501	550	599	666	734	809	871
Current Assets, Loans and Advances	6929	7280	6743	4285	3206	2244	2082	1524	1443	1693
Current Liabilities and Provisions	5233	5731	5731	1430	1600	998	794	885	816	692
Working Capital	1696	1549	1012	2855	1606	1246	1288	639	627	1001
Borrowings	6120	7645	7558	5615	2985	613	403	265	525	327
Net Worth (Paid up Capital*+ Reserve & Surplus)	1607	1481	1494	1584	1754	1672	1582	1471	1408	1371
Capital Employed (Net Fixed Assets + Working Capital)	5984	6031	5694	6356	2156	1845	1954	1373	1436	1872
Employees (Nos.)	3595	3798	4068	4291	4515	4699	4760	4868	4910	4736

Key Indicators

EBDITA/ Turnover (%)	7.62	4.91	2.15	0.25	4.68	5.21	7.17	5.71	6.33	10.01
Return on Net Worth (%)	12.27	1.77	-	-	7.24	8.31	10.87	6.66	7.74	12.84
Return on Capital Employed (%)	3.29	0.44	-	-	5.88	7.51	8.78	7.10	7.56	9.41
Earning per Share of ₹10 (₹)	4.02	0.53	-	-	2.58	2.82	3.50	1.99	2.21	3.59
Debt/Equity Ratio	#2.88 : 1	#3.65 : 1	#3.06 : 1	#2.47 : 1	1.70 : 1	0.37 : 1	0.25 : 1	0.18 : 1	0.37 : 1	0.24 : 1
Current Ratio	1.32 : 1	1.27 : 1	1.12 : 1	3.00 : 1	2.00 : 1	2.25 : 1	2.62 : 1	1.72 : 1	1.76 : 1	2.45 : 1
Value Added per Employee (₹. In Lakhs)	54	39	32	24	26	23	23	20	19	19
Dividend (₹. In Crores)	59.36	8.34	-	-	38.27	41.70	51.51	29.43	32.60	52.83
Dividend as % of Net Worth	3.70	0.56	-	-	2.18	2.49	3.26	2.00	2.32	3.85
Dividend as % of Profit after tax (PAT)	30.11	31.78	-	-	30.20	30.11	30.03	30.20	30.00	30.00
Profit (PAT) per employees (₹. In Lakhs)	5.48	0.69	(2.21)	(3.99)	2.81	2.96	3.61	2.01	2.22	3.72
Interest Coverage Ratio (No. of Times)	2.60	1.39	0.84	0.13	5.10	33.56	33.18	7.15	15.41	22.76
Debt Service Coverage Ratio (No. of Times)	2.10	0.94	0.66	0.62	4.72	36.40	33.09	7.21	8.41	22.40
Book Value per shares (₹)	32.75	30.19	30.45	32.28	35.76	34.09	32.25	29.98	28.69	27.94
Price Earning Ratio**	7.00	67.97	-	-	30.27	40.86	25.51	23.76	31.20	10.36

Debt - Equity ratio excludes debts borrowed by company for Feed Stock Conversion Project from 'LSHS/FO' to Gas at Nangal, Bathinda and Panipat Unit which under the GoI Policy will be reimbursed to the Company as Capital Subsidy but including short term loan.

*Paidup Capital of ₹490.58 Cr (i.e. 49,05,78,400 Equity Shares of ₹10/- each fully paid up.

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



Board Report

To,

Dear Members,

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 42nd Annual Report on the business and operations of the Company together with the Audited Financial Statements including Consolidated Financial Statements of the Company for the Financial Year 2015-16 and the Auditors' Reports and comments of the Comptroller & Auditor General of India (C&AG).

During the year 2015-16, Company achieved a turnover of ₹ 7765.88 crore as against ₹ 8519.69 crore achieved during the previous year. The turnover was lower by ₹ 753.81 crore mainly due to reduction in subsidy owing to cheaper gas price under gas pooling mechanism, lower sale quantity of urea, despite higher realizations from sale of neem coated urea.

During 2015-16, Company has achieved highest Profit Before Tax of ₹ 283.49 crore and Profit After Tax of ₹ 197.09 crore during the last ten years.

During the financial year 2015-16, the Company has achieved the ever best production of urea 37.99 LMT with an overall capacity utilization of 118% surpassing the previous best performance of 36.39 LMT during financial year 2014-15. The urea production during 2015-16 includes ever best performance at Nangal, Panipat and Vijaipur-II plants. Further, all the Units of your Company except Vijaipur-I had achieved ever lowest energy consumption in 2015-16, which had helped in optimizing energy consumption in production of urea.

Energy consumption of urea at all the units as compared to pre-set energy norms and corresponding period last year are given below:-

Gcal/MT/Urea

Units	Pre-set Norms (upto 31.05.2015)	Pre-set Norms (w.e.f. 01.06.2015)*	Actual Energy	
			2015-16	2014-15
Nangal	7.095	7.095	7.012	7.017
Panipat	7.614	7.614	7.259	7.500
Bathinda	7.479	7.479	7.003	7.131
Vijaipur I	5.952	5.904	5.750	5.740
Vijaipur II	5.712	5.569	5.410	5.431

Financial Highlights

Your Company's key financial parameters during the year 2015-16 and important financial highlights are as under:-

(₹ crore)

Particulars	2015-16	2014-15
Sale of urea (LMT)	36.41	36.79
Sale of urea (Net of Excise Duty)	1966.37	1938.25
Subsidy on urea	5384.14	6461.14
Net Sales of urea	7350.51	8399.39
Sale of other products including subsidy on imported DAP (Net of Excise Duty)	415.37	120.30
Net Sales	7765.88	8519.69
Other Income	46.33	37.13
Total Income	7812.21	8556.82
Total Expenses	7220.81	8138.18
Earnings Before Interest, Depreciation and Taxes (EBIDTA)	591.40	418.64
Interest	227.88	301.36
Depreciation	80.03	72.56
Profit Before Tax (PBT)	283.49	44.72
Provision for tax	86.40	18.48
Profit After Tax (PAT)	197.09	26.24



RESERVES

Capital Reserve

The balance as at 31st March 2016 amounted to ₹ 2.51 crore, which was at the same level as was in the previous year.

Debenture Redemption Reserve

The debenture redemption reserve stood at ₹10.04 crore as compared to ₹17.57 crore as on 31.03.2016. The reduction of ₹7.53 crore was on account of redemption of 2nd installment on Non-convertible Bonds.

Corporate Social Responsibility Reserve

CSR Reserve stood at ₹4.01 crore as on 31.03.2016 as compared to ₹5.26 crore on 31.03.2015. The reduction of ₹1.25 crore (net) was on account of amount utilized for CSR expenditure.

General Reserve

An amount of ₹12.57 crore was transferred to General Reserve from the surplus. Further, an amount of ₹ 7.53 crore was transferred to General Reserved from the Debenture Redemption Reserve. The General Reserve as on 31.03.2016 stood at ₹ 322.85 crore as compared to ₹ 302.75 crore as on 31.03.2015.

Surplus

The balance retained in the surplus as at 31st March, 2016 is ₹ 776.66 crore as compared to ₹ 662.33 crore for the previous year, after providing for dividend of ₹59.36 crore and Dividend Tax of ₹12.08 crore.

Dividend

Board has recommended a dividend of 12.10% (₹1.21 per equity share) for the year 2015-16 on equity share of ₹10 each amounting to ₹ 59.36 crore on its paid-up share capital of ₹ 490.58 crore and Dividend Distribution Tax of ₹12.08 crore. The total dividend pay-out including Corporate Dividend Tax accounts for 36.25% of Profit After Tax.

Foreign Exchange Earnings/Outgo

The foreign exchange earnings by way of trade margins during the year was 'NIL'. The foreign exchange outgo by way of imports and other expenses amounted to ₹128.30 crore.

BORROWINGS

Long Term Loans

Long term loan as on 31st March, 2016 was ₹1827.36 crore. The outstanding Rupee Term Loan, External Commercial Borrowings and Bonds stood at ₹1540 crore, USD 36.95 million and ₹40.16 crore respectively.

Short Term Loans

Short Term borrowings were ₹4292.23 crore (previous year ₹5002.27 crore) as on 31st March, 2016 were outstanding.

Debt Equity Ratio

Debt equity ratio as on 31st March, 2016 has reduced to 2.88:1 as compared to 3.65:1 of previous year due to repayment of long term long term loans.

State of affairs of the Company

Detailed analysis with regard to production, sales targets and achievement thereof has been made in Management Discussion & Analysis Report. However, a brief of production, sales, etc. is given below:-

Production

During the year, your Company achieved ever highest urea production of 37.99 LMT with an overall capacity utilization of 118% surpassing the previous best production of 36.39 LMT achieved during 2014-15. The urea production during 2015-16 included ever best production from Nangal, Panipat and Vijaipur-II Units.

Sales Performance

During the year, your Company achieved urea sale of 36.41 LMT as compared to 36.79 LMT of the previous year, lower by 0.38 LMT (1.03%). Company achieved sales turnover of ₹7765.88 crore compared to ₹ 8519.69 crore of the previous year. The turnover of industrial products increased to ₹127.10 crore as compared to ₹102.21 crore of the previous year primarily due to increase in sale of Nitric Acid.

Trading of Agricultural Products (Pesticides, Seeds, Bentonite Sulphur, Compost, Bio-fertilizers, etc.)

Sale value of other products was ₹ 288.27 crore during the year against ₹18.09 crore achieved during CPLY. The turnover of traded goods was ₹285 crore (including ₹42 crore towards domestic trading of DAP) against CPLY of ₹15 crore.

Agri Extension

NFL is organizing Agriculture Extension Services with the objective to educate farmers on judicious use of fertilizers along with total know how on improved and scientific methods of cultivation, enhancing farmers' knowledge about latest techniques thus helping them to increase productivity.

Dealers/Retailers are important link between company and farmers and key change agents in motivating the farmers to use fertilizers in a balanced manner and adopting Integrated Nutrient management with the use of organic source of fertilizers. 40 Dealer's/Retailer's Orientation Programmes were conducted and more than 2000 dealers/retailers were facilitated by upgrading their knowledge regarding fertilizer/Agro products and improved crop practices so that latest information can be disseminated to farmers at point of purchase to the farmers.

It is essential to educate the farmers on issues related to soil testing, soil health, balanced fertilization etc. to optimize farmer's crop yield and farm income. 88 farmer training programmes were organized during 2015-16 and more than 6000 farmers benefited. During these educational programmes, farmers were sensitized to issues related to soil fertility status including deficiency of various nutrients their remedy to increase fertilizer use efficiency and maximize yields.

During the year, 2015-16, 86 demonstrations were also carried out at farmers field to demonstrate the effect of Biofertilizers and Bentonite Sulphar on crop growth and yield as compare to farmer's own practices.

NFL is making all efforts in rendering advisory services to farmers by conducting Soil testing to optimize soil productivity. Soil testing helps diagnose soil health and evolve soil specific and crop specific solutions. It helps to identify problematic soils, their nutritional status, texture and structure. 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 36,000 soil samples were analyzed for major and micro nutrients and recommendations given through six static and four mobile soil testing laboratories. NFL has also upgraded its Soil Testing Labs at Barabanki and Nangal by installation of Atomic Absorption Spectrophotometer (AAS) for micronutrient analysis.

Agricultural exhibitions and krishi melas aims to bring stakeholders from all disciplines of Agriculture like farming, Livestock, dairy, import and export, poultry and Horticulture sectors under one roof and provides 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 very effective way to communicate directly with the farmers and also to interact with scientists and experts from various agricultural fields. During the year 2015-16, NFL participated in 36 krishi melas/agriculture exhibitions organized by leading agriculture



NFL Stall in Kisan Mela



NFL employees educating farmers about Neem coated urea



Farmers orientation Programme by NFL

universities, agriculture department in Punjab, Haryana, UP, Uttarakhand, MP, Rajasthan.

A project on “Agronomic evaluation of Nitrification inhibitors and coated urea materials for improving productivity and nitrogen use efficiency of Rice and Sugarcane.” was carried out by NFL through Indian Agriculture Research Institute (IARI) New Delhi was started from 2014-15 and in order to validate the results of first year trial, repeated during 2015-16.

Soil Health Awareness Fortnight Celebrated by Marketing Division

The ‘World Soil Day’ on 05.12.2015, followed by the ‘Soil Health Awareness Fortnight’ from 05.12.2015 to 19.12.2015, was celebrated with much enthusiasm and fervor by marketing department in all the major states of NFL marketing territory. The following planned activities were undertaken during the fortnight:

- A pledge was taken at all 45 field offices with active participation of dealers and farmers.
- Banners promoting awareness on soil testing and balanced fertilization were displayed at all NFL offices and all prominent locations visible to farmers and other stake holders.
- An SMS and voice mail campaign was launched and messages were sent to 3 lakh farmers in Punjab, Haryana, UP, MP, Rajasthan & Bihar.
- 17 jeeps covered more than 500 villages over a period of 7 days and more than 15000 farmers benefitted. The states covered under this campaign are UP, Uttarakhand, Bihar, Jharkhand, Punjab, Haryana, Himachal Pradesh, Rajasthan and MP.
- 5134 soil samples were collected and tested in 9 villages in six states. 3317 soil health cards were distributed during this period. Based on this testing and analysis, soil fertility maps were prepared for and displayed in two of the villages (District Indore & Ratlam)
- Literature (package of packets), purchase from agriculture universities, was distributed to 1000 farmers in 9 villages
- Farmer education programmes were conducted on 05.12.2015 and thereafter in 9 identified villages of Punjab, Haryana, UP, MP, Bihar and Rajasthan.
- A special documentary film on soil health, soil testing and balanced fertilizer use named “Swastha Dharti, Khush-hali ka Aadhaar” was made. The film was shown to farmers in more than 200 villages.



Soil Fertility Map prepared by Company during ‘Soil Health Awareness Fortnight’

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-A1 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 interests of all stakeholders. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) and DPE Guidelines on Corporate Governance, a report on Corporate Governance forms part of this report as Annexure-A2.

There is no significant and material orders passed by the regulators or Courts or tribunals impacting the going concern status and Company’s operations in future.

The statutory auditors of the Company have examined and certified your Company’s compliance with respect to conditions enumerated in SEBI (LODR) Listing Regulations, 2015 (erstwhile Clause 49 of the Listing Agreement) and DPE Guidelines on Corporate Governance. Statutory Auditors Certificate on Corporate Governance and explanation of the Management to Statutory Auditors’ observations forms part of this report as annexure-A3.



The Right to Information Act 2005

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 an 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, 251 applications were received and the information was provided to the applicants within the prescribed time limit.

Vigil Mechanism

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

Whistle blower Policy

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

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.

Vigilance

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

Promotion of good governance remains the core area of vigilance. Apart from streamlining the systems and providing flexibility to the units to perform better, efforts were made to build confidence across the organization to facilitate faster decision making. Awareness is an important cornerstone for good governance. An enlightened employee contributes in achieving the organizational goal as well as in system improvements. Preventive vigilance workshops/ training programs were conducted at all offices & production units. Involvement of all employees in these programs helps to create an environment of ethical growth in the Company.

Vigilance Awareness Week was observed from 26.10.2015 to 31.10.2015 by giving special emphasis on theme of the year 'Preventive Vigilance as a tool of Good Governance' given by CVC. As desired by CVC, debate competitions were organized involving youth and college students to ensure that vigilance becomes a point of discussion among the youth.

MoU

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

NFL has received "Very Good" rating under MoU for the year 2014-15. Company signed MoU for 2015-16 with DoF on 30-03-2015 which is the 25th year of the Company under MoU system.

Awards & Accolades

- i) **Safety Award** (First prize) from National Safety Council of India (NSCI) to Panipat Unit.
- ii) **"Chal-Vaijayanti Shield"** (First Prize) for excellent work in Official language for the year 2014-15 from Town Official Language Implementation Committee, Noida.
- iii) **First Award towards best pavilion** in Kisan Agri Expo held in Jaipur.
- iv) Third Level **Suraksha Puraskar** (Bronze Trophy) for 2015 to Bathinda Unit under Group-B manufacturing sector by NSCI.
- v) **Sarvashreshtha Suraksha Puraskar** (Golden Trophy) to Panipat Unit under Group B in manufacturing sector from NSCI.
- vi) **"Icon of the Year Award"** to C&MD, NFL by The Institute of Cost Accountants of India for significant contribution to the profession as well as society.



Corporate Social Responsibility

The Company through its CSR initiatives continues to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate.

Company has formed a Committee of Directors to guide the CSR activities. The constitution of the committee is given in detail in the Corporate Governance Report. Company follows a well formulated CSR policy to enhance that CSR activities are undertaken in a systematic and methodological manner as per the DPE guidelines, Companies Act, 2013 and Company (CSR) Rules, 2014. CSR Policy is available on the website of the company at www.nationalfertilizers.com.

During the year, 2015-16, the Company incurred an expenditure of ₹125 lakh towards CSR initiatives. Company has undertaken various activities such as construction of toilets in schools, relief work for Chennai flood victims, installation of Atomic Absorption Spectrometer (AAS) equipment for testing of micro nutrients in soil, skill development programmes for women etc. A detailed Report on Corporate Social Responsibility is given in the annexure-B1 to the report.

Research and Development

In compliance with the guidelines on Research & Development (R&D) notified by the Department of Public Enterprises, the Company has an R&D Policy and R&D Plan duly approved by its Board of Directors.

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

Disclosures in terms of Companies (Accounts) Rules, 2014 in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Outgo are given in the Annexure-B2.

Safety, Environment and Sustainable Development

Company has undertaken various initiatives for in adopting best practices for health, safety, environment management and sustainable development as detailed in the Annexure-B3.

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

Particulars of loans given, guarantees provided, investments in securities and acquisitions made by the Company during the year under review are given in MBP-2 as Annexure-B4 to the Report.

Joint Venture / Associate Companies

Details of Joint Venture /Associate Companies pursuant to Section 129(3) of Companies Act, 2013, the statement containing the salient features of the financial statement of associate company / joint venture company is included in the consolidated financial statements as Annexure-B5 hereto.

Related Party Disclosures

The particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including arm's length transactions under third proviso thereto are disclosed in Form No.AOC-2 as Annexure-B6. Related Party Transactions Policy of the Company is available at www.nationalfertilizers.com.

Risk Management

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

Particulars of employees

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

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

Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 which stipulates that 20% of total annual procurement of goods and services shall be made by all Central



Ministries /Departments /CPSUs from Micro & small Enterprises (MSEs). Within this percentage, a sub total of 4% procurement is to made from MSEs owned by SC/ST entrepreneurs. This Policy has become mandatory w.e.f. 01.04.2015. Requisite information for 2015-16 is annexed as Annexure-B7 to this report.

Human Resource Management

the company has a manpower strength of 3595 employees as on 31.03.2016, which comprises of 1697 executives and 1898 non-executives. company promotes the employment of women and at present 202 women employees are on its rolls, which is 5.61% of the total work force. the detailed analysis with regard to human resource including training and executive development programmes 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.

Pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Rules issued thereunder, your Company confirms that no complaint/case has been filed/pending with the Company during the year 2015-16.

Official Language

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

To promote Official Language 'Hindi' 30 Hindi workshops were organized during the year in which 695 employees had participated. Hindi Pakhwada was organized in all the Units/Offices of the Company to mark the Hindi Day. During the year, 53 Programmes/Competitions were held in order to promote Hindi and 1316 employees participated in them. 62 employees were awarded cash prizes under the 'Cash Incentive Scheme' for doing their official work in Hindi.

During the year 2015-16 Corporate Office, Noida was awarded with First Prize "Chal Vijayanti" Shield by Town Official Language Implementation Committee, Noida for doing exceptional work in Hindi.

Regional Implementation Office (Northern region), Ministry of Home, Government of India has awarded First Prize, Rajbhasha Shield to Panipat Unit under "A Category Undertaking" for year 2014-15 for doing excellent work in Hindi.

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is already functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. A liaison Officer of appropriate status has been appointed in each Unit/Office 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 Welfare Associations by the Management for redressal of grievances of SC/ST employees. As a mark of respect to Bharat Ratna Dr. B. R. Ambedkar, his birth anniversary and Parinirvan Diwas were observed at all Units/Offices of the Company in befitting manner. One park at Nangal Unit, a stadium at Bathinda Unit, Multi-purpose Hall at Vijapur Unit and one Bhawan at Panipat Unit are named after Dr. B.R. Ambedkar. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for such programmes conducted by external agencies. During 2015-16, 2785 man-days training (in-house as well as external training programmes) was imparted to SC/ST employees. A statement showing representation of employees belonging to Scheduled Casts / Scheduled Tribes / backward Classes / Persons with disabilities is appended as Annexure-B8 to this report.

Information Technology

Company has been making optimum use of information technology in various business functions. Web based Marketing Management & Information system is effectively being used by the entire marketing & Finance team for various day-to-day business functions. Many other on-line applications are also running across all plants & Corp. Office. Company is in the process of consolidating various distributed business applications. Mobile alerts to employees are also being incorporated in various applications.

Secured & redundant MPLS VPN interconnecting various plants, Zonal Offices & Corporate Office have been installed for un-interrupted on-line business applications, data sharing & messaging system amongst various offices of the company.

Company has already setup Video conferencing facility amongst Corporate Office & Plants for conducting video conferencing & knowledge sharing amongst plants & Corp. Office. The facility is also being set up at all the Zonal Offices.

**Statutory Auditors & Statutory Auditors Report**

The Statutory Audit of your Company was conducted by Chartered Accountants firms M/s. HDSG & Associates and M/s. Chandio & Guliani, Joint Auditors appointed by Comptroller & Auditor General of India (C&AG). Auditors' Report on the Financial Statements including Consolidated Financial Statements of the Company for the financial year 2015-16 is attached.

Comments of C&AG

The Review of Financial Statements including Consolidated Financial Statements for the year ended 31st March, 2016 carried out by the Comptroller and Auditor General of India (C&AG) under Section 143(5) of the Companies Act, 2013 forms part of this report. C&AG has not given any comments.

Cost Audit

As prescribed under Section 148 of the Companies Act, 2013 and Companies (Cost Records and Audit) Rules, 2014, the cost accounting records are being maintained by all the Units of the Company. Cost Audit for 2014-15 was carried out by Cost Auditors as prescribed under the Companies Act, 2013 and Rules framed thereunder. Consolidated Cost Audit Report for the financial year 2014-15 was filed with MCA on 28.09.2015.

Internal Audit

Your Company has an in-house internal Audit Department, which is headed by General Manager. Company also engages professional agencies to carry out the Internal Audit.

Secretarial Audit

Your Company has appointed M/s. Agarwal S. & Associates as Secretarial Auditors for 2015-16. Secretarial Audit Report for 2015-16 and Management's explanation to Secretarial Auditors' observations are annexed as Annexure-B9 to this Report.

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.

Policy for determining Material Subsidiary

The Policy has been uploaded on the website of the Company at www.nationalfertilizers.com.

Board Meetings

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

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

The extract of Annual Return as provided under sub-section (3) of Section 92 in Form MGT-9 is annexed hereto as Annexure-B10.

Financial Accounting

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and in compliance with all applicable accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) and provisions of the Companies Act.

Sweat Equity

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

Investor Education and Protection Fund

During the year 2015-16, ₹77309 have been transferred to Investor Education and Protection Fund on account of unpaid/unclaimed dividend.

Listing

Company is listed at Nation Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE). As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Company entered into new Listing Agreement with NSE and BSE. Other disclosures regarding listing regulations have been made in Corporate Governance Report.



Listing Fee

Company has paid requisite listing fee to the stock exchanges during the year 2015-16.

Code of Conduct

Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2016.

Key Managerial Personnel

In compliance with provisions of Section 203 of the Companies Act, 2013, Company has appointed KMPs. The details are as follows:-

Shri Heera Lal Samariya, C&MD remained KMP upto 03.06.2015.

Shri Rajiv Kumar Chandiok, Director (Finance) has been acting as CFO and continuing as KMP

Capt. Pavan Kumar Kaul, Ex-Director (Marketing) remained KMP upto 05.02.2016.

Shri M. Sagar Mathews, Director (Technical) is continuing as KMP.

Shri Manoj Mishra, C&MD who has been appointed KMP w.e.f. 04.07.2015.

Shri Raj Kumar, Company Secretary and Compliance Officer and is continuing as KMP.

Board of Directors

Change in composition

Shri Manoj Mishra (DIN 06408953), has taken over as Chairman & Managing Director of the Company w.e.f. 03.06.2015.

Shri Heera Lal Samariya (DIN 00054859), Jt. Secretary, DoF, ceased to be a Director & Chairman & Managing Director of the Company from 03.06.2015.

Shri Rajiv Yadav (DIN 00322778), Special Secretary and Financial Advisor, DoF, Ministry of Chemicals & Fertilizers, Government of India ceased to be a Director of the Company from 01.09.2015.

Shri Rakesh Kumar (DIN 06940386), Dy. Secretary, DoF, Ministry of Chemicals & Fertilizers, Government of India ceased to be a Director of the Company from 14.02.2016.

Shri Vinod Kumar Thakral (DIN 00402959), Special Secretary & Financial Advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India, was appointed as Additional Directors on the Board of the Company w.e.f. 09.02.2016 and ceased to be a Director on 31.07.2016 consequent upon his superannuation.

Shri Dharam Pal (DIN 02354549), Jt. Secretary, DoF, Ministry of Chemicals & Fertilizers, Government of India, has been appointed as Additional Directors on the Board of the Company on 09.02.2016 and will hold that position upto the ensuing AGM.

Capt. Pavan Kumar Kaul (DIN 03438497), ceased to be a Director of the Company from 05.02.2016 on completion of his tenure of directorship.

Shri Vikram Srivastava (DIN 06541689) and Shri M. Raman (DIN 01226770), Independent Directors ceased to be Directors of the Company from 05.05.2016 on completion of their tenure of directorship.

Smt. Bhavnaben Kardambhai Dave (DIN: 07557056), has been appointed as Part-time Independent Additional Director w.e.f. 01.07.2016 and shall hold office till the ensuing AGM.

Details of tenure of existing directors and those who ceased to be director on the Board during 2015-16 is also provided in the Corporate Governance Report.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Rajiv Kumar Chandiok (DIN: 05146544), Director (Finance) will retire by rotation at the ensuing AGM and being eligible has offered himself for re-appointment. Notice has been received u/s 160 of Companies Act, 2013 for appointment of Shri Dharam Pal and Smt. Bhavnaben Kardambhai Dave as Directors at the ensuing Annual General Meeting.

Brief resume of Directors seeking appointment/reappointment is given as an annexure to Notice of Annual General Meeting.

Declaration by Independent Directors u/s 149(6)

All Independent Directors have given declaration that they meet the criteria of Independence as laid down in Section 149(6) under 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 Company

Disqualifications of Directors

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

Performance evaluation of Board and Directors

As per provisions of Section 134(3)(p) of the Companies Act, 2013, every listed company, 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 Directors' Report.

The Independent Directors in their separate meeting met on 12.01.2016 inter-alia reviewed the performance of the Board as a whole. It is submitted that MCA vide 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.

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 Chairperson and Functional Directors by Administrative Ministry. Upon request and representations received from CPSEs, the Department of Public Enterprises has also written to Department of Economic Affairs and Securities and Exchange Board of India to align the SEBI (LODR) Regulations, 2015 with the Companies Act, 2013 based on the Exemptions under Companies Act, 2013 as provided to the Government Companies. In view of the above exemption, the performance evaluation of the Chairperson, Functional Directors and Part-time Official Directors was not carried out.

Directors' Responsibility Statement

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

- a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departure has been made therefrom by the Company;
- b) the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2015-16 and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 and with applicable powers for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the Annual Accounts on a going concern basis.
- e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

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

Your Directors also acknowledge the suggestions received from Statutory Auditors, Cost 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.

Registered Office:

Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003
Date: 22nd August, 2016

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN:06408953



Management Discussion and Analysis Report

Annexure-A1

State of Economy & Manufacturing Industry

The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration with the global economy. It has the potential to become the world's 3rd largest economy by the next decade, and one of the largest economy by mid-century. The outlook for short-term growth is also good as according to the IMF, the Indian economy is the "bright spot" in the global landscape. India also topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.6% in 2015-16 and expected to grow 7.7-8.0% in 2016-17.

The downward trend in crude oil prices has helped positively the Indian economy in terms of saving in import bill of crude oil and Government has also set an ambitious target of increasing the contribution of manufacturing output to 25 per cent of Gross Domestic Product (GDP) by 2025, from 16 per cent currently. Agriculture is considered the backbone of Indian economy. The introduction of improved methods of agriculture and high yielding varieties (HYV) seeds, mainly wheat, had resulted into remarkable improvement in agricultural outputs. The productivity of land has increased tremendously giving huge economic boost to the nation.

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 Gol for pricing and distribution of fertilizers. At present, Urea prices are highly subsidized and administered under New Urea policy-2015 whereas P&K Fertilizers are partially decontrolled and subsidy is disbursed based on the nutrient content available in the particular fertilizer under Nutrient Based Subsidy introduced by Gol w.e.f. 01-04-2010.

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

Apart from domestic production, Gol is also importing Urea through three canalizing agencies viz. MMTC, STC and M/s IPL while import of DAP, MoP and other complex Fertilizers is de-canalized.

Under 'Make in India' initiative of the Government, record Urea production of 245 LMT in the country was achieved during 2015-16 and all out efforts are being made to revive the closed Urea plants in the country which shall not only reduce the dependence on imports but also make the country self-reliant in Urea.

The Gol has taken some of the major reforms through recent notification of various policies such as 100% mandatory production of Neem Coated Urea w.e.f. 25-05-2015, introduction of New Urea policy 2015 for existing gas based Urea manufacturing Units effective from 01-06-2015 and application of gas pooling w.e.f. 01-06-2015.

The New Urea Policy 2015 incentivizes the additional production beyond re-assessed capacity of the plants and thereby helped to achieve record domestic Urea production in the country during 2015-16.

The introduction of pooling of gas mechanism has facilitated delivery of gas at uniform and lower price to Fertilizer companies which has also enabled the Urea manufacturers to make production beyond re-assessed capacity and helped in reducing the requirement of working capital to some extent.

During 2015-16, Country had a total demand / sale of Urea equivalent to 33 million tons which was met by domestic production of 24.5 million tons and 8.5 million tons of Imports. Consequent to the favorable policies notified by Gol as mentioned above, the availability position of Urea in the market is quite comfortable and probably no shortage of Urea shall be felt by the farmers during 2016-17.

Further, Economic Survey 2015-16 tabled in Parliament on 26th February, 2016 emphasized on the need for various reforms in the fertilizer sector such as de-canalization of Urea import, bring Urea under Nutrient Based Subsidy program currently applicable to Phosphatic and potassic (P&K) fertilizers, Direct Benefit Transfer in Fertilizers. This would help the poor farmers, reduce leakage and also reduce the government's subsidy burden, releasing resources to plough back into agriculture in a way that can help a greater number of poor farmers.

However, Fertilizer industry continues to face liquidity problem. Above all, severe liquidity problem faced by the industry arising out of under



provision of budget by GoI is predominant and shall continue. Total requirement of fertilizers subsidy for 2016-17 is estimated to be over ₹1.15 lakh crore after including arrears of ₹45000 crore carried forward from 2015-16 against budget of ₹70,000 crore provided for 2016-17.

The imbalanced use of fertilizers due to highly subsidized Urea continues to be another challenge and needs to be addressed on priority. On this front, GoI has decided to distribute Soil health cards to all farmers to enable them to get information about nutrients level in the soil to make judicious use of fertilizers and to provide soil and seed testing facilities at retail outlets of fertilizer companies. A policy for conversion of city waste into compost has been approved by the government under the Swachh Bharat Abhiyan. Fertilizer companies will also market city compost to increase the efficiency of chemical fertilizers.

The government plans to directly transfer the fertilizer subsidy to farmers and an experimental project for the same is being considered in 16 districts. The department of fertilizer (DoF) is working on a road map to capture the details of farmers, so that sales data can be captured and subsidy can be transferred to farmers' accounts directly. The department (DoF) is working closely with the mission directorate to implement DBT (direct benefits transfer) in fertilizers. This shall improve the efficiency of disbursement of subsidy and address the problem of delayed release of subsidy to the Industry by GoI.

PM's 'dream' to double farmers' income by 2022, when India celebrates its 75th year of Independence shall require raising the productivity, diversify production towards high value agriculture and shift a major portion of farm employment to non-farm activities. Raising productivity requires massive investments in Agri-R&D, irrigation and fertilizers and therefore it throws huge opportunities to the fertilizer sector.

Opportunities & Threats

Opportunities

- ✓ Growing agricultural economy and Urea demand.
- ✓ Incentive for higher production under NUP-2015.
- ✓ Opportunity for New Investments under NIP-2012.
- ✓ Scaling up production of Bio-Fertilizers.
- ✓ Scope for production & sale of certified seeds.
- ✓ Leverage of existing marketing network for undertaking trading and other businesses.
- ✓ Scope for Increase in capacity utilization of Nitric Acid & Ammonium Nitrate Plants at Nangal.
- ✓ Reduction in gas price enabling additional production.
- ✓ Introduction of Direct Benefit Scheme to Farmers for Urea subsidy to improve cash flow and reduce borrowings.
- ✓ Customized, fortified, water soluble & liquid fertilizers for balanced fertilization.

Threats

- ✓ Lower international price of Urea making additional production unremunerated.
- ✓ Inadequate subsidy budget of the Government.
- ✓ Increased Government regulations & procedures.
- ✓ Strict energy norms in 2018-19 under NUP-2015.
- ✓ Inadequate availability of domestic natural gas.
- ✓ Poor quality of coal.
- ✓ Adverse demand supply scenario of Fertilizers due to adverse agro Climatic condition.
- ✓ Volatility in prices of Industrial Products.
- ✓ Decontrol of Urea.



Segment wise or product wise performance

Urea

The Company has achieved the ever highest Urea production of 37.99 LMT with an overall capacity utilization of 118% during 2015-16 surpassing the previous best production of 36.39 LMT achieved during 2014-15 by 1.60 LMT which is 4.4% higher than the previous best production. Urea sale during the year was 36.41 LMT which remained marginally lower than previous year mainly due to poor demand owing to deficit winter rainfall / glut like situation. However Urea sale of 19.16 LMT for Rabi season during 2015-16 was ever highest surpassing the previous best of 18.89 LMT during 2013-14.

Industrial Products

During 2015-16, the company sold Industrial Products (IP) comprising of Nitric Acid, Sodium Nitrate & Sodium Nitrite of ₹127 crore in line with budgeted target of ₹132 crore and CPLY of ₹102 crore. The Company recorded ever highest sale of 55,199 MT of Nitric Acid during 2015-16.

Bio-fertilizers

The company made record production & dispatches of Bio-fertilizers of 567 MT & 619 MT respectively against previous best of 506 MT (2014-15) & 605 MT (2013-14) respectively. 530 MT of Bio-fertilizers valuing ₹3.01 crore was sold during 2015-16.

Import & sale of Fertilizers

After a gap of more than 20 years, the company has imported 33459 MT of DAP worth ₹102 crore during 2015-16 which was sold in the States of Bihar, MP and UP during 2015-16.

Domestic Trading of Agro Products

The company has registered a total revenue of ₹63 crore towards trading of various agro products such as seeds, pesticides, Bentonite Sulphur and DAP during the year against ₹15 crore during CPLY.

Projects completed / underway

Purge Gas Recovery Plant at Vijaipur-II

During 2015-16, the company has completed installation of Purge Gas Recovery Plant at Vijaipur-II with an investment of ₹29 crore to reduce energy consumption and enhancement of Ammonia production. This has also been commissioned in the month of July 2016.

Revival of Ramagundam Plant of FCIL through Joint Venture with M/s EIL & FCIL

NFL, in association with M/s EIL and M/s FCIL has formed a Joint Venture (JV) Company as Ramagundam Fertilizers & Chemicals Limited (RFCL) to revive the old FCIL plant at Ramagundam (Annual installed capacity-12.71 LMT of Urea) with a total estimated project cost ₹5260 crore and equity participation of 26% each of NFL and EIL and 11% of FCIL. For untied equity portion, Government of Telangana has already given in-principle approval for 11% equity and for balance equity, prospective partners are being explored through outside agency viz. M/s SBI Cap. The company shall be leveraging its existing marketing network to sell 100% Urea to be produced by this JV company and also looking forward to provide operation & maintenance services to this plant. The project activities including design & engineering and procurement are under progress.

Bentonite Sulphur Plant at Panipat Unit

In order to meet the demand of Bentonite Sulphur to address the issue of Sulphur deficiency in soil and to improve the top & bottom line, company is in the process of setting up a Bentonite Sulphur plant of 25000 MTPY Capacity at Panipat Unit. The job on LSTK basis has been awarded in July 2016 with a scheduled completion of 14 months.

Murate of Potash plant in Little Rann of Kutch

To recover potash from salt in the Little Rann of Kutch (LRK) region, M/s Central Salt and Marine Chemicals Research Institute (CSMCRI) had been engaged who has prepared the feasibility report to set up a plant for production of Murate of Potash (MoP) on commercial basis. Based on this report, the company has given the job of detailed engineering and Project Management Consultancy to M/s PDIL which is underway. M/s CSMCRI, Bhavnagar and M/s Hindustan Salt Limited are being tied up for technical support and to make available raw material & land respectively. This is the first time in our country that domestic production of MoP shall be made which shall help in a small way as a substitution

to imported MoP saving foreign exchange and a step towards Make in India.

Hooking up of old Synthesis Converter (S-200) in parallel with new Synthesis Converter (S-300) at Bathinda & Panipat Units

Towards efforts of energy saving, the company has recently implemented the hooking up of the old Synthesis converter (S-200) which got rendered redundant after AFCP revamp in parallel with new Synthesis Converter (S-300) at Panipat Unit and the same is planned at Bathinda Unit in the annual turnaround during 2016-17. This entails a total cost of ₹ 4.0 crore and energy saving to the tune of 0.09 Gcal/ MT of Ammonia at each plant.

Renewable Energy (Installation of Solar Plants)

The company has planned to set up a 2.4 MW solar power plant at Bathinda Unit and company has committed to incur a capital expenditure of ₹7 crore towards setting up solar plants during 2016-17 under MoU signed with Gol. With this, the company will also be able to partially meet the requirement under Renewable Purchase Obligations (RPO).

Integrated Energy Saving Projects

In line with the New Urea Policy-2015, M/s HTAS has been engaged to undertake detailed study for implementation of energy saving schemes at Vijaipur Unit to meet the energy level of 5.5 Gcal/MT of Urea with a total estimated cost of ₹ 575 crore. Similarly an investment of around ₹970crore shall be required on implementation of energy saving schemes at Panipat, Bathinda & Nangal Units to bring down the energy level at 6.50 Gcal/ MT as per new Urea Policy 2015 for which Gol has already been requested to allow continuation of the existing DFR energy norms for these three Units for at least five years from the date of implementation of energy saving schemes to make the investment viable.

Industrial Safety, Ecology & Pollution Control

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

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

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

Board Level Health and Safety Committee meets at regular intervals to address the Health and Safety issues of all the Units. Quarterly review meetings are conducted regularly at all units. Modern method and latest technologies such as 'International Sustainable Rating System', 'Total Quality Management' and 'Hazard and Operability Study' were implemented in various units to improve the process safety.

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



Safety drill being held in Vijaipur Unit



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

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

To increase the sub soil water level, all the units are under process of installation of Rain Water Harvesting system. During the year, 5 rainwater harvesting system were installed in Units. This would help 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, MoP, SSP etc.
- ✓ Maximization of production of Industrial Products including Ammonium Nitrate
- ✓ Production and sale of quality & certified seeds in own brand name through seeds multiplication program.
- ✓ Domestic trading of Agro products like pesticides, compost, Bentonite Sulphur, etc.
- ✓ Import and sale of fertilizers like Urea, DAP, MoP and complex fertilizers.
- ✓ Sale of Ramagundam Urea on commission basis
- ✓ Dividend from Ramagundam JV.
- ✓ Operation & Maintenance for Ramagundam plant.
- ✓ Revival of closed Urea plants in the country through Joint venture or other modes.

Risk & Concerns

The major risk & concerns of NFL are outlined below:

- ✓ Primarily a Single Product Company.
- ✓ Dependence on subsidy. Higher Interest cost due to delay in receipt of subsidy owing to budget constraint of Gol.
- ✓ Lower Urea prices in International market can impact the profit margins of the company.
- ✓ Glut in Urea market due to adverse Agro climatic condition.
- ✓ Fluctuation in Foreign exchange rates during import of fertilizers. However, this aspect is being mitigated through hedging in line with Foreign Exchange Risks Management Policy of the company already in place.
- ✓ Low operating margins in Urea due to controlled regime.
- ✓ Lack of Internal resources (funds) for future investment
- ✓ Requirement of investment to meet energy norms under NUP-2015 in 2018-19 to maintain profitability at Vijaipur-I.
- ✓ Dependence of Nangal Unit on external power.
- ✓ Higher expenditure on Repair and Maintenance due to vintage of plants.
- ✓ Need for revamp of Urea plants at Bathinda, Panipat and Nangal.



Risk Management

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

Internal Control Systems including Internal Financial Controls

Internal Control Systems and their adequacy

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

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

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

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

Internal financial controls and their effectiveness

As per assessment done by an external auditor, internal controls over periodic financial reporting in the company for the year 2015-16 have been found effective in general except few deficiencies which are not likely to lead to any major misstatement in the annual financial statements. However, company is gearing up to integrate existing home grown on line applications in vogue for different business functions in a seamless way to gain greater benefits in terms of improved MIS, faster declaration of results and greater analysis of operational parameters which shall facilitate easier decision making and improved control on financial reporting.

Financial Performance

During the year under review, Company achieved turnover of ₹ 7765.88 crore (including subsidy of ₹ 5433.58 crore) compared to ₹ 8519.69 crore of the CPLY (including subsidy of ₹ 6461.14 crore). The decrease in sales turnover is mainly due to lower sale quantity and cheaper gas price under Gas pooling mechanism during current year (\$ 9.96 per mmbtu during current year from \$ 12.43 per mmbtu during CPLY) w.e.f. June, 2015. Under the Gas Pooling Mechanism, the domestic gas is being pooled with Re-gasified Liquefied Natural Gas (R-LNG) to provide natural gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants for the purpose of manufacturing of Urea and the same is pass through by way of subsidy from Govt. of India for all urea manufacturing units.

Company earned profit before tax of ₹ 283.49 crore (CPLY ₹ 44.72 crore) and profit after tax of ₹ 197.09 crore (CPLY ₹ 26.24 crore). The increase in profit is mainly attributed to increase in contribution from sale of urea beyond re-assessed capacity, decrease in finance cost, increase in contribution from Industrial products, decrease in energy consumption etc.

The short-term borrowings of the company as at 31st March, 2016, stood at ₹ 4292.23 crore including cash credit utilization, short-term loans, working capital demand loan etc. (₹ 5002.27 crore as at 31st March, 2015). The short-term borrowings are lower as compared to CPLY due to better realization of subsidy as compared to CPLY and decrease in working capital requirement due to fall in gas price.

For changeover of feed stock from LSHS/FO to Gas at Nangal, Panipat & Bathinda units, Rupee Term Loan of ₹ 3850 crore has been arranged



from consortium of 13 Banks with SBI as a lead Bank of which ₹ 2310 crore was paid upto 31st March, 2016. As on 31st March, 2016 long term loan of ₹1540 crore was outstanding which is to be repaid in eight equal quarterly installment of ₹ 192.50 crore upto March-2018.

For Energy Saving and Urea Capacity Augmentation Project at Vijaipur-I & II, and installation of Carbon-Dioxide Recovery (CDR), long term loan was raised by way of 9.42% Secured Redeemable Non-Convertible Taxable Bonds of ₹100.40 crore out of which ₹60.24 crore has been repaid upto 31st March, 2016 and balance amount of ₹40.16 crore shall be paid in Sep-16. Further the Buyer's credit of USD 15.68 million also raised for the same project which has already been repaid upto 31st March, 2016. External Commercial Borrowings (ECBs) of USD 50 million was raised, out of which USD 13.05 million has been repaid upto 31st March, 2016. Balance ECBs of USD 36.95 million (availed from SBI New York Branch) has been refinanced from DBS Bank Limited Singapore on 6th January, 2016 at reduced interest cost and extended maturity. A saving of 1.04% has been achieved in all in cost.

Analysis of the Financial Performance of the Company:

(a) Turnover

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Sales Turnover (Gross)	7802.55	8553.20	(8.78)

The decrease in sales turnover is mainly due to lower sale quantity and fall in prices of gas due to uniform pool gas pricing mechanism applicable w.e.f. June 2015. Gas price has reduced under gas pooling mechanism during current year to \$ 9.96 per mmbtu from \$ 12.43 per mmbtu during CPLY.

(b) Consumption of Raw Materials

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Raw Materials Consumed	3637.59	4348.41	(16.35)

The decrease in raw material consumption expenditure by ₹710.82 crore despite higher utilization of gas of 87033013 mmbtu during current year from 84349512 mmbtu during CPLY is mainly due to fall in prices of gas (\$ 9.96 per mmbtu during current year from \$ 12.43 per mmbtu during CPLY) due to uniform pool gas pricing mechanism applicable w.e.f. June 2015 although there is increase in Urea production as compared to FY 2014-15.

(c) Finance Cost

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Finance Cost	227.88	301.36	(24.38)

Reduction in finance cost by ₹ 73.48 crore is achieved due to effective utilization of credit instrument mix, better credit management, improved credit rating, cheaper source of working capital requirements (i.e. Commercial Papers) and lower level of subsidy outstanding due to reduction in gas cost owing to gas pooling mechanism in urea industry as compared to CPLY. The average finance cost is reduced to 8.11% of average borrowings from 9.33% of average borrowings as compared to CPLY.

(d) Repairs & Maintenance

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Repairs and Maintenance	85.75	74.24	15.50

Plants at Nangal, Bathinda and Panipat are more than 30 years old. In view of their vintage, they require regular maintenance to run efficiently. For regular maintenance, contracts are lined up in each unit in addition to other unforeseen repair of plants owing to breakdown/tripping, etc. There has been an increase in repair and maintenance expenditure of ₹ 8.76 crore in respect of Vijaipur Unit in comparison to previous year mainly due to Revamp of Cooling Tower of Ammonia & Urea Plants and overhauling of Gas Turbine Generator.

**(e) Employees Benefits**

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Employee Remuneration & Benefits	465.98	475.44	(1.99)

In spite of general increase in salary and wages due to normal increments, increase in DA, corresponding expenses and fresh recruitment of employees (99 No), there is decrease in employee remuneration and benefits cost by ₹ 9.46 crore due to retirement of large number of employees (302 employees).

(f) Power and Fuel

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Power and Fuel	2423.93	2593.28	(6.53)

The decrease in power and fuel consumption expenditure by ₹ 169.35 crore is mainly due to fall in prices of gas (\$ 9.96 per mmbtu during current year from \$ 12.43 per mmbtu during CPLY) due to uniform pool gas pricing mechanism applicable w.e.f. June 2015 although there is increase in production as compared to FY 2014-15.

(g) Freight and Handling

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Freight and Handling	435.81	392.07	11.16

Freight and handling expenditure has increased by ₹ 43.74 crore due to more dispatches to distant destinations, higher component of rail dispatches of urea and sale of imported DAP as compared to NIL in FY 2014-15.

(h) Other Expenses

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Other Expenses (incl. Prior period exp.)	160.18	156.19	2.55

There is a marginal increase due to Custom Duty on Imported DAP, Security Expenses and Other Miscellaneous Expenses.

(i) Interest Earned

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Loan to Employees, Term deposit etc.	10.55	5.22	102.11

Increase in interest income by ₹5.33 crore is mainly due to increase in interest on term deposits from ₹0.93 crore to ₹ 5.40 crore.

(j) Other non-operating Income

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Other Income (Rent, profit on sale of assets, scrap, misc. income etc.)	35.78	31.91	12.13

The non-operating income increased by ₹3.87 crore mainly due to increase in miscellaneous income due to levy of Liquidated Damages.



Financial Status

(a) Fixed Assets

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Tangible Assets	4236.32	4416.72	(4.08)
Intangible Assets	19.16	26.59	(27.94)
Capital work in progress	32.63	39.00	(16.33)
Total	4288.11	4482.31	(4.33)

Tangible assets were reduced by ₹ 180.40 crore due to depreciation charge of ₹ 259.30 crore, additions of assets of ₹ 80.80 crore and adjustment/deduction of assets of ₹ 1.90 crore.

(b) Non-current Investment

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Investments (Net of Provisions)	15.47	2.47	526.32

Non-current investments have increased on account of equity contribution in JV company Ramagundam Fertilizers & Chemicals Limited (RFCL) amounting to ₹ 15.47 crore.

(c) Inventories

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Raw Materials	2.44	0.98	148.98
Stores and Spares (including packing material)	163.66	193.54	(15.44)
Semi-finished / finished products	337.21	90.48	272.69
Total	503.31	285.00	76.60

Inventory of finished product i.e. urea had increased by 1.57 lakh MT from 0.37 lakh MT in FY 2014-15 to 1.94 lakh MT in FY 2015-16 due to deficit winter rainfall / glut like situation.

(d) Trade Receivables

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Gross Debtors – FICC	4629.17	4975.41	(6.96)
- Others	209.46	64.85	222.99
Less: Provision for Doubtful Debts	(10.97)	(11.31)	(3.01)
Net Debtors	4827.66	5028.95	(4.00)

The Debtors due from FICC on account of subsidy have decreased marginally by 7%. Other Debtors have increased mainly on account of higher sales on credit due to poor off take and outstanding DAP subsidy of ₹49.44 crores (previous year 'Nil').

(e) Short term Loans & Advances

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Loans and Advances	380.11	151.92	150.20

Short term loans and advances have increased mainly due to MAT credit entitlement of ₹70.94 crore and recoverable on account of Gas Pooling amounting to ₹147.94 crore.

(f) Current Liabilities

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Short Term Borrowings	4292.23	5002.27	(14.19)
Trade Payables	306.80	174.42	75.90
Other current Liabilities	1309.97	1324.09	(1.07)
Short Term Provisions	166.12	87.34	90.20
Total	6075.12	6588.12	(7.79)

Short term borrowings have reduced due to reduced borrowing in view of reduction in Gas prices. The increase in trade payables is mainly due to increase in amount payable on account of gas supplies amounting to ₹130.43 crore. Increase in short term provisions is mainly due to increase in proposed dividend and tax thereon amounting to ₹61.40 crore.

(g) Non-current Liabilities

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15	Change (%)
Long Term Borrowings	985.06	1784.90	(44.81)
Other long term liabilities	38.22	38.91	(1.77)
Total	1023.28	1823.81	(43.89)

The decrease in long term borrowings is due to repayment of Rupee Term Loans and External Commercial Borrowing for financing the projects of changeover of feedstock at Nangal, Bathinda and Panipat Units and Energy Saving and Urea capacity enhancement at Vijaipur.

Human Resource Management

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

The Company has manpower strength of 3595 employees as on 31.03.2016, which comprises of 1697 Executives and 1898 Non-Executives. Company promotes the employment of women and at present 202 women employees are on its roll, which is 5.61% of the total work force.

To improve skills and instil behavioural and personality development traits in all supervisory staff and managerial cadre, NFL organised number of training programmes (in-house as well as external) on contemporary subjects during the year. The training programmes were identified through Performance Management System by synchronizing organizational needs with individual needs. The Company also organized specially designed training programmes for developing women employees in various areas of expertise. In these diverse programmes, 12855 man-days training was imparted to employees and 421 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. There was no industrial unrest during the year and cordial relations were maintained.



Employees attending training programme

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 education, medical, benevolence, housing, Social Security Scheme, NFL Employees Family Economic & Social Rehabilitation Scheme, Defined Contribution Superannuation Pension Scheme. Company has put in place Medi-claim policy for retired employees and their spouse for providing indoor medical facilities by contributing the premium at prescribed subsidised rates. Balance amount of premium contribution is paid by the Company.

Cautionary Statement

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

Registered Office:

Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003

Date: 22nd August, 2016

For and on behalf of the Board of Directors

(Manoj Mishra)

Chairman & Managing Director
DIN:06408953



Assembly line of 'Kisan Urea' Bags



Corporate Governance Report

Annexure-A2

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

1. Company's Philosophy on code of Governance

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

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

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

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

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

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

Over the years, Company has strengthened governance practices. These practices define the way business is conducted and value is generated. Stake holders 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 functioning of the Company, C&MD is assisted by three 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 the business in an ethical manner. Some of those codes and policies are as follows:-

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



- Whistle Blower Policy
- Integrity Pact

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 89.71% of the paid-up Share Capital of the Company. Directors include Whole Time Directors, Government Nominee Directors (Promoters Director) and Independent Directors. As per Articles of Association of the Company, the power to appoint Whole Time Directors vests with the President of India. Other Directors are also appointed by the Government of India. Further, in terms of Articles of Association, the number of Directors shall be not less than three and not more than twelve.

2.2 Composition of the Board

The Board of Directors as on 31st March 2016 comprised of eight Directors out of whom three were Whole-time Functional Directors i.e. Chairman & Managing Director, Director (Technical) and Director (Finance) and two Government of India nominees and three Independent Directors. Brief profile of the Directors is set-out at Annexure B-11 to the Report.

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

Period		Composition of the Board		
From	To	Total	Independent	Others
01.04.2015	31.08.2015	9	3	6
01.09.2015	13.01.2016	8	3	5
14.01.2016	05.02.2016	7	3	4
06.02.2016	08.02.2016	6	3	3
09.02.2016	31.03.2016	8	3	5

Company also did not have any Woman Director on the Board during the year under review. Company has been regularly taking up the matter with the Government of India for appointment of adequate number of Independent Directors and appointment of Woman Director to ensure compliance with the Listing Regulations. A Woman Director has been appointed on 01.07.2016.

As required under Companies Act, 2013 and Listing Regulations 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 & Managing Director and other whole-time Functional Directors are appointed for a period of five years from the date of taking charge or till the date of superannuation or till issuance of further instructions by the Government of India, whichever event occurs earlier. 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 by the Government of India usually for a tenure of three years.



2.4 Other details relating to the Board

Details regarding tenure, number of other Directorships/Committee Memberships viz. Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility and Sustainable Development Committee held by Directors during the year are tabulated below:-

S.No.	Director (S/Shri)	Category	Tenure		In other Boards/Committees		
			From	To	Directorship	Membership	Chairmanship
01.	Manoj Mishra	C&MD	03.06.2015	Continuing	2		
02.	M. Sagar Mathews	ED	01.11.2013	Continuing	1	-	-
03.	Rajiv Kumar Chandiok	ED	10.02.2015	Continuing	-		
04.	Dharam Pal	NED-Govt. Nominee	09.02.2016	Continuing	1	-	-
05.	Gurinderjit Singh Sandhu	NEID	21.02.2014	Continuing	-	-	-
06.	Vinod Kumar Thakral	NED-Govt. Nominee	09.02.2016	31.07.2016	2	-	-
07.	Capt. Pavan Kumar Kaul	ED	07.02.2011	05.02.2016	1	-	-
08.	M. Raman	NEID	06.05.2013	05.05.2016	1		-
09.	Vikram Srivastava	NEID	06.05.2013	05.05.2016	1	1	1
10.	Rakesh Kumar	NED-Govt. Nominee	04.08.2014	14.01.2016	-	-	-
11.	Heera Lal Samariya	C&MD	02.03.2015	03.06.2015	-	-	-
12.	Rajeev Yadav	NED-Govt. Nominee	17.07.2014	01.09.2015	-	-	-

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

2.5 Responsibilities

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

2.6 Independent Directors

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

2.7 Board Meetings, Agenda & Minutes

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



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

The Company Secretary while preparing the Agenda and Minutes of the Board meeting is required to ensure adherence to the provisions of the Companies Act, 2013 and other applicable laws. The Board also takes note of the minutes of the meetings of the various committees of the Board duly approved by their respective Chairman.

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

2.8 Meetings held

During the year, Board met 11 times as detailed below:-

S.No.	Meeting No.	Date
01	396	30.04.2015
02	397	27.05.2015
03	398	04.07.2015
04	399	21.07.2016
05	400	12.08.2015
06	401	09.09.2015
07	402	23.09.2015
08	403	12.11.2015
09	404	13.01.2015
10	405	09.02.2016
11	406	19.02.2016

The Annual General Meeting was held on 23rd September, 2015. Details of attendance at the Board Meetings and Annual General Meeting are as follows:-

Directors (S/Shri)	Category	Board Meetings during respective tenure of Directors		Attendance at last Annual General Meeting
		Held	Attended	
Manoj Mishra	Chairman & Managing Director	09	09	Present
Heera Lal Samariya	Chairman & Managing Director	02	01	N.A.
Capt. Pavan Kumar Kaul	ED	09	09	Present
M.Sagar Mathews	ED	11	11	Present
Rajiv kumar Chandiok	ED	11	11	Present
Vinod Kumar Thakral	NED-Govt. Nominee	02	02	N.A.
Dharam Pal	NED-Govt. Nominee	02	02	N.A.
Rajiv Yadav	NED-Govt. Nominee	05	04	N.A.
Rakesh Kumar	NED-Govt. Nominee	09	09	Present
Vikram Srivastava	NEID	11	11	Present
M.Raman	NEID	11	11	Present
Gurinderjit Singh Sandhu	NEID	11	09	Present

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

**Notes: .**

1. Shri Heera Lal Samariya, C&MD ceased to be Director on 3rd June, 2015.
2. Shri Rajiv Yadav ceased to be Director w.e.f. 1st September, 2015.
3. Shri Rakesh Kumar ceased to be Director w.e.f. 14th January, 2016.
4. Capt. Pavan Kumar Kaul, Director (Marketing) ceased to be Director w.e.f. 5th February, 2016.
5. Shri Manoj Mishra, Chairman & Managing Director, joined as Director w.e.f. 3rd June, 2015.
6. Shri Vinod Kumar Thakral, joined as Director w.e.f. 9th February, 2016 and ceased to be a Director on 31st July, 2016.
7. Shri Dharam Pal, joined as Director w.e.f. 9th February, 2016.

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

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

- Annual operating plans and budgets and any updates
- Capital budgets and any updates
- Quarterly Financial Results of the Company
- Annual Financial Statements including Consolidated Financial Statements, Management Discussion Analysis, Directors' Report etc.
- Minutes of the Meetings of the Audit Committee and other Committees of the Board
- The information on recruitment and remuneration of senior executives just below the Board level, including appointment or removal of Company Secretary
- Major capital investments, formation of Joint Ventures, R&D project or technical collaboration agreement
- Significant labour problems and their proposed solutions. Any significant development in the areas of Human Resource/Industrial Relations like signing of wage agreement, Incentive Schemes, Medical facilities, implementation of Voluntary Retirement Scheme etc.
- Disclosure of Interest by Directors about Directorships and Committee positions occupied by them in other companies
- Report on compliance of various laws and Information relating to major legal disputes
- Short term Investment of surplus funds
- Status of Borrowings
- Any contract(s) in which Director(s) is/are deemed to be interested
- Award of large contracts
- Report on performance of various units/functions
- Review of risk factors including Foreign Exchange transactions
- Report on vigilance activities
- 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 nonpayment 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 that involve substantial payment towards good will, 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.
- Review of Corporate Social Responsibility (CSR) Policy of the Company.
- Review of Health, Safety and Environment Policy.

2.10 Separate Meeting of Independent Directors

As per Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), 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 include:

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, Meeting of the Independent Directors was held on 12th January, 2016

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 over view of the Company with the object to familiarize them with the Company's business and other activities. During the year, no Independent Director was appointed and no familiarization programme was organized accordingly. However, directors were kept apprised of latest developments w.r.t. 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 fo Directors

As per Section 178(2) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board was required to carry out evaluation of every Director's performance. Further, 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. Further, the MCA has vide its notification date 5th June, 2015 notified the exemptions 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. The appointment of 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 Functional Directors and C&MD by Administrative Ministry. Upon request and representations as received from CPSEs, the Department of Public Enterprises has also written to Department of Economic Affairs and Securities and Exchange Board of India to align the SEBI (LODR) Regulations, 2015 with the Companies Act, 2013 based on the Exemptions under Companies Act, 2013 as provided to the Government Companies.



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 various mandatory committees of Directors including Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Committee on Corporate Social Responsibility & Sustainable Development. In addition to that for proper governance, Board had also constituted non-mandatory Committees i.e. Health & Safety Committee, Business Development & Strategic Planning Committee, Share Transfer Committee and Investment Committee.

Terms of reference and other details of Board Committees

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, Listing Regulations and guidelines on Corporate Governance as issued by Department of Public Enterprises. The scope of Audit Committee inter-alia includes the following:-

- 1) oversight of the Company (listed entity's) financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) recommendation for remuneration of auditors of the listed entity;
- 3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b. changes, if any, in accounting policies and practices and reasons for the same;
 - c. major accounting entries involving estimates based on the exercise of judgment by management;
 - d. significant adjustments made in the financial statements arising out of audit findings;
 - e. compliance with listing and other legal requirements relating to financial statements;
 - f. disclosure of any related party transactions;
 - g. modified opinion(s) in the draft audit report;
- 5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- 7) reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- 8) approval or any subsequent modification of transactions of the listed entity with related parties;
- 9) scrutiny of inter-corporate loans and investments;
- 10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- 11) evaluation of internal financial controls and risk management systems;
- 12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) discussion with internal auditors of any significant findings and follow up there on;
- 15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a



failure of internal control systems of a material nature and reporting the matter to the board;

- 16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18) to review the functioning of the whistle blower mechanism;
- 19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

COMPOSITION & ATTENDANCE AT THE MEETINGS

During the year 2015-16, the Audit Committee met 10 times as detailed below:-

S.No.	Meeting No.	Date
01	91	14.05.2015
02	92	27.05.2015
03	93	05.06.2015
04	94	04.07.2015
05	95	29.07.2015
06	96	12.09.2015
07	97	23.09.2015
08	98	05.11.2015
09	99	12.11.2015
10	100	08.02.2016

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

The composition of the Audit Committee during 2015-16 and attendance at the meetings during the year 2015-16 was as follows:-

S.No.	Name of Director (S/Shri)	Status	Tenure	Meetings during respective tenure	
				Held	Attended
01	Gurinderjit Singh Sandhu	Chairperson	Continuing	10	09
02	M. Raman	Member	*Continuing	10	09
03.	Vikram Srivastava	Member	*Continuing	10	10
04	Rakesh Kumar	Member	09.09.2015 to 14.01.2016	03	03
05.	M.Sagar Mathews	Member	Upto 08.09.2015	06	06

*Ceased to be Members of Board and Committee on 05.05.2016 on completion of their tenure.



Statutory Auditors are invited to attend Audit Committee meetings and attend whenever felt necessary. The Cost Auditors also invited and 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 of the Committee.

3.2 Stakeholders relationship Committee:

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

Composition

The Committee was headed by Shri Vikram Srivastava, Independent Director. The composition of the Committee during the year 2015-16 was as follows:-

S.No.	Name of Director (S/Shri)	Category	Status	Tenure
01.	Vikram Srivastava	Independent Director	Chairperson	Continuing*
02.	Rakesh Kumar	Govt. Nominee Director	Member	Upto 14.01.2016
03.	Rajiv Kumar Chandiok	ED-Director (Finance)	Member	from 10.02.2015 - Continuing

*Shri Vikram Srivastava ceased to be member of the Board and committee on 05.05.2016 on completion of his tenure.

Meeting of the Committee

Stakeholders Relationship Committee met on 24.04.2015 and was attended by all the Members.

Compliance Officer

Shri Raj Kumar, Company Secretary is the Compliance Officer and has been entrusted with the responsibility for redressal of shareholders and investors grievances and report the same to the Committee.

Summarized information on complaints

There were no complaints pending for redressal as on 31st March, 2016. Number of shareholders grievances received and resolved during the period 1st April, 2015 to 31st March, 2016 were as detailed below:-

Quarter ended	Complaints Received	Complaints Resolved	Complaints Pending
30.06.2015	13	13	NIL
30.09.2015	09	09	NIL
31.12.2015	09	09	NIL
31.03.2016	80	80	NIL
Total	111	111	NIL

3.3 Nomination and Remuneration Committee

Composition & Scope

The Company, being a Central Public Sector Undertaking, 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 Meeting within the ceiling fixed under Companies Act, 2013.

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



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

Terms of reference of the committee is as per provision of Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Further, in terms of the DPE guidelines, every Central Public Sector Undertaking is required to constitute a Nomination & Remuneration Committee headed by an Independent Director to decide the Annual Bonus/Variable. Pay Pool and policy for its distribution across the executives and non-unionized supervisors. The Board has constituted a Nomination and Remuneration Committee. Constitution of the Committee for the year 2015-16 and thereafter is as follows :-

S.No.	Name of Director (S/Shri)	Status	Tenure		Meetings during respective tenure	
			From	To	Held	Attended
01	Gurinderjit Singh Sandhu	Chairperson	12.05.2014	Continuing	02	02
02	Manoj Mishra, C&MD	Member	31.12.2015	Continuing	00	00
03.	M. Raman	Member	29.05.2013	*Continuing	02	01
04	Vikram Srivastava	Member	29.05.2013	*Continuing	02	02

***Note:** Shri M. Raman and Shri Vikram Srivastava ceased to be Members of the Board and Committee on 05.05.2016 on completion of their tenure. The Committee met on 24.04.2015 and 05.11.2015.

3.4. Committee on Corporate Social Responsibility and Sustainable Development.

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

S.No.	Name (S/Shri)	Category	Status	Tenure
01.	Gurinderjit Singh Sandhu	Independent Director	Chairperson	Continuing
02.	Vikram Srivastava	Independent Director	Member	Continuing*
03.	Capt. P.K. Kaul	ED- Director (Marketing)	Member	Upto 05.02.2016
04.	Rakesh Kumar	Govt. Nominee Director	Member	09.09.2015-14.01.2016
05.	Rajiv Kumar Chandiok	ED- Director (Finance)	Member	09.09.2015-continuing

*Shri Vikram Srivastava ceased to be member of the Board and committee on 05.05.2016 on completion of his tenure.

Committee met on 24.04.2015, 09.09.2015 and 12.01.2016



4. Remuneration and Sitting Fee paid to Directors during 2015-16

4.1 Remuneration to Executive Directors and Company Secretary

(₹ Lakh)

Name of the Director (S/Shri)	Salary including perks	Retirement Benefits	Total
Manoj Mishra Chairman & Managing Director w.e.f. 03.06.2015	24.24	2.01	26.25
Capt. Pavan Kumar Kaul Director (Marketing) Upto 05.02.2016	27.61	2.21	29.82
M.Sagar Mathews, Director (Technical)	28.87	2.48	31.35
R.K. Chandiok Director (Finance)	28.34	2.66	31.00
Raj Kumar Company Secretary	19.07	1.49	20.56
Total	128.13	10.85	138.98

4.2. Sitting Fee Paid to Independent Directors

The Non-executive Independent Directors are paid sitting fee of ₹15000/- for attending each meeting of the Board and/or Committee thereof. Sitting fee paid to Independent Directors during 2015-2016 is as follows:-

(Amount in ₹)

Name of the Independent Director (S/Shri)	Board Meetings	Audit Committee & other Meetings	Total
Vikram Srivastava	1,50,000	3,50,000	5,00,000
M.Raman	1,40,000	1,95,000	3,35,000
Gurinderjit Singh Sandhu	1,25,000	2,65,000	3,90,000
Total	4,15,000	8,10,000	12,25,000

Government Nominee Directors are not paid any sitting fee.

4.3 Stock Options

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

4.4 Shares Issued to Employees:-

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



5. General Body Meetings:

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

Type of Meeting	Date of Meeting	Time	Place	Details of Special Resolution(s) passed, if any
YEAR 2012-13				
Annual General Meeting	17.09.2013	10.30 AM	Air Force Auditorium, Subroto Park, New Delhi – 110010	A Special Resolution as Item No.6 was passed to alter the Articles of Association by insertion of Article 37AA providing for buyback of shares.
YEAR 2013-14				
Annual General Meeting	05.09.2014	10.30 AM	Dr. Sarvepali Radha Krishanan Auditorium, Kendriya Vidyalaya, Delhi Cantt.	A Special resolution as Item No. 8 was passed u/s 180(1)(c) to borrow to meet capital requirements.
Year 2014-15				
Annual General Meeting	23.09.2015	10.30 AM	Weight Lifting Hall, Jawahar Lal Nehru Stadium, Lodhi Road, New Delhi	-

5.2 Postal Ballot

During the year 2015-16, Company had sought the approval of shareholders to a Special Resolution through postal ballot wherein e-voting facility was offered to the shareholders. Postal Ballot Notice dated 10.02.2016 was issued to all the shareholders pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administrative) Rules, 2014 seeking their approval to Special Resolution u/s 180(1)(a) of the Companies Act, 2013 to create charge on assets of the Company to secure borrowing. Brief description of the resolution is as below:

Special Resolution for authorizing Board of Directors to mortgage and/or charge immovable and moveable properties of the Company securing for borrowing subject to limits approved u/s 180(1)(c) of the Companies Act, 2013.

Company had appointed Shri Naresh Kumar Sinha, Company Secretary in Practice (CP No. 14984) as Scrutinizer for conducting the Postal Ballot in a fair and transparent manner. The voting on the postal ballot was closed on 26.03.2016. Based on the Report of the Scrutinizer, the following results were announced by the Chairman & Managing Director on 02.04.2016 at the Registered Office of the Company.



Results of Voting Conducted By Postal Ballot

Particulars	Voting Details
Total Postal Ballot Forms received (physical)	1649*
Total e-voting received	70
Total number of Votes exercised	463057866
Total number of Invalid Votes	7779
Total No. of Valid Votes	463050087
No. of Votes with Assent for the Resolution	463025875
No. of Votes with Dissent for the Resolution	24212
Percentage of Votes in favour to Total valid votes	99.995
Percentage of Votes Against to Total valid votes	.005

*including one(1) postal ballot form in which the DPID/Client ID written does not exist in the records of Registrar and Share Transfer Agent. Therefore, the said ballot has not been considered for the scrutiny. Special Resolution has been declared as passed with requisite majority.

The aforesaid resolution for which postal ballot was conducted has been approved by the shareholder with requisite majority.

5.3 Special Resolution proposed to be conducted through Postal Ballot

No business is proposed to be transacted in the ensuing Annual General Meeting which require passing a Special Resolution through Postal Ballot.

5.3.1 Procedure for Postal Ballot

As Company is not conducting any postal ballot, hence, no disclosure is required.

5.4 Extraordinary General Meeting

No Extraordinary General Meeting was held during the year.

6. Disclosures:

- 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 AS-18 "Related Party Disclosures", which are set out in the Annual Report.
- The Company has complied with all the mandatory requirements except for appointment of requisite number of Functional Directors, Independent Directors and Woman Director on the Board.
- Related Party Transactions Policy of the Company is available at www.nationalfertilizers.com.
- Policy for determining 'material' subsidiaries is available at www.nationalfertilizers.com.
- The Company has no shares in the demat suspense account or unclaimed suspense account.
- Details of non-compliance by the Company, penalties & strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets during the last three years:-

BSE and NSE have issued notices to the Company for Non-compliance on account of non-appointment of Woman Director, each demanding fine of ₹ 1,42,000/- plus service tax each. However, matter has been taken up with the Stock Exchanges and letters have also been issued to the Department of Fertilizers requesting appointment of Woman Director on NFL Board. No fresh demand has been raised by the Stock Exchanges on this Account. However, on receipt of nomination from Department of Fertilizers, Ms. Bhavnaben Kardambhai Dave (DIN: 07557056) has been appointed as a Part-time Non-Official Woman Director on the Board of the Company w.e.f. 01.07.2016.



7. Compliance Officer

Shri Raj Kumar, Company Secretary is the Compliance Officer.

8. Means of Communication

- 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 Exchanges.
- Quarterly/Annual Financial Results for 2015-2016 were published in prominent newspapers as below: -

Quarter ended	Date of Publication	News paper
30 th June, 2015	13.08.2015 (English)	The Financial Express
	14.08.2015 (Hindi)	Indian Express Jansatta
30 th September, 2015	13.11.2015 (English)	Indian Express, The Financial
	13.11.2015 (Hindi)	Express Jansatta
31 st December, 2015	10.02.2016 (English)	Business Standard, Hindustan Times
	10.02.2016 (Hindi)	Hindustan
31 st March, 2016	24.05.2016 (English)	The Times of India The Economic Times, Mail Today
	24.05.2016 (Hindi)	Navbharat Times

- Shareholding pattern at the end of each quarter is conveyed to the Stock Exchanges.
- The quarterly/annual financial results and Shareholding Pattern and other investor related information are available at the website of the Company www.nationalfertilizers.com.
- Stock Exchanges are kept posted with the changes in composition of Board of Directors and other major events related to the Company.
- All official Press Releases are posted on the Company website.
- Company has designated exclusive email ID investor@nfl.co.in for the investors.
- No presentations were made to institutional investors or to the analysts.

9. General Shareholder Information

(i) 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

(ii) Forthcoming Annual General Body Meeting

Date: 27th September, 2016 Time: 10.30 AM

Venue : Weight Lifting Hall, Jawahar Lal Nehru Stadium, New Delhi.

(iii) Financial Year : 1st April to 31st March

(iv) Address for Communication:-

- Scope Complex, Core III, 7, Institutional Area, Lodhi Road, New Delhi – 110 003.
- A-11, Sector-24, Noida – 201 301.

(v) Website

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



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

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

vii) Financial Calendar for FY 2016-17

Particulars	Date
Accounting Period	1 st April, 2016 to 31 st March, 2017
Un-audited Financial Results for the first three quarters	Within a period of 45 days from the end of each quarter or within such time as permitted by Regulatory Authority
Fourth Quarter Results	Audited Results on or before 31 st May 2017 or within such time as permitted by Regulatory Authority
AGM (Next Year)	September, 2017 (Tentative)

viii) Book Closure

The Register of Members and Share Transfer Books will remain closed from 21st September, 2016 to 27th September, 2016 (both days inclusive).

ix) e-Voting

Members will be provided e-voting facility to exercise their right to vote at the 42nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services through National Securities Depository Services (India) Limited (NSDL). The e-voting facility will be available from 24th September, 2016 (from 09.00 AM) to 26th September, 2016 (upto 5.00 PM).

x) Payment of Dividend

Dividend of ₹ 1.21 per equity share (12.10% of the paid up share capital) for the Financial year 2015-16 has been recommended by the Board of Directors to shareholders for their approval. If approved, the dividend shall be paid from 27.09.2016 onwards, within prescribed time.

xi) Listing on Stock Exchanges

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

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



xii Debt Securities

The debentures issued by the Company are listed at Wholesale Debt Market (WDM) of NSE.

xiii Debenture Trustees

IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400001

xiv Listing Fee

The Annual Listing Fee upto 2016-17 has been paid to the concerned stock exchange.

xv Payment of Annual Custody Fee to NSDL and CDSL

Demat ISIN No. in NSDL and CDSL	INE870D01012
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Company has paid the Annual Custody Fee to NSDL and CDSL for the financial year 2016-17

xvi) Market Price Data

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

BSE

Month	Stock Prices of the Company		Corresponding BSE Indices (SENSEX)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2015	34.60	27.75	28,641.08	27,141.55
May, 2015	31.50	27.10	27,595.80	26,423.99
June, 2015	28.50	23.60	27,968.75	26,551.97
July, 2015	30.25	26.40	28,005.17	27,416.39
August, 2015	29.50	20.10	28,359.96	25,298.42
September, 2015	26.20	21.25	26,054.37	24,833.54
October, 2015	28.50	24.55	26,869.08	26,762.36
November, 2015	28.00	24.35	26,016.04	25,656.90
December, 2015	31.30	25.70	26,246.02	24,867.73
January, 2016	32.60	26.25	24,956.54	23,862.00
February, 2016	30.40	24.80	24,076.85	23,161.15
March, 2016	29.00	26.60	24,640.51	23,133.18

Face Value per Share is ₹10

**NSE**

Month	Stock Prices of the Company		Corresponding NSE Indices (NIFTY)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2015	34.90	27.85	8693.60	8,185.15
May, 2015	31.50	27.00	8,342.85	7,997.15
June, 2015	28.40	23.55	8,423.15	8,056.75
July, 2015	30.35	26.30	8,471.65	8,321.75
August, 2015	29.60	21.95	8,606.30	7,667.25
September, 2015	26.60	21.15	7,893.95	7,539.50
October, 2015	28.55	25.15	8,139.30	7,930.65
November, 2015	27.95	24.10	7,959.30	7,771.70
December, 2015	31.40	25.70	7,972.15	7551.05
January, 2016	32.60	25.25	7,590.95	7,250.00
February, 2016	31.00	23.70	7,323.45	6,869.95
March, 2016	29.10	26.50	7,483.95	7,035.10

Face Value per Share is ₹ 10

xvii) Registrar and Share Transfer Agent

M/s. Mas Services Limited,
T-34, 2nd Floor, Okhla Industrial Area,
Phase-II, New Delhi – 110 020.
PH: 011-26387281-83 FAX: 011-26387384
Email: mas_serv@yahoo.com

xviii) Distribution of Shareholding

Shares held by different type of shareholders as on 31st March, 2016 are given below:-

(a) According to size:

No. of Equity Shares held	Number of Shareholders	%age of Total	No. of shares held	%age of Total
(1)	(2)	(3)	(4)	(5)
Upto 500	46088	91.193	3003637	0.612
501 to 1000	2288	4.527	1974576	0.402
1001 to 2000	962	1.903	1531984	0.312
2001 to 3000	357	0.706	936563	0.191
3001 to 4000	177	0.350	642621	0.131
4001 to 5000	179	0.354	865834	0.176
5001 to 10000	268	0.530	2030982	0.414
10001 & above	220	0.435	479592203	97.761
Total	50539	100.00	490578400	100.00



(b) Shareholding Pattern

	Category	Number of Shares held	% age of shareholding
(A)	Shareholding of Promoter and Promoter Group (Government of India)		
I	Indian	440116292	89.714
II	Foreign	-	-
	Sub Total	440116292	89.714
(B)	Public shareholding Institutions		
I	Institutions	31770749	6.476
II	Non-institutions	18691333	3.810
	Sub Total	50462082	10.286
	GRAND TOTAL	490578400	100.00

(xix) Outstanding GDRs, ADRs, Warrants or any convertible instruments, etc. :

Company has not issued any such securities.

(xx) Status of dematerialization of shares as on 31st March, 2016

The shares of the Company are compulsorily traded in dematerialised mode. Company has signed agreements with both the depositories i.e. National Securities Depository Services (India) Limited (NSDL) and Central Depositories Services (India) Ltd. (CDSL). Company offers simultaneous transfer-cum-demat facility to the investors. The position of shares held in dematerialized and physical mode as on 31st March, 2016 is a below:-

Mode of Holding	Number Of Shares	% age
NSDL	44374582	9.045
CDSL	445898549	90.892
Physical	305269	0.062
Number of Shares	490578400	100.00

(xxi) Share Transfer System

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

Name and addresses of the Depositories are as under:-

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



(xxii) Location of Production Units

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

S.No.	Location
1.	Nangal , Naya Nangal, District Ropar, Punjab-140126. Tel.No.01887-220570, FAX No.01887-220541
2.	Bathinda : Sibian Road, Bhatinda, Punjab-151003 Tel. No.0164-2270261, FAX No.0164-2270463/2760270
3.	Panipat : Gohana Road, Panipat, Haryana-132106 Tel. No.0180-2652481-83, 85, 2681304, FAX No.0180-2652515
4.	Vijaipur I & II : Vijaipur, District Guna, Madhya Pradesh-473111. Tel.No.07544-273528/529, FAX No.07544-273089/273109

10. Electronic Clearing Service (ECS)

The Company requestes its members to furnish ECS mandate so as to enable the Company to credit the dividend directly to the shareholder's bank account. The Company would be remitting the dividend through ECS to those shareholders, who have registered their mandate with the Company at the centers where the ECS facility is available. In other cases, the dividend is being paid through dividend warrants with the bank account details printed on the warrants. The Company's endeavour is to remit the dividend through ECS whenever the facilities are available. In the meantime, the members holding shares in physical form desirous of receiving dividend through ECS but who have so far not furnished ECS mandate are requested to submit the mandate form duly filled and signed for registration to the RTA. Investors holding shares under demat are requested to check their ECS mandate registered with the respective Depository Participants for ensuring correctness for prompt credit of dividend to their account.

11. 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 Listing Regulations. 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). The Annual Certificate given by the Chairman & Managing Director and the Chief Financial Officer is being published in this Report.

12. Audits and Internal Control System

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

13. Risk Management Policy

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

14. Legal Compliances

Company Secretary apprised the Board every quarter of the statutory and other mandatory legal compliances. Board is also apprised of the notices received from various statutory authorities during each quarter and the remedial action taken by the Company to meet those requirements.

15. 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.

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 “Code of Conduct for Prevention of Insider Trading” with the objective of preventing purchase and/or sale of shares of the company by an insider on the basis of unpublished price sensitive information. Under this Code, insiders (Offices and Designated Employees) are prevented to deal in the Company’s shares during the closure of Trading Window. To deal in Securities, beyond limits specified permission of the Compliance officer is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code. Company Secretary has been designated as Compliance Officer for this Code.

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 compliance with the Code of Conduct for “Board Members and Senior Management Personnel as on 31st March, 2016.

Declaration:

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

This is to certify that in line with the requirements of Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31st March, 2016.

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

19. Compliance Certificate of the Auditors

Certificate from the Company’s Auditors M/s. HDSG & Associates and M/s Chandiok & Guliani confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations, 2015 is attached to the Directors Report forming part of the Annual Report.

20. Compliance of discretionary requirements specified in Part-E of Schedule-II

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

21. Compliances with Corporate Governance Codes

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

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

Registered Office:

Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003

Date: 22nd August, 2016

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN:06408953

**Certification of Chief Executive Officer and Chief Financial Officer under Schedule II Part B of SEBI (LODR) Regulations, 2015.**

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

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March , 2016 and to the best of our knowledge and brief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2016 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 effectiveness of internal control system fo the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operate of such internal controls, if any, of which we are aware and the steps have been taken 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 under reference;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. we are not aware of any instance during the year of significant fraud with involvement therein of the management or any employees having a significant role in the Company's internal control system over financial reporting.

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

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi – 110003.
Date: 23rd May, 2016



Annexure-A3

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

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

Certificate on Corporate Governance

To,
The Members,
National Fertilizers Limited,

We have examined the compliance of conditions of Corporate Governance by National Fertilizers Limited for the year ended 31st March, 2016, as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as “SEBI (LODR) Regulations, 2015”) (erstwhile Clause 49 of the Listing Agreement) and guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India.

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

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

- i) Regulation 17 (1) of SEBI (LODR) Regulations, 2015 (erstwhile Clause 49 II (A) (1) & (2) of the Listing Agreement) and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance require that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors and shall have a woman Director on its Board. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board members, however, during the year Company did not have required number of Independent Directors and Woman Director on its Board.
- ii) Regulation 17 (10) of SEBI (LODR) Regulations, 2015, (erstwhile Clause 49 (II) (B) (5) (c) of listing Agreement), that required: Performance evaluation of Independent Directors shall be done by the entire Board of Directors.
- iii) Regulation 25 (4) (a) and (b) of SEBI (LODR) Regulations, 2015, that required: Independent Directors in their meeting shall review the performance of non-independent directors and the Board as a whole; review the performance of the Chairperson of the company.

The Independent Directors met on 12.01.2016 where as inter-alia the review of performance of the Board as a whole was made. Further at the said meeting, the Independent Directors also assessed the quality, quantity and timeliness of flow of information, as required under Regulation 25(4) (c) of SEBI (LODR) Regulations, 2015.

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

We further state that such compliance certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS

(B. B. Kalia)
PARTNER
(MEMBERSHIP NO. 085772)
FIRM REGD. NO. 001199N
Date: 20th August, 2016
Place: New Delhi

For HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS

(Harbir Gulati)
PARTNER
(MEMBERSHIP NO. 084072)
FIRM REGD. NO. 002871N



Management's Explanation to the observations of Statutory Auditors for the financial year 2015-16.

Annexure-A3

Sr. No.	Observations	Management's Explanation
1.	Regulation 17 (1) of SEBI (LODR) Regulations, 2015 (erstwhile Clause 49 II (A) (1) & (2) of the Listing Agreement) and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance require that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors and shall have a woman Director on its Board. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board Members, however, during the year Company did not have required number of Independent Directors and Woman Director on its Board.	<p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors of the Company including Woman Director are appointed by the Government of India. The remuneration and tenure of Directors are also fixed by GOI.</p> <p>Company had requested DoF from time to time for appointment of Independent Directors on the Board of the Company including Woman Director.</p> <p>Ms. Bhavnaben Kardambhai Dave (DIN 07557056), a Woman Director has been appointed by the Government of India on the Board of the Company w.e.f. 1st July, 2016.</p> <p>The Company is now compliant of the relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.</p>
2.	Regulation 17 (10) of SEBI (LODR) Regulations, 2015, (erstwhile Clause 49 (II) (B)(5) (c) of listing Agreement), that required performance evaluation of Independent Directors shall be done by the entire Board of Directors.	<p>Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification dated 5th June, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.</p> <p>In view of the above exemption, no evaluation of the Independent Directors was required to be carried out.</p>
3.	Clause (a) and (b) of Regulation 25 SEBI (LODR) Regulations, 2015 that required review the performance of non-independent directors and the Board as a whole; review the performance of the Chairperson of the company.	<p>The Independent Directors in their separate meeting met on 12.01.2016 inter-alia reviewed the performance of the Board as a whole.</p> <p>It is submitted that MCA vide 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.</p> <p>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 Chairperson and Functional Directors by Administrative Ministry. Upon request and representations received from CPSEs, the Department of Public Enterprises has also written to Department of Economic Affairs and Securities and Exchange Board of India to align the SEBI (LODR) Regulations, 2015 with the Companies Act, 2013 based on</p>

Sr. No.	Observations	Management's Explanation
		the Exemptions under Companies Act, 2013 as provided to the Government Companies. In view of the above exemption, the performance evaluation of the Chairperson, Functional Directors and Part-time Official Directors was not carried out.

Registered Office:
Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003
Date: 22nd August, 2016

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN:06408953



'Kisan Urea' bags being loaded in train for dispatch



Glimpses of NFL Plants



Bathinda Plant



Panipat Plant



Vijaiapur Plant



Nangal Plant



AUDITED FINANCIAL STATEMENTS 2015-16





Auditors' Report

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of
National Fertilizers Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of National Fertilizers Limited ('the Company'), which comprise the balance sheet as at 31st March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgments 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.



Emphasis of matter

Without qualifying, we draw attention to:

- (a) **Note No. 3** to Standalone financial statement regarding provision of proposed dividend of 30% of PAT has been made as against 30% PAT or 30% on GOI equity (whichever is higher) as directed by Ministry of Finance vide notification against which Company has applied for exemption which is pending from Department of Economic Affairs (Government of India).
- (b) Note No. 48(a) to standalone financial statement regarding non availability of balance confirmation in respect of Subsidy ₹ 4629.17 crore and Capital Grant ₹ 2030.58 crore which is due for recovery from Government of India.

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 sub-section (11) of section 143 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 and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the 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.
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 CHANDIOK AND GULIANI
Chartered Accountants
Firm's Registration No.: 001199N

B. B. Kalia
Partner
Membership no.: 085772

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

Harbir Gulati
Partner
Membership no.: 084072

New Delhi
23rd May 2016



ANNEXURE "A"

The Annexure refer to in our Independent Auditors Report to the members of the company on the standalone financial statement for the year ended 31st March, 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of the available information.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of fixed assets has been carried out by the management during the year. We are informed that discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the Company, the title deeds of immovable properties are held in the name of the Company except following:

Immovable Properties	Area
Nangal Unit	2578 Acres
Bhatinda Unit	14.261 Acres
Vijaipur Unit	1250.254 Acres
Alwar	0.164 Acres
Bhopal	9707.25 Square Feet

- (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. 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 Companies 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 Companies Act, 2013 and are of the opinion that prima facie the prescribed records have been maintained. We have, however, not made a detailed examination of the Cost Records with a view to determine whether they are accurate or complete.
- (vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues.

According to the information and explanations given to us, no undisputed amounts remain payable in respect of such statutory liabilities as at 31st March, 2016 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 31.03.2016 which have not been deposited on account of matters pending in appeal before appropriate authorities are as under:



Name of the Statute	Nature of dues	Amount (in ₹) Involved (₹ Crore)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	70.16	AY 2006-07 to AY 2010-11	Income Tax Appellate Tribunal, New Delhi
		70.65	AY 2006-07, AY 2011-12, AY 2012-13 & AY 2013-14	Commissioner of Income Tax (Appeals)
		11.34	AY 2009-10	Delhi High Court
Central Excise Act, 1944	Excise Duty	1.04	FY 1997-98 to FY 1999-2000	Punjab and Haryana High Court
Customs Act 1962	Custom Duty	6.48	F.Y. 1996-97	Commissioner of Customs (Appeal)
Punjab VAT Act	VAT	0.55	FY 2006-07 to FY 2009-10	Dy. Excise and Taxation Commissioner (Appeal), Patiala
Madhya Pradesh Value Added Tax Act, 2002	VAT	0.01	FY 2008-09	Appellate Board, Commercial Tax Bhopal
M P Vidyut Shulk Adhiniyam 2012	Electricity Generation Duty & Cess	0.39	FY 2008-09 to FY 2011-12	MP High Court
Punjab Municipal Act	Property Tax	0.82	FY 2007-08 to FY 2009-10 and FY 2013-14	Municipal Council, Nangal
		0.09	FY 1982-83 to FY 1990-91	Municipal Council, Nangal
MP Commercial Tax Act, 1994	Purchase Tax	1.30	FY 2001-02	Commercial Tax Appellate Board, Bhopal
Haryana Local Development tax Act, 2000	Entry tax	6.72	FY 2000-01 to FY 2002-03	Joint Excise Taxation Comm. Rohtak
Entry Tax Act 1976	Entry Tax	0.05	FY 2010-11 and FY 2012-13	Appellate Board, Commercial Tax

- (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) According to the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.



- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

B. B.Kalia
Partner
Membership no.: 085772

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

Harbir Gulati
Partner
Membership no.: 084072

New Delhi
23rd May 2016



ANNEXURE "B"

The Annexure refer to in our Independent Auditors Report to the members of the company on the standalone financial statement for the year ended 31st March, 2016.

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 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 Companies Act, 2013, 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 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 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

B. B.Kalia
Partner
Membership no.: 085772

New Delhi
23rd May 2016

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

Harbir Gulati
Partner
Membership no.: 084072



ANNEXURE "C"

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

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

COMPLIANCE CERTIFICATE

We have conducted the audit of the accounts of **National Fertilizers Limited** for the year ended 31st March, 2016 in accordance with the directions/sub-directions issued by the C&AG of India under Section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the directions/sub-directions issued to us.

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

B. B. Kalia
Partner
Membership no.: 085772

New Delhi
23rd May 2016

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

Harbir Gulati
Partner
Membership no.: 084072

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



AUDIT REPORT OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR 2015 -2016 PURSUANT TO DIRECTIONS UNDER SECTION 143 (5) OF THE COMPANIES ACT, 2013.

I. Directions for the year 2015-16

1. Land

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

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

Freehold land/ location	Area (in Acres)
Nangal Unit	2578
Bhatinda Unit	14.261
Vijaipur Unit	1250.254
Alwar	0.164

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

During FY 2015-2016, amount of Rs. 0.01 crore has been written off due to non recovery after exhausting all efforts by the management.

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

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

II. Sub-Directions under section 143(5) of Companies Act 2013 for the year 2015-16

1. Employee Benefits

Independent verification may be made of information/inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate, etc for arriving at the provision for liability of retirement benefits, viz gratuity, leave encashment, post-retirement medical benefits etc.

We have made independent verification of above information furnished by the Company to Actuary for the purpose of actuarial valuation of Defined Benefit Schemes.

2. Trade Receivables – Subsidy

Whether acceptance for the amount of subsidy outstanding has been received by the Company from the Government? If not, state the amount for which such acceptance/confirmation has not been received from the Government.

Subsidy amount of ₹4629.17 crore receivable from the Government as on 31.03.2016 is subject to confirmation/acceptance by the Government.

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

B. B.Kalia
Partner
Membership no.: 085772

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

Harbir Gulati
Partner
Membership no.: 084072

New Delhi
23rd May 2016



BALANCE SHEET AS AT 31ST MARCH 2016

		As at 31 st March, 2016	As at 31 st March, 2015
			Cr
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	490.58	490.58
Reserves and surplus	3	1116.07	990.42
		1606.65	1481.00
Deferred Government Grant	4	3193.61	3373.01
Non-current liabilities			
Long-term borrowings	5	985.06	1784.90
Deferred tax liabilities (Net)	6	28.21	(67.70)
Other Long term liabilities	7	38.22	38.91
Long-term provisions	8	191.92	189.05
		1243.41	1945.16
Current liabilities			
Short-term borrowings	9	4292.23	5002.27
Trade payables	10	306.80	174.42
Other current liabilities	11	1309.97	1324.09
Short-term provisions	12	166.12	87.34
		6075.12	6588.12
Total		12118.79	13387.29
Assets			
Non-current assets			
Fixed assets			
Tangible Assets	13	4236.32	4416.72
Intangible Assets	14	19.16	26.59
Capital work-in-progress	15	32.63	39.00
Non-current Investments	16	15.47	2.47
Long-term loans and advances	17	33.55	30.73
Other non-current Assets	18	853.04	1591.60
		5190.17	6107.11
Current assets			
Inventories	19	503.31	285.00
Trade receivables	20	4827.66	5028.95
Cash and bank balances	21	6.97	5.22
Short-term loans and advances	22	380.11	151.92
Other current Assets	23	1210.57	1809.09
		6928.62	7280.18
Total		12118.79	13387.29

Significant accounting policies

The accompanying note Nos 1 to 49 form an integral part of these financial statements

For and on behalf of the Board of Directors

(Rajkumar) Company Secretary A-11914	(R.K. Chandiok) Director (Finance) DIN No.05146544	(Manoj Mishra) Chairman & Managing Director DIN No.06408953
For Chandiok & Guliani Chartered Accountants (B.B. Kalia) Partner Membership No.085772 Firm Regd. No. 001199N		For HDSG & Associates Chartered Accountants (Harbir Gulati) Partner Membership No.084072 Firm Regd. No. 002871N

Place: New Delhi

Date: 23rd May, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

			Crore
	Note	Year ended 31 st March, 2016	Year ended 31 st March, 2015
Revenue			
Revenue from operations (gross)	24	7802.55	8553.20
Less: Excise duty		36.67	33.51
Revenue from operations (net)		7765.88	8519.69
Other Income	25	46.33	37.13
Total Revenue (I)		7812.21	8556.82
Expenses			
Cost of Materials consumed	26	3637.59	4348.41
Purchase of Traded Goods	27	257.87	14.24
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	28	(246.30)	84.31
Employee Benefits Expense	29	465.98	475.44
Power and Fuel	30	2423.93	2593.28
Freight and Handling		435.81	392.07
Repairs and Maintenance	31	85.75	74.24
Finance Cost	32	227.88	301.36
Depreciation and Amortization Expense	33	80.03	72.56
Other Expenses	34	160.18	156.19
Total Expenses (II)		7528.72	8512.10
Profit/(Loss) before Tax (III)=(I)-(II)		283.49	44.72
Tax expenses:			
Current tax (MAT)		62.09	10.80
Earlier years' tax		(0.66)	-
Deferred tax		95.91	7.68
MAT Credit Entitlement		(70.94)	-
Total Tax Expense (IV)		86.40	18.48
Profit/(Loss) for the year (V)=(III)-(IV)		197.09	26.24
Significant accounting policies	1		
Earnings per equity share			
Basic / Diluted earnings per share of ₹10 each	35	4.02	0.53

There are neither extraordinary items nor discontinuing operations.

The accompanying note Nos 1 to 49 form an integral part of these financial statements

For and on behalf of the Board of Directors

(Rajkumar) Company Secretary A-11914	(R.K. Chandiok) Director (Finance) DIN No.05146544	(Manoj Mishra) Chairman & Managing Director DIN No.06408953
For Chandiok & Guliani Chartered Accountants		For HDSG & Associates Chartered Accountants
(B.B. Kalra) Partner Membership No.085772 Firm Regd. No. 001199N		(Harbir Gulati) Partner Membership No.084072 Firm Regd. No. 002871N

Place: New Delhi

Date: 23rd May, 2016



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

		Year ended 31 st March, 2016	Year ended 31 st March, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/(Loss) Before Tax		283.49	44.72
Adjustments For :			
Depreciation / Amortization		80.03	72.56
Finance Charges		227.88	301.36
Interest Income		(10.55)	(5.22)
Profit on Sale of Fixed Assets		(0.41)	(0.73)
Exchange Rate Variation (Net)		(4.31)	(4.94)
Provision for Doubtful Debts/ Advances		0.00	3.57
Provision for Obsolete/Surplus Stores		0.86	0.64
Liabilities / Provisions no longer required written back		(0.15)	-
Stores and Spares write offs		4.31	3.57
Assets written off		0.23	2.93
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		581.38	418.46
Adjustments For :			
Trade and Other Receivables		1388.20	(42.66)
Inventories		(223.48)	129.04
Trade Payables, Provisions & Others Liabilities		153.94	(200.23)
Direct Taxes paid		(51.22)	(0.94)
NET CASH FROM OPERATING ACTIVITIES	"A"	1848.82	303.67
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (including CWIP)		(74.57)	(113.77)
Purchase of Investment		(22.00)	(2.44)
Fixed Assets Sold/Discarded		2.07	22.42
Interest Received		10.55	5.22
NET CASH FROM INVESTING ACTIVITIES	"B"	(83.95)	(88.57)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans		(710.04)	963.08
Long Term Loans		(815.16)	(876.05)
Interest Paid		(227.88)	(301.36)
Dividend/Distribution Tax paid		(10.04)	0.00
NET CASH FROM FINANCING ACTIVITIES	"C"	(1763.12)	(214.33)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	1.75	0.77
Cash And Cash Equivalents (Closing Balance)		6.97	5.22
Cash And Cash Equivalents (Opening Balance)		5.22	4.45
NET INCREASE IN CASH AND CASH EQUIVALENTS		1.75	0.77

For and on behalf of the Board of Directors

(Rajkumar) Company Secretary A-11914	(R.K. Chandiok) Director (Finance) DIN No.05146544	(Manoj Mishra) Chairman & Managing Director DIN No.06408953
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For Chandiok & Guliani
Chartered Accountants

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

For HD SG & Associates
Chartered Accountants

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

Place: New Delhi
Date: 23rd May, 2016



NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements

The financial statements are prepared on accrual basis, as a going concern, under the historical cost convention in accordance with the generally accepted accounting principles in India (GAAP) and the provisions of the Companies Act, 2013.

1.2 Use of Estimates

The preparation of the financial statements in conformity with GAAP in India requires management to make estimates and assumptions, wherever necessary, that affect the reported amount of assets and liabilities and contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period in which the results are known/materialized and the effect if material, disclosed separately.

1.3 Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (including Borrowing Cost) and expenses allocated wherever applicable during construction period, exchange gain/loss attributable to the asset less accumulated depreciation and impairment loss, if any.

Expenditure during construction attributable to the fixed assets incurred upto the date of commercial production is capitalized.

1.4 Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

1.5 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. A qualifying asset is one, which necessarily takes a substantial period of time to get ready for the intended use. Other borrowing costs are charged to revenue in the period in which these are incurred.

1.6 Depreciation/Amortization

Depreciation on fixed assets is provided as per useful life specified under Schedule II of the Companies Act, 2013 on straight-line method on historical cost. For significant part of plant & machinery, useful life based on component approach is determined on Technical evaluation basis. In respect of Plant and Machinery, Computer and data processing units residual value of five percent and rupee one in respect of other Fixed Assets is retained.

Leasehold land and buildings are amortized over the lease period. Buildings constructed over leasehold land are depreciated at the useful life specified under Schedule II of the Companies Act, 2013, where the lease period is beyond the useful life of the building.

License and process know-how having future economic benefits is amortized on straight line method over a period of ten years or licence 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.

Depreciation on Mobile Phone Handsets is provided by considering useful life as two years and retaining residual value of 5%.

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.

1.7 Investments

Long term investments are carried at cost, after providing for diminution in value, if it is of a permanent nature. Current investments are valued (individually) at lower of cost and quoted/fair value



1.8 Inventories

Raw Materials, packing materials and stores & spares, are valued at lower of monthly weighted average cost and net realizable value.

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 not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

Finished and semi-finished goods are valued at lower of annual average cost inclusive of excise duty where applicable and net realizable value based on the applicable Concession/Sale Price. In warehouses carrying Finished Goods of more than one Plant, the Plant wise finished stocks are determined on first-in-first-out basis and costs worked out accordingly.

Scrap and wastes are not valued.

1.9 Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of the transaction.

The value of assets and liabilities in foreign currency are translated at the exchange rate prevailing at the end of the year.

Exchange Gain/Loss on conversion of foreign currency transactions is recognized as income/expense except in case of long term liability, relating to acquisition of Fixed assets where the same are adjusted to the carrying cost of such assets.

Premium incurred on foreign currency forward contracts is amortized over the period of the contract.

1.10 Employees Benefits

Contribution to Provident Fund is accounted for on accrual basis. 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 and shortfall, if any, shall be made good by the Company. Such shortfall on account of interest, if any, is recognized in the Statement of Profit and Loss.

Provision towards Defined Benefit Schemes is made based on the actuarial valuation as at the end of the year and is charged to Statement of Profit & Loss along with actuarial gains/losses and contribution made.

1.11 Adjustments pertaining to prior period and prepaid expenditure

Income/Expenditure pertaining to prior period and prepaid upto Rupee one lakh in each case not being considered material is included under the income/expenditure of the current year.

1.12 Revenue Recognition

Sales are recognized as per AS-9 on Revenue Recognition.

Sales include excise duty wherever applicable and are net of rebates.

Price and Freight Subsidy is recognized based on in principle recognition/ 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.

Adjustment in Price and Freight subsidy, if any, is recognised in the year of payment of subsidy.

Sale of scrap/ waste materials is recognized on disposal.

1.13 Accounting for Government Grants:

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Government Grants received/receivable from Government or other authorities towards capital expenditure are treated as 'Deferred Government Grants' till utilization of grant. Government Grants are accounted for on accrual basis.



Fixed Assets acquired out of capital grants are treated on the basis of income approach and are treated as deferred income and recognized in the statement of Profit & Loss over the useful life of related assets and in proportion to which depreciation on these assets is provided.

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 & Loss and deducted in reporting the related expense.

1.14 Claims

Pending settlement, claims made on underwriters /railways /others as assessed by the Company on a possible realization basis are recognized at the time of lodgement.

1.15 Leases

Lease arrangements, where the risks and rewards incidental to ownership of the asset substantially vest with the lessor, are recognized as an operating lease. Lease payments/receipts under operating lease are recognized as an expense/income in the Statement of Profit and Loss on a straight-line method over the period of lease.

1.16 Deferred Tax

The deferred tax resulting from timing differences between book profit and taxable profit for the year is accounted for, applying the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date.

Deferred tax assets are recognized to the extent there is a virtual certainty that the assets can be realized in future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

1.17 Earning Per Share

Basic earning per share is calculated by dividing the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore
As at
31st March 2015

NOTE : 2 SHARE CAPITAL

Authorized

100,00,00,000 Equity Shares of Rs 10 each

As at
31st March 2016

1000.00

Issued, Subscribed and Paid -up

49,05,78,400 Equity Shares of Rs 10 each fully paid up

490.58

490.58

1000.00

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 Rs. 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

Equity Shares of ₹10 each fully paid
Government of India

As at
31st March 2016

No. %

440116292 89.71

As at
31st March 2015

No. %

440116292 89.71

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore
As at
31st March 2015

NOTE : 3 RESERVES AND SURPLUS

		As at 31 st March 2016	As at 31 st March 2015
Capital Reserve		2.51	2.51
As per last Balance Sheet	A	<u>2.51</u>	<u>2.51</u>
General Reserve			
As per last Balance Sheet		302.75	322.79
Transferred from Statement of Profit & Loss		12.57	1.62
Transferred from Debenture Redemption Reserve		7.53	7.53
Deferred Tax on Transitional Provision of Depreciation		-	15.03
Less: Adjustment as per Transitional Provision of Depreciation		-	44.22
	B	<u>322.85</u>	<u>302.75</u>
Debenture Redemption Reserve			
As per last Balance Sheet		17.57	25.10
Less: Transferred to General Reserve		7.53	7.53
	C	<u>10.04</u>	<u>17.57</u>
Corporate Social Responsibility (CSR) Reserve*			
As per last Balance Sheet		5.26	5.48
Transferred from statement of Profit and Loss		-	0.15
Less: Transferred to statement of Profit and Loss (Refer Note 47)		1.25	0.37
	D	<u>4.01</u>	<u>5.26</u>
Surplus in Statement of Profit & Loss			
As per last Balance Sheet		662.33	647.53
Less: Proposed Dividend#		59.36	8.34
Less: Tax on Proposed Dividend		12.08	1.70
Less: Transferred to General reserve		12.57	1.62
Transferred from CSR reserve		1.25	0.37
Less: Transferred to CSR reserve		-	0.15
		<u>579.57</u>	<u>636.09</u>
Profit/(Loss) for the year transferred from Statement of Profit and Loss		197.09	26.24
Net Surplus	E	<u>776.66</u>	<u>662.33</u>
Total (A+B+C+D+E)		<u>1116.07</u>	<u>990.42</u>

*In view of average loss of ₹115.69 crore during preceding three financial years, there is no requirement to spend towards CSR during the year as per Companies Act, 2013. The Company had opening CSR Reserve of ₹5.26 crore in respect of unspent CSR budget as per DPE guidelines. The company has incurred an amount of ₹1.25 crore during the year (Previous Year ₹0.37 crore) towards Corporate Social Responsibility activities leaving balance CSR fund of ₹4.01 crore as on 31.03.2016.

As per Office Memorandum F. No. 3(3)-B(S)/2015 dated 5.01.2016 issued by Ministry of Finance, Department of Economic Affairs (DEA) (Budget Division) regarding Dividend Payment of Central Public Sector Enterprises (CPSEs), a CPSE would pay an annual dividend of 30% of Profit after Tax (PAT) or 30% of GOI's equity, whichever is higher. However, in terms of the provisions contained in the said office Memorandum, Company has requested Department of Fertilizers for exemption from payment of dividend considering the various capex requirements and equity contribution in RFCL. Department of Fertilizers vide their OM No.18048/7/2016-FCA dated 27th April 2016 has recommended to Secretary, Department of Economic Affairs from exemption to NFL for payment of dividend for the next five years. Pending receipt of exemption from Government of India, dividend of 30.11% of PAT has been proposed.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March 2016	As at 31 st March 2015
NOTE: 4 DEFERRED GOVERNMENT GRANT		
As per last Balance Sheet#	3373.01	3536.73
Add: Addition/Adjustment during the year (AFCP)*#	7.45	22.35
Add: Addition/Adjustment during the year (Others)	-	0.11
Less : Depreciation on Fixed Assets against Govt Grant adjusted	186.85	186.18
	3193.61	3373.01

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 para 6.1 of Accounting Standard -12 on 'Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending the finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate. Adjustments, if any, on account of final settlement of LSTK (Lump Sum Turn Key) contracts and due to actual sales realization of the redundant assets discarded after conversion will be made in the year of occurrence. While arriving at the amount of grant accrued to the Company, the deduction has been made for the amount of disposable value of discarded assets, currently at the written down value of the assets concerned.

*Represents addition to fixed assets in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore
As at
31st March 2015

NOTE : 5 LONG TERM BORROWINGS**Bonds/Debentures (Secured)**

9.42% Secured Redeemable Non - Convertible
Bonds of ₹10,00,000/- each*

-

40.16

Term Loans

Rupee Loans from Banks (Secured)#

770.00

1540.00

Foreign Currency Loans - External Commercial
Borrowing from Bank (Secured)\$

-

204.74

Foreign Currency Loans - External Commercial
Borrowing from Bank (Unsecured)\$

215.06

-

985.06**1784.90**

* 1004 Nos 9.42% Secured Redeemable Non-Convertible Bonds (Previous Year 1004 Nos) of ₹10,00,000/- each issued with five years tenor redeemable at par in three installments at the end of third year from issue date of 15th September, 2011 (30% at end of 3rd year, 30% at the end of 4th year and balance 40% at end of 5th year). These bonds are secured by mortgage/charge on land and building of Company located at Corporate Office, Noida. The final installment of ₹40.16 crore due for payment on 15.09.2016 is disclosed in Note 11 'Other Current Liabilities'.

Rupee loan from Banks for Ammonia Feedstock Conversion Projects is secured by first charge ranking pari-passu inter-se on entire fixed assets, movable and immovable (present & future) properties related to Nangal, Bathinda & Panipat units and second charge over the entire current assets and subsidy (excluding reimbursement related to energy savings and interest expenses) of the Company. Repayment of sanctioned term loan would fall due for repayment in 20 quarterly installments of ₹ 192.50 crore starting from June 2013 and ending in March 2018. The rate of interest on the term loan is linked to the SBI base rate and during the period interest rate was between 10.80% to 11.50% p.a. The total borrowings is ₹1540.00 crore out of which ₹770.00 crore being payable in next year is disclosed in Note 11 'Other Current Liabilities'.

\$ Foreign Currency External Commercial Borrowing (ECB) loan from Bank, has been used for energy saving and urea capacity augmentation projects at Vijapur and is secured by first ranking pari-passu charge on all movable and immovable fixed assets (both present and future) related to Vijapur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijapur Unit.

ECB has been refinanced through DBS Bank, Singapore on 06.01.2016. 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.

The rate of interest of refinanced ECB from DBS, Singapore is 6 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan will commence 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 fixed assets (both present and future) related to Vijapur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijapur Unit. The security creation in respect of loan refinanced and drawn from DBS Bank is under process.

The repayment of ECB loan will fall due for ₹32.14 crore in FY 2016-17, ₹39.55 crore in FY 2017-18, ₹56.85 crore in FY 2018-19, ₹59.33 crore in FY 2019-20 and ₹59.33 crore in FY 2020-21. A sum of ₹247.20 crore (₹215.06 crore + ₹32.14 crore) is outstanding as on 31.03.2016 out of which the installments due for payment in FY 2016-17 amounting to of ₹32.14 crore is disclosed in Note 11 'Other Current Liabilities'.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March 2016	₹ Crore As at 31 st March 2015
NOTE: 6 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability (A)		
Fixed assets: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/ amortization charged in Statement of Profit and Loss.	169.06	157.41
(A)	<u>169.06</u>	<u>157.41</u>
Deferred tax assets (B)		
Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.	106.62	97.18
Impact of losses/ unabsorbed depreciation carried forward for tax purposes#		
Losses carried forward	-	79.65
Unabsorbed depreciation	34.23	48.28
(B)	<u>140.85</u>	<u>225.11</u>
Net deferred tax liabilities (A-B)	<u>28.21</u>	<u>(67.70)</u>

Deferred Tax Assets amounting to ₹ 34.23 crore (net) have been recognized as on 31st Mar, 2016 in respect of unabsorbed depreciation for set-off against taxable income in future based on Notification No. 12012/3/2010-FPP(II) dated 3rd April, 2014 of Modified New Pricing policy of urea by Government of India and New Urea Policy-2015 for existing gas based urea manufacturing units based on notification No. 12012/1/2015-FPP dated 25th May 2015 thereby having convincing evidence of certainty of utilization of deferred tax assets.

	As at 31 st March 2016	₹ Crore As at 31 st March 2015
NOTE : 7 OTHER LONG - TERM LIABILITIES		
Security Deposits	19.68	19.94
Others#	18.54	18.97
	<u>38.22</u>	<u>38.91</u>

Includes amount of ₹ 14.16 crore (Previous Year ₹ 12.69 crores) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore
As at
31st March 2015

NOTE : 8 LONG TERM PROVISIONS

Provision for employee benefits *

As at
31st March 2016

191.92

191.92

189.05

189.05*** Item wise breakup of Provisions for employee benefits**

Earned Leave

69.10

66.95

Half Pay Leave

51.65

53.19

Post Retirement Medical Benefits

57.10

54.41

Post Retirement Settlement Benefits

1.24

1.02

Long Service Award

0.50

0.50

Social Security Benefits

5.45

5.31

Employees' Family Economic Rehabilitation Scheme

6.88

7.67

191.92189.05

Short term Provision for Employee Benefits of ₹73.71 crore is disclosed in Note 12.

₹ Crore
As at
31st March 2015

NOTE: 9 SHORT TERM BORROWINGS

As at
31st March 2016

Cash credit from Banks (Secured)

2637.23

1964.17

Short Term loans from Banks (Secured)

-

25.00

Short Term loans from Banks (Unsecured)

-

1513.10

Commercial Paper (Unsecured)

1655.00

1500.00

4292.235002.27

a 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.

b Short term loans from Banks are secured by pari-pasu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore
As at
31st March 2015

NOTE: 10 TRADE PAYABLES

Trade Payable to Micro, Small and Medium Enterprises (MSMED)*
Others\$

As at
31st March 2016

0.92

305.88

306.80

1.22

173.20

174.42

* Interest amount due to MSMED parties during the year is neither due/accrued/nor paid or payable.

\$ Includes amount of ₹ 205.89 crore (Previous Year ₹ 75.46 crore) on account of Gas supplies.

₹ Crore
As at
31st March 2015

NOTE: 11 OTHER CURRENT LIABILITIES

Current maturities of long term borrowings *

Bonds Secured

40.16

30.12

FROM BANKS

Secured

Foreign currency loans

-

57.50

Rupee Term Loans

770.00

770.00

Unsecured

Foreign currency loans

32.14

-

Security Deposits

88.25

78.94

Interest accrued but not due on borrowings

1.59

3.85

Interest accrued and due on borrowings

3.09

0.14

Advances from customers

15.16

37.43

Creditors for Capital Works

174.77

208.75

Unclaimed dividend

0.04

0.04

Statutory Dues

72.07

67.17

Liability for employee benefits / remuneration

69.72

41.20

Others#

42.98

28.95

1309.97

1324.09

* Details in respect of Interest and terms of repayment of long term borrowings are disclosed in Note 5: Long Term borrowings.

Includes amount of ₹ 1.37 crore (Previous Year ₹ 1.04 crores) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore
As at
31st March 2015

NOTE : 12 SHORT TERM PROVISIONS

	As at 31 st March 2016	As at 31 st March 2015
Provisions for employee benefits*^	73.71	67.16
Provision for Proposed Dividend	59.36	8.34
Provision for Tax on Proposed Dividend	12.08	1.70
Provision for Wealth Tax	-	0.13
Provision for Corporate Tax (Net)	20.97	10.01
	166.12	87.34
* Item wise breakup of provisions for employee benefits:		
Gratuity	49.38	33.70
Earned Leave	11.18	13.44
Half Pay Leave	8.53	11.08
Post Retirement Medical Benefits	1.56	5.84
Post Retirement Settlement Benefits	0.18	0.16
Long Service Award	0.15	0.10
Social Security Benefits	1.16	0.98
Employees' Family Economic Rehabilitation Scheme	1.57	1.86
	73.71	67.16

^ Long term Provision for Employee Benefits of ₹191.92 crore is disclosed in Note 8.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE: 13 TANGIBLE ASSETS

₹ Crore

DESCRIPTION	Gross Block				Depreciation					Net Block	
	As at 1 st April, 2015	Additions	Deductions/ Adjustments	As at 31 st March, 2016	As at 1 st April, 2015	For the year	On Deductions/ Adjustments	Adjusted from Reserves	Upto 31 st March, 2016	As at 31 st March, 2016	As at 31 st March, 2015
LAND											
- Freehold	11.92	-	-	11.92	-	-	-	-	-	11.92	11.92
- Leasehold	12.58	-	-	12.58	6.23	0.10	-	-	6.33	6.25	6.35
BUILDINGS											
- on Freehold Land	176.98	-	-	176.98	63.98	5.93	-	-	69.91	107.07	113.00
- on Leasehold Land	86.13	2.87	-	89.00	55.14	6.57	-	-	61.71	27.29	30.99
Leasehold Buildings	1.49	-	-	1.49	1.04	0.06	-	-	1.10	0.39	0.45
Plant and Machinery	6716.43	72.65	18.84	6770.24	2485.66	240.80	17.07	-	2709.39	4060.85	4230.77
Furniture and Fixtures	13.01	0.20	0.09	13.12	12.25	0.21	0.07	-	12.39	0.73	0.76
Vehicles	3.33	0.01	0.05	3.29	2.34	0.22	0.05	-	2.51	0.78	0.99
Office Equipment's	9.93	0.46	0.22	10.17	9.21	0.37	0.19	-	9.39	0.78	0.72
Others :											
Electrical Installations	76.95	1.84	0.72	78.07	69.00	1.29	0.73	-	69.56	8.51	7.95
Railway Sidings	12.73	-	-	12.73	12.65	0.01	-	-	12.66	0.07	0.08
EDP Equipment's	12.91	0.49	0.80	12.60	11.48	0.41	0.73	-	11.16	1.44	1.43
Other Equipment's	35.74	2.28	0.48	37.54	24.43	3.33	0.46	-	27.30	10.24	11.31
As at 31st March, 2016	7170.13	80.80	21.20	7229.73	2753.41	259.30	19.30	-	2993.41	4236.32	4416.72
As at 31st March, 2015	7125.05	88.49	43.41	7170.13	2476.67	262.86	30.34	44.22	2753.41	4416.72	4648.38

- 'a. Title/Lease Deed for land acquired at Nangal (₹0.93 crore), Vijaipur (₹4.36 crore), Bathinda (₹0.15 crore), Building at Scope Complex, New Delhi (₹2.07 crore) and Building at Bhopal (₹0.51 crore) are pending execution.
- b. Out of total land of 2578 acres, land Measuring 325.70 acres at Nangal (₹ 0.12 crore) had been symbolically possessed by the Punjab Government on 29.10.1998 without determination of consideration. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners.
- c. Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat & Nangal Unit under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production have been capitalised on 11th March, 2013, 28th March 2013 and 18th July 2013 respectively. Accordingly, Fixed assets (Gross) include assets amounting to ₹3748.81 crore (Previous Year ₹3741.36 crore) represented by capital grant as disclosed in Note: 4 Deferred Government Grant and the net fixed assets of Ammonia Feed Stock Conversion Projects amount to ₹3193.52 crore (Previous Year ₹3372.90 crore) as on 31.03.2016.
- d. In terms of notification No. G.S.R 914(E) dated 29th December, 2011 relating to AS 11 issued by Ministry of Corporate affairs and consequent upon exercising of option by the company to treat long term foreign currency loan as long term foreign currency monetary items as per Clause 46A (i) of AS-11, an amount of ₹15.03 crore (Previous Year ₹15.44 crore) has been included in the addition to Fixed Assets/Capital Work in Progress as on 31st March, 2016. The unamortized amount of exchange difference as on 31.03.2016 is ₹67.68 crore (Previous Year ₹56.31 crore).
- e. Buildings includes office premises given on operating lease. The details of such leased premises are as under:

	₹Crore	
	Current Year	Previous year
Original Cost	2.40	2.14
Accumulated depreciation upto 31 st March 2016	1.19	0.97
Net Written Down Value as at 31 st March 2016	1.21	1.17
Depreciation recognized in Statement of Profit and Loss	0.05	0.04
Impairment losses recognized in Statement of Profit and Loss	-	-
Impairment losses reversed in Statement of Profit and Loss	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE: 14 INTANGIBLE ASSETS

` Crore

DESCRIPTION	Gross Block				Amortization					Net Block	
	As at 1 st April, 2015	Additions	Deductions/ Adjustments	As at 31 st March, 2016	As at 1 st April, 2015	For the year	On Deductions/ Adjustments	Adjusted from Reserves	Upto 31 st March, 2016	As at 31 st March, 2016	As at 31 st March, 2015
Computer Software	2.39	0.14	(0.37)	2.90	1.98	0.24	(0.36)	-	2.58	0.32	0.41
Licence and Know-how	54.67	-	-	54.67	28.49	7.34	-	-	35.83	18.84	26.18
As at 31st March, 2016	57.06	0.14	(0.37)	57.57	30.47	7.58	(0.36)	-	38.41	19.16	26.59
As at 31st March, 2015	56.92	0.29	0.15	57.06	23.06	7.56	0.15	-	30.47	26.59	33.86

NOTE : 15 CAPITAL WORK-IN-PROGRESS

	As at 31 st March 2016	As at 31 st March 2015
Buildings	1.09	0.01
Plant and Machinery	23.24	33.84
Capital Stores	8.30	5.15
	32.63	39.00



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore
As at
31st March 2015

NOTE: 16 NON-CURRENT INVESTMENTS (UNQUOTED)

Trade Investments

a) Investment in joint venture

180002 Equity shares with face value of ₹10 each

fully paid up in Urvarak Videsh Limited

Provision for diminution in value of investments

0.18

0.18

(0.15)

(0.15)

0.03

0.03

15440004 Equity shares with face value of ₹10 each

15.44

2.44

fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)\$

15.47

2.47

b) Investment in Co-operative Societies

1250 shares with face value of ₹10 each

fully paid up (₹ 12500) in NFL Employees' Consumer co-operative stores

*

*

100 shares with face value of ₹50 each fully paid up (₹5000)

in NFL Employees' Consumer co-operative stores

*

*

300 shares with face value of ₹10 each fully paid up (₹3000)

in New India Co-operative Bank

*

*

15.47

2.47

Aggregate amount of unquoted investments

15.62

2.62

Aggregate provision for diminution in value of investments

(0.15)

(0.15)

15.47

2.47

In compliance with Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures". The Reporting information is as under :

Joint controlled entity

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31.03.2016	31.03.2015
Urvarak Videsh Limited	India	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00

Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. During the year Urvarak Videsh Limited has been declared Dormant Company.

Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited and Fertilizer Corporation of India has been incorporated on 17.02.2015 for revival of closed Fertilizer Unit of FCIL at Ramagundam, Telengana.

* Being less than ₹50,000/-, figures not given.

\$ Out of ₹24.44 crore invested in RFCL, Share application of ₹9.00 crore are pending for allotment and is disclosed in Note 18: Other Current Assets.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		As at 31 st March 2016	As at 31 st March 2015
NOTE : 17 LONG TERM LOANS AND ADVANCES			
Unsecured, considered good unless otherwise stated			
Capital advances	A	0.50	0.29
Loans to employees (including interest accrued)			
Secured, considered good	B	12.74	14.05
Security Deposits	C	16.72	12.20
Advances			
Employees		0.81	1.91
Others		2.78	2.28
	D	3.59	4.19
Total (A+B+C+D)		33.55	30.73

		As at 31 st March 2016	As at 31 st March 2015
NOTE : 18 OTHER NON-CURRENT ASSETS			
Capital Grant Recoverable from Government of India (GOI)#		835.94	1580.72
Deposits with original maturity of more than one year (Kept as Margin Money against Bank Guaranties.)		8.10	10.88
Advance Against Equity Pending allotment of shares in Joint Venture (Ramagundam Fertilizers & Chemicals Limited)		9.00	-
		853.04	1591.60

Capital Grant recoverable from Government of India of ₹835.94 crore represents the grant to be disbursed by Government of India for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' for the FY 2017-18. Capital Grant recoverable from GOI amounting to ₹1080.04 crore for the FY 2015-16 & FY 2016-17 is disclosed in Note 23: Other current assets. Details of Capital Grant for AFCP are disclosed in Note :4 Deferred Government Grant.

\$ Capital grant includes cumulative foreign exchange losses of ₹7.39 crore (net) in respect of outstanding liability of AFCP recoverable from GOI as part of project cost and such exchange losses shall be adjusted in the capital cost upon final settlement of liabilities.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

	As at 31 st March 2016		As at 31 st March 2015	
NOTE : 19 INVENTORIES				
Raw materials	2.28		0.98	
Add: In transit	<u>0.16</u>	2.44	<u>-</u>	0.98
Packing Materials	10.20		4.69	
Add: In transit	0.73		0.55	
Less: Provision for Obsolescence	<u>-</u>	10.93	<u>0.05</u>	5.19
Stores and spares	141.11		178.61	
Add: In transit	14.94		12.20	
Less: Provision for Obsolescence	<u>3.32</u>	152.73	<u>2.46</u>	188.35
Semi-finished goods		15.48		22.81
Finished goods	246.26		25.65	
Add: In transit	<u>75.47</u>	321.73	<u>42.02</u>	67.67
		<u>503.31</u>		<u>285.00</u>

Inventories have been valued at lower of cost (including excise duty where applicable) or net realizable value considering Accounting Policy No.1.8 (Note 1)

	As at 31 st March 2016		As at 31 st March 2015	
` Crore				
NOTE : 20 TRADE RECEIVABLES				
Debts outstanding for a period more than six months from the date they are due for payment				
Subsidy (Government of India)	516.74		29.41	
Others	<u>11.02</u>	527.76	<u>11.38</u>	40.79
Other debts				
Subsidy (Government of India)	4112.43		4946.00	
Others	<u>198.44</u>	4310.87	<u>53.47</u>	4999.47
Provision for doubtful receivables		(10.97)		(11.31)
Total		<u>4827.66</u>		<u>5028.95</u>
Aggregate of trade receivables:				
Unsecured, considered good (including debts backed by bank guarantees ₹0.42 crore, (previous year ₹0.61 crore)		4827.66		5028.95
Unsecured, considered doubtful		10.97		11.31
Provision for doubtful receivables		(10.97)		(11.31)
		<u>4827.66</u>		<u>5028.95</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March 2016	As at 31 st March 2015
NOTE: 21 CASH AND BANK BALANCES		
Cash and cash equivalents:		
Cash on hand	0.09	0.09
Cheques in hand/remittances in transit	4.02	3.08
Balances with banks		
Current accounts	0.84	0.17
Unclaimed dividend account	0.04	0.04
Deposits	-	-
Other Bank balances		
Deposits with original maturity of more than 3 Months but less than 12 Months (Kept as Margin Money against Bank Guaranties.)	1.98	1.84
	<u>6.97</u>	<u>5.22</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		As at 31 st March 2016	As at 31 st March 2015
NOTE : 22 SHORT TERM LOANS AND ADVANCES			
Unsecured, considered good unless otherwise stated			
Loans to employees (including interest accrued)			
Secured, considered good	A	2.51	2.76
Security Deposits	B	7.64	5.41
Advances			
Contractors		0.73	0.72
Suppliers #		290.94	138.09
Employees		1.18	1.62
Claims recoverable		2.83	2.63
Recoverable/Balances with customs and excise authorities		14.58	14.64
Tax refunds		92.31	91.56
MAT Credit Entitlement		70.94	-
Fixed deposit as case property *		1.32	1.32
Others		34.80	32.79
		509.63	283.37
Unsecured, considered good from above		369.95	143.75
Unsecured, considered doubtful from above		139.69	139.62
Provision for doubtful advances		(10.04)	(9.98)
Provision for doubtful advances appropriated from reserve		(129.64)	(129.64)
	C	369.96	143.75
Total (A+B+C)		380.11	151.92

Includes an advance of ₹130.69 crore (Previous year ₹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.

* As per direction of Court an amount of ₹1.32 crore (Previous Year ₹1.32 crore) is being kept as case property.

\$ Includes amount recoverable on account of Gas Pooling amounting to ₹147.94 crore (Previous year Nil).

		As at 31 st March 2016	As at 31 st March 2015
NOTE: 23 OTHER CURRENT ASSETS			
Capital Grant recoverable from Government of India (GOI)*\$		1080.04	1471.18
Interest Subsidy recoverable from Government of India		114.60	322.69
Assets held for disposal **		15.93	15.22
		1210.57	1809.09

* 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 4.

** Assets held for sale includes ₹13.55 crore (Previous Year ₹13.55 crore) being the written down value of the assets discarded upon commissioning of changeover of feed stock from LSHS/FO to Gas projects as stated in Note 4.

\$ Capital Grant recoverable from Government of India of ₹1080.04 crore represents the grant to be disbursed by Government of India for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' for the FY 2015-16 & FY 2016-17. Capital Grant recoverable from GOI amounting to ₹835.94 crore for the FY 2017-18 is disclosed in Note 18: Other non current assets.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31 st March 2016	Year ended 31 st March 2015
NOTE : 24 REVENUE FROM OPERATIONS		
Sale of products		
Finished goods	2133.15	2077.18
Traded goods*	235.82	14.88
(a)	<u>2368.97</u>	<u>2092.06</u>
Other operating revenue		
Subsidy from Government of India:		
Finished goods (Urea)-Subsidy		
Price subsidy#	5018.75	6112.87
Freight subsidy	365.39	348.27
	<u>5384.14</u>	<u>6461.14</u>
Traded goods (DAP)*Subsidy		
Price subsidy	41.29	-
Freight subsidy	8.15	-
	<u>49.44</u>	<u>-</u>
(b)	<u>5433.58</u>	<u>6461.14</u>
Total subsidy \$	<u>5433.58</u>	<u>6461.14</u>
Revenue from operations (gross) (a)+(b)	<u>7802.55</u>	<u>8553.20</u>
Less: Excise duty	36.67	33.51
Revenue from operations (net)	<u>7765.88</u>	<u>8519.69</u>
Details of products sold		
Finished goods (including subsidy)		
Urea	7350.51	8399.39
Industrial Products	127.10	102.21
Bio Fertilizers	3.01	3.21
	<u>7480.62</u>	<u>8504.81</u>
Traded goods* (including DAP subsidy)		
Seeds	16.76	12.55
Foundation Seeds (SSP)	0.04	-
DAP (Indigenous)	41.66	-
DAP (Imported) (including subsidy)	127.98	-
Bentonite Sulphur	4.49	2.33
Gas Swapping (Sales)	94.33	-
	<u>285.26</u>	<u>14.88</u>
	<u>7765.88</u>	<u>8519.69</u>
*Sale of Traded Goods includes sale of Gas of ₹ 94.33 crore to M/s GAIL procured from M/s RIL in the state of Andhra Pradesh w.e.f. 1 st August, 2015 under revenue neutral Gas Swapping arrangement pursuant to the OM No. 12014/6/2013-FPP dated 16th July, 2015 issued by Department of Fertilizers.		
\$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year		
Price Subsidy (Urea)	49.73	88.48
Freight Subsidy (Urea)	-	4.31
	<u>49.73</u>	<u>92.79</u>

Consequent to the order of Hon'ble High Court of Delhi on 14th May, 2015 giving interim measure in response to the petition filed by FAI for recognition of Marketing Margin on RIL gas used in Urea Company has taken credit of ₹1.83 crore towards subsidy income during the year ended 31st March, 2016, pending final settlement by DOF. Adhoc payment of ₹ 1.19 crore has been received in the month of Dec 2015. Further, Hon'ble High Court of Delhi vide its order dated 16.12.2015 has directed GOI to ensure that payment is made on or before 15th April 2016. As per High Order dated 26.04.2016, Union of India had filed a Special Leave petition which has been dismissed by Supreme Court on 22.04.2016.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore
Year ended
31st March 2015

NOTE : 25 OTHER INCOME

Interest income

Term Deposits	5.40	0.93
Loan to employees	0.87	1.10
Others	4.28	3.19
(A)	<u>10.55</u>	<u>5.22</u>

Other non-operating income

Rent	16.04	15.06
Profit on sale of Fixed Assets (Net)	0.41	0.73
Sale of Scrap	4.68	6.37
Miscellaneous income	14.65	9.75
(B)	<u>35.78</u>	<u>31.91</u>
(A+B)	<u>46.33</u>	<u>37.13</u>

₹ Crore
Year ended
31st March 2015

NOTE: 26 COST OF MATERIAL CONSUMED

Raw Material (A)

Inventory at the beginning of the year	0.98	3.17
Purchases	3465.62	4169.74
	<u>3466.60</u>	<u>4172.91</u>

Less: Inventory at the end of the year	2.44	0.98
Cost of raw material consumed	<u>3464.16</u>	<u>4171.93</u>

Packing material (B)

	127.67	132.29
--	--------	--------

Stores and spares (C)

	45.76	44.19
--	-------	-------

Cost of material consumed (A+B+C)	<u>3637.59</u>	<u>4348.41</u>
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Itemwise break up of raw material consumed

Natural Gas	3443.46	4121.48
Others	20.70	50.45
	<u>3464.16</u>	<u>4171.93</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31 st March 2016	₹ Crore Year ended 31 st March 2015
NOTE 27 PURCHASE OF TRADED GOODS		
Traded goods purchased		
Seeds	16.04	12.10
DAP (Indigenous)	41.12	-
DAP (Import)	102.21	-
Gas Swapping Purchase*	94.33	-
Bentonite Sulphur	4.11	2.14
Purchase of Foundation Seeds (SPP)	0.06	-
	257.87	14.24

* Purchase of Traded Goods includes purchase of Gas of ₹ 94.33 crore procured from M/s RIL and sold to M/s GAIL in the state of Andhra Pradesh w.e.f. 1st August, 2015 under revenue neutral Gas Swapping arrangement pursuant to the OM No. 12014/6/2013-FPP dated 16th July, 2015 issued by Department of Fertilizers.

	Year ended 31 st March 2016	₹ Crore Year ended 31 st March 2015
NOTE: 28 (INCREASE)/DECREASE IN INVENTORIES		
Opening inventories		
Semi-Finished	22.81	31.70
Finished goods	67.67	143.22
	90.48	174.92
Closing inventories		
Semi-Finished	15.48	22.81
Finished goods	321.73	67.67
	337.21	90.48
(Increase)/decrease in inventories	(246.73)	84.44
Less: Excise duty included in change in inventories	(0.43)	0.13
Net (Increase)/decrease in inventories	(246.30)	84.31

	Year ended 31 st March 2016	₹ Crore Year ended 31 st March 2015
NOTE: 29 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	385.46	378.67
Contribution to Provident and Other Funds	40.64	40.33
Contribution to Gratuity	16.15	18.00
Welfare expenses#	23.73	38.44
	465.98	475.44

Includes payment of ₹2.17 crore (Previous Year ₹1.90 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore
Year ended
31st March 2015

NOTE: 30 POWER AND FUEL

	Year ended 31 st March 2016	Year ended 31 st March 2015
Purchased power	148.73	151.23
Coal	575.13	494.97
Natural gas	1678.69	1927.07
Cess on Electricity	19.61	17.08
Renewal Energy Certificate	1.77	2.93
	<u>2423.93</u>	<u>2593.28</u>

₹ Crore
Year ended
31st March 2015

NOTE: 31 REPAIR AND MAINTENANCE

	Year ended 31 st March 2016	Year ended 31 st March 2015
Plant and machinery	68.05	58.97
Buildings	8.99	7.92
Others	8.71	7.35
	<u>85.75</u>	<u>74.24</u>

₹ Crore
Year ended
31st March 2015

NOTE: 32 FINANCE COSTS

Interest :

	Year ended 31 st March 2016	Year ended 31 st March 2015
Cash credit	182.07	177.14
Short term loans	10.45	90.21
Rupee Term Loan	216.62	310.39
Less: Interest Subsidy recoverable/received from Government of India*	<u>216.62</u>	<u>310.39</u>
Others	32.21	35.17
Other Borrowing Cost	3.15	1.76
Exchange difference to the extent considered as adjustment to borrowing cost	-	(2.92)
	<u>227.88</u>	<u>301.36</u>

* Represents Government of India Grant towards interest on borrowed funds taken for Feed Stock Conversion Project from 'LSHS/FO' to 'Gas' at Panipat, Bhatinda & Nangal Unit under the Government Policy.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**NOTE: 33 DEPRECIATION AND AMORTIZATION EXPENSE**

Depreciation / Amortization on tangible assets
Amortization of intangible assets

Less : Depreciation on fixed assets against Govt Grant adjusted (Refer Note: 4)
Less : Depreciation Adjusted from General Reserve

Year ended
31st March 2016

259.30
7.58
266.88
186.85
-
80.03

₹ Crore
Year ended
31st March 2015

295.40
7.56
302.96
186.18
44.22
72.56

NOTE : 34 OTHER EXPENSES

Rent
Rates and taxes
Insurance
Auditors' remuneration:
 Audit Fee
 Tax Audit Fee
 Certification and other fee
 Out of pocket expenses

Cost Audit Fee
Security Expenses
Printing and Stationery
Advertisement, Publicity and Sales Promotion
Directors' Fees
Telephone and Postage
Travelling
Water Charges

Provision for:
 Doubtful Advances
 Others

Write Off:
 Stores and spares
 Others

Legal Expenses
Bank Charges
Demurrage and Wharfage
Exchange rate variation (net)
Cash Discount
Retailer Margin
CSR Expenditure
Miscellaneous expenses

Year ended
31st March 2016

4.98
8.88
7.93

0.21
0.06
0.12
0.02
0.41

0.04
43.12
1.30
2.46
0.14
1.97
13.20
16.64

(0.15)
0.86
0.71

4.31
0.23
4.54

0.75
3.01
2.64
(4.31)
5.70
18.39
1.25
26.43
160.18

₹ Crore
Year ended
31st March 2015

4.94
5.30
10.00

0.19
0.05
0.09
0.03
0.36

0.04
39.83
1.08
2.30
0.05
1.19
13.41
16.07

3.15
0.64
3.79

3.57
3.35
6.92

1.16
3.00
2.44
(4.94)
5.54
18.40
0.37
24.94
156.19



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore
Year ended
31st March 2015

NOTE: 35 EARNING PER EQUITY SHARE:

	Year ended 31 st March 2016	₹ Crore Year ended 31 st March 2015
Profit/(Loss) after Tax (₹ Crore)	197.09	26.24
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	4.02	0.53

The Company has not issued any security which will have the effect of diluting earnings on equity.

₹ Crore
As at
31st March 2015

NOTE 36: CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts

a. Pending Appellate/Judicial decisions:

Income tax	152.15	293.47
Purchase tax	1.30	1.30
Excise, customs and service tax	28.13	25.14
Value Added Tax	0.61	0.56
Land compensation/development claims	6.10	6.26
Arbitration and civil cases	67.30	68.35

b. Other claims	1.55	0.97
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c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable

257.14

396.05

NOTE 37 CAPITAL AND OTHER COMMITMENTS

- (i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances). The amount as at 31st March, 2016 includes Project contracts relating to changeover of feedstock from Fuel oil to natural gas at Nangal unit ₹3.04 crore (As at 31st March 2015 ₹4.56 crore) and Purge Gas recovery Project at Vijaipur ₹21.85 crore (As at 31st March 2015 ₹1.03 crore) relates to Energy Saving & Capacity Enhancement Project).

68.51

27.34

- (ii) Unutilized amount of Letter of Credit

1.71

2.59



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

38.1 AS-15 (REVISED): EMPLOYEE BENEFITS

38.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹ 10 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 30 days.
Post Retirement Medical Benefits (PRMB)	Mediclaime Insurance Policy available to the retiring employee and the spouse (for a cover of ₹2 lakhs per annum) after rendering 15 years of continuous service.
Post Retirement Settlement Benefits (PRSB)	Travelling and Baggage expenses payable to retiring employees for settlement at their home town.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹9.00 lakhs with minimum benefits of ₹1.00 lakhs).
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

"38.1.2 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 ₹26.56 crore (P.Y. ₹27.54 crore) has been charged to statement of Profit and loss towards contribution by the Company.

In terms of the guidance on implementing the revised AS-15 issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, 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, 2016. 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 2016

38.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

in Crore

	Gratuity		EL		HPL		PRMB		PRSB		LSA		PF	
	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15
(i) Reconciliation of present value of defined benefit obligations and plan assets:														
1 Present value of projected benefit obligations at beginning of the year	185.96	179.31	80.39	79.00	64.27	52.71	60.25	51.75	1.18	1.09	0.60	0.59	910.51	864.87
2 Service Cost	3.95	3.99	3.51	16.39	2.43	2.00	1.79	1.53	0.06	0.04	0.03	0.03	26.56	28.66
3 Past Service Cost	0.07	(0.16)	-	-	-	-	-	0.12	-	-	-	-	-	-
4 Interest Cost	14.50	15.13	6.27	6.38	5.01	4.50	4.70	4.95	0.09	0.09	0.05	0.05	71.02	76.12
5 Actuarial (Gains) / Losses	9.37	13.42	27.91	6.20	(3.96)	11.54	(6.61)	3.16	0.25	0.06	0.09	0.04	6.42	(21.98)
6 Benefits Paid	(27.53)	(25.73)	(37.80)	(27.58)	(7.57)	(6.48)	(1.47)	(1.26)	(0.16)	(0.10)	(0.12)	(0.11)	(161.03)	(87.28)
7 Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	-	-	49.89	49.77
8 Transfer in	-	-	-	-	-	-	-	-	-	-	-	-	0.60	0.35
9 Present value of projected benefit obligations at close of the year [1 to 9]	186.32	185.96	80.28	80.39	60.18	64.27	58.66	60.25	1.42	1.18	0.65	0.60	903.97	910.51
10 Fair Value of Plan assets at close of the year	(136.94)	(152.26)	-	-	-	-	-	-	-	-	-	-	(1022.58)	(1026.93)
11 Net Liability recognized in Balance Sheet at close of the year [9-10]	49.38	33.70	80.28	80.39	60.18	64.27	58.66	60.25	1.42	1.18	0.65	0.60	-	-
(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	152.26	163.29	-	-	-	-	-	-	-	-	-	-	1026.93	958.38
2 Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	-	-	50.48	50.12
3 Expected Return on plan assets	14.47	14.70	-	-	-	-	-	-	-	-	-	-	89.86	86.59
4 Actual Company's contribution	0.07	-	-	-	-	-	-	-	-	-	-	-	26.56	27.90
5 Actuarial Gains /(Losses)	(2.80)	-	-	-	-	-	-	-	-	-	-	-	(10.22)	(8.78)
6 Benefits Payments	(27.06)	(25.73)	-	-	-	-	-	-	-	-	-	-	(161.03)	(87.28)
7 Fair value of plan assets at close of the year [1 to 6]	136.94	152.26	-	-	-	-	-	-	-	-	-	-	1022.58	1026.93
8 Present value of defined benefit obligation	186.32	185.96	-	-	-	-	-	-	-	-	-	-	903.97	910.51
9 Net liability recognized in the Balance Sheet at close of the year [8-7]	49.38	33.70	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

` in Crore

Gratuity		EL		HPL		PRMB		PRSB		LSA		PF	
15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15

(iii) Expenses recognized in the Statement of Profit & Loss:

1	Service Cost	3.95	3.99	3.51	16.39	2.43	2.00	1.79	1.53	0.06	0.04	0.03	0.03	26.56	28.66
2	Past Service Cost	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-
3	Interest Cost	14.50	15.13	6.27	6.38	5.01	4.50	4.70	4.95	0.09	0.09	0.05	0.05	71.02	76.12
4	Actuarial (Gains)/Losses	12.17	13.42	27.91	6.20	(3.96)	11.54	(6.61)	3.16	0.25	0.06	0.09	0.04	6.42	(21.98)
5	Expected return on Plan Assets	(14.47)	(14.70)	-	-	-	-	-	-	-	-	-	-	(89.86)	(86.59)
6	Total charged to P&L Account	16.15	17.87	37.69	28.97	3.48	18.04	(0.12)	9.64	0.40	0.19	0.17	0.12	-	-

(iv) Effect of one percentage point change in the assumed inflation rate in case of valuation of benefits under Post Retirement Medical Benefit Scheme (PRMB):

	Increase in inflation rate		Decrease in inflation rate	
	15-16	14-15	15-16	14-15
1 Increase/(Decrease) on aggregate service and interest cost of post retirement medical benefits	1.08	1.16	(0.94)	(0.91)
2 Increase/(Decrease) in present value of closing defined benefit obligations	10.01	8.89	(9.29)	(7.17)

(v) Actuarial assumptions:

	As at 31st March, 2016	As at 31st March, 2015
1 Method used	Projected Unit credit	Projected Unit credit
2 Discount Rate (per annum)	7.83%	7.80%
3 Estimated rate of return on plan assets (applicable only on Gratuity)	9.50%	9.50%
4 Mortality Rate	Indian assured lives mortality (2006-08) modified ultimate	Indian assured lives mortality (2006-08) modified ultimate
5 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
6 Medical Cost Trend Rates (per annum)	8.00%	8.00%
7 Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	5.50%	5.50%



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(vi) Actuarial assumptions (PF):	As at 31st March, 2016	As at 31st March, 2015
1 Discount Rate (per annum)	8.00%	7.80%
2 Interest Rate Guarantee	8.75%	8.75%
3 Yield on Assets based on the Purchase Price and Outstanding term of maturity	8.79%	8.77%

Foot Note:

- 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 ₹49.38 crore (Previous year ₹33.70 crore) is unfunded as on 31st March, 2016. Other defined benefit obligations are unfunded.

38.1.4 Other Employee Benefit Schemes:

Provision of ₹(0.76) crore (Previous year ₹1.87 crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been made on the basis of actuarial valuation and charged to the Statement of Profit and Loss account. A net liability of ₹15.06 crore (Previous year ₹15.82 crore) has been recognized in the Balance Sheet as at 31st March 2016 on account of these schemes.

NOTE 39AS-17: SEGMENT REPORTING

Business Segments:

Company's primary business segments are 'Urea' & 'Other Products'(including Industrial Products, Bio Fertilizers and Traded Products) and are reportable segments under Accounting Standard-17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

39.1.1 Geographical Segment:

The operations of the company are conducted within India and there is no separate reportable geographical segment

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

` Crore

Year ended
31st March 2015Year ended
31st March 2016

39.1.2 The disclosure of segment-wise information is as below:

SEGMENT REVENUE (NET SALES)

Urea	7350.51	8399.39
Other Products	436.78	142.69
Less: Inter Segment Revenue	21.41	22.39
Total Segment Revenue	7765.88	8519.69

SEGMENT RESULTS

Urea	495.61	385.90
Other Products	40.30	(2.02)
Total Segment Results	535.91	383.88
Less: Unallocable Expenses (Net of Unallocable Income)	24.54	37.80
Less : Interest expenses	227.88	301.36
Profit Before Tax	283.49	44.72
Provision for Tax	86.40	18.48
Profit After Tax	197.09	26.24

SEGMENT ASSETS

Urea	11678.09	13077.96
Other Products	179.65	133.94
Unallocable	261.05	175.39
Segment Assets	12118.79	13387.29

SEGMENT LIABILITIES

Urea	4214.91	4256.71
Other Products	23.61	17.49
Unallocable	6273.62	7632.09
Segment Liabilities	10512.14	11906.29

CAPITAL EXPENDITURE

Urea	79.46	86.63
Other Products	1.05	1.05
Unallocable	0.43	1.10
Capital Expenditure	80.94	88.78

DEPRECIATION AND AMORTISATION

Urea	72.32	64.79
Other Products	7.01	6.83
Unallocable	0.70	0.94
Depreciation and Amortisation	80.03	72.56

NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION

Urea	5.06	10.16
Other Products	-	-
Unallocable	(4.53)	(5.12)
Non-cash expenses	0.53	5.04



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 40 AS-18: RELATED PARTY DISCLOSURES

A) Nature of Relationship

Joint Ventures

Name of the Related Party

Urvarak Videsh Limited
Ramagundam Fertilizers & Chemicals Limited

B) Nature of Relationship

Key Management Personnel

Name of the Related Party

- (i) Manoj Mishra,
Chairman & Managing Director w.e.f 03.06.2015
- (ii) Heera Lal Samariya,
Chairman & Managing Director upto 02.06.2015
- (iii) Capt. P.K. Kaul,
Director (Marketing) upto 06.02.2016
- (iv) Shri M. Sagar Mathew
Director (Technical)
- (v) Shri R. K. Chandiok
Director (Finance)
- (vi) Shri Rajkumar
Company Secretary

C) Transactions with Related parties:

- (i) During the year there were transactions of ₹25.38 crore (previous year ₹2.44 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹22.00 crore (Previous Year ₹2.44 crore) and others ₹3.38 crore (Previous Year Nil).
- (ii) Remuneration to Key Management Personnel at B) above is ₹1.39 crore (Previous period ₹1.42 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

NOTE 41: AS-28: IMPAIRMENT OF ASSETS

In accordance with Accounting Standard (AS)-28, the carrying amount of fixed assets 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 42: ASSETS TAKEN ON OPERATING LEASE:

The Company's significant leasing arrangements are in respect of operating leases of premises for offices, godowns and residential use of employees & vehicles. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employee benefit expense remuneration and benefits include ₹ 0.49 crore (Previous year ₹0.13 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, godowns and vehicles, ₹3.52 crore (Previous year ₹3.52 crore) are shown in Rent (other expenses Note: 34).

₹ Crore

NOTE 43 DISCLOSURE REGARDING PRIOR PERIOD ITEMS (AS-5)

Exchange difference to the extent considered as adjustment to borrowing cost
Exchange difference to the extent considered as adjustment to other expenses

Year ended 31 st March 2016	Year ended 31 st March 2015
-	2.93
(4.54)	-
(4.54)	2.93



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 44 (a) EXPENDITURE INCURRED IN FOREIGN CURRENCY

(on accrual basis)

Consultancy & professional charges

Interest

Others

Current Year

1.38

8.93

1.89

12.20

₹ Crore
Previous Year

0.77

10.78

6.05

17.60

(b) Value of import

(calculated on CIF basis)

Capital goods

Components and spare parts

Current Year

1.14

7.77

8.91

₹ Crore
Previous Year

19.40

11.65

31.05

(c) Value of raw material consumed

Current Year

Previous Year

₹Crore

%

₹Crore

%

Imported

-

-

-

-

Indigenous

3464.16

100

4171.93

100

(d) Value of stores and spares consumed

Imported

1.12

2.49

2.59

3.93

Indigenous

43.85

97.51

63.33

96.07

44.97

100.00

65.92

100.00

NOTE 45 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 46 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

133

-

b) Number of ordinary shares held by them

470450

-

c) Amount of Dividend (₹ in Crore)

0.01

-



- Note 47** In view of average loss of ₹115.69 crore during preceding three financial years, there is no requirement to spend towards CSR during the year as per Companies Act, 2013. The Company had opening CSR Reserve of ₹5.26 crore in respect of unspent CSR budget as per DPE guidelines. The company has incurred an amount of ₹1.25 crore during the year (Previous Year ₹0.37 crore) towards Corporate Social Responsibility activities leaving balance CSR fund of ₹4.01 crore as on 31.03.2016.
- Note 48** (a) Balance of subsidy recoverable of ₹4629.17 crore (previous year ₹4975.41) crore and Capital Grant recoverable of ₹2030.58 crore (previous year ₹3374.59 crore) is subject to confirmation by Government of India. In addition some of the Balances of trade/other payable and loans and advances are subject to confirmation/reconciliation. Adjustment if any will be accounted for on confirmation/reconciliation of the same which in the opinion of the management will not have a material impact.
- (b) In the opinion of the management, the value of assets, other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the balance sheet.
- Note 49** Figures of previous period have been re-arranged / regrouped / re-cast, wherever necessary.

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

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

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

For Chandiok & Guliani
Chartered Accountants

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

For HDSG & Associates
Chartered Accountants

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

Place: New Delhi
Date: 23rd May, 2016



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

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

INDEPENDENT AUDITOR'S REPORT

**To the Members of
 National Fertilizers Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated 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 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these Consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Group is responsible for 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the company, as aforesaid.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the Year ended on that date.

Emphasis of matter

Without qualifying, we draw attention to:

- (a) **Note No. 3** to Consolidated financial statement regarding provision of proposed dividend of 30% of PAT has been made as against 30% PAT or 30% on GOI equity (whichever is higher) as directed by Ministry of Finance vide notification against which Company has applied for exemption which is pending from Department of Economic Affairs (Government of India).
- (b) Note No. 48(a) to Consolidated financial statement regarding non availability of balance confirmation in respect of Subsidy ₹ 4629.17 crore and Capital Grant ₹ 2030.58 crore which is due for recovery from Government of India.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report to the extent applicable 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 financial statements.
 - (b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
 - (c) the consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial Statements;
 - (d) in our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors and the report of statutory auditors of jointly controlled companies in India, none of the director of the group companies in India disqualified as on 31st March 2016 from being appointed as a director of that company in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “**Annexure A**”; and
 - (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated financial statements disclosed the impact of the pending litigation on the consolidated financial position of the group– Refer Note 36 to the consolidated financial statements;
 - ii. the group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the group companies in India.

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

B. B. Kalia
Partner
Membership no.: 085772

For HDSG & Associates
Chartered Accountants
Firm’s RegistrationNo.: 002871N

Harbir Gulati
Partner
Membership no.: 084072

New Delhi
23rd May 2016



ANNEXURE "A"

The Annexure refer to in our Independent Auditors Report to the members of the National Fertilizers Limited on the Consolidated Financial Statements for the year ended 31st March, 2016.

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 consolidated financial reporting of National Fertilizers Limited (the Company) and its jointly controlled companies in India (collectively referred to as "the Group") as of 31st March 2016 in conjunction with our audit of the consolidated financial statements of the Group 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 Companies Act, 2013.

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 Companies Act, 2013, 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 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 Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the group;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorization of management and directors of the group; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the group's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the company and its jointly controlled companies has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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 Companies Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far it relates to two jointly controlled companies in India is based on the corresponding reports of the auditors of such companies. Our opinion is not qualified in respect of this matter.

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

B. B. Kalia
Partner
Membership no.: 085772

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

Harbir Gulati
Partner
Membership no.: 084072

New Delhi
23rd May 2016



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016

		As at 31 st March, 2016	As at 31 st March, 2015
			₹ Crore
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	490.58	490.58
Reserves and surplus	3	1116.06	990.42
		1606.64	1481.00
Deferred Government Grant	4	3193.61	3373.01
Non-current liabilities			
Long-term borrowings	5	985.06	1784.90
Deferred tax liabilities (Net)	6	28.21	(67.70)
Other Long term liabilities	7	38.22	38.91
Long-term provisions	8	191.92	189.05
		1243.41	1945.16
Current liabilities			
Short-term borrowings	9	4292.23	5002.27
Trade payables	10	311.53	174.42
Other current liabilities	11	1310.91	1324.09
Short-term provisions	12	166.12	87.34
		6080.79	6588.12
Total		12124.45	13387.29
ASSETS			
Non-current assets			
Fixed assets			
Tangible Assets	13	4236.42	4416.72
Intangible Assets	14	19.18	26.59
Capital work-in-progress	15	60.70	39.00
Non-current Investments	16	-	-
Long-term loans and advances	17	34.35	30.73
Other non-current Assets	18	844.04	1594.04
		5194.69	6107.08
Current assets			
Inventories	19	503.31	285.00
Trade receivables	20	4827.66	5028.95
Cash and bank balances	21	8.11	5.25
Short-term loans and advances	22	380.11	151.92
Other current Assets	23	1210.57	1809.09
		6929.76	7280.21
Total		12124.45	13387.29

Significant accounting policies 1

Explanatory information on Financial Statements A

The accompanying note Nos 1 to 49 and explanatory information (Note A) form an integral part of these financial statements

For and on behalf of the Board of Directors

(Rajkumar) Company Secretary A-11914	(R.K. Chandiok) Director (Finance) DIN No.05146544	(Manoj Mishra) Chairman & Managing Director DIN No.06408953
--	--	---

For Chandiok & Guliani
Chartered Accountants

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

For HDSG & Associates
Chartered Accountants

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

Place: New Delhi

Date: 23rd May, 2016



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

		Year ended 31 st March, 2016	Crore Year ended 31 st March, 2015
REVENUE	Note		
Revenue from operations (gross)	24	7802.55	8553.20
Less: Excise duty		36.67	33.51
Revenue from operations (net)		7765.88	8519.69
Other Income	25	46.33	37.13
Total Revenue (I)		7812.21	8556.82
EXPENSES			
Cost of Materials consumed	26	3637.59	4348.41
Purchase of Traded Goods	27	257.87	14.24
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	28	(246.30)	84.31
Employee Benefits Expense	29	465.98	475.44
Power and Fuel	30	2423.93	2593.28
Freight and Handling		435.81	392.07
Repairs and Maintenance	31	85.75	74.24
Finance Cost	32	227.88	301.36
Depreciation and Amortization Expense	33	80.03	72.56
Other Expenses	34	160.19	156.19
Total Expenses (II)		7528.73	8512.10
Profit/(Loss) before Tax (III)=(I)-(II)		283.48	44.72
Tax expenses:			
Current tax (MAT)		62.09	10.80
Earlier years' tax		(0.66)	-
Deferred tax		95.91	7.68
MAT Credit Entitlement		(70.94)	-
Total Tax Expense (IV)		86.40	18.48
Profit/(Loss) for the year (V)=(III)-(IV)		197.08	26.24
Significant accounting policies	1		
Earnings per equity share			
Basic / Diluted earnings per share of ₹10 each	35	4.02	0.53

There are neither extraordinary items nor discontinuing operations.

The accompanying note Nos 1 to 49 and explanatory information (Note A) form an integral part of these financial statements

For and on behalf of the Board of Directors

(Rajkumar) Company Secretary A-11914	(R.K. Chandiok) Director (Finance) DIN No.05146544	(Manoj Mishra) Chairman & Managing Director DIN No.06408953
--	--	---

For Chandiok & Guliani
Chartered Accountants

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

For HDSG & Associates
Chartered Accountants

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

Place: New Delhi

Date: 23rd May, 2016



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31 st March, 2016	Year ended 31 st March, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) Before Tax	283.48	44.72
Adjustments For :		
Depreciation / Amortization	80.03	72.56
Finance Charges	227.88	301.36
Interest Income	(10.55)	(5.22)
Profit on Sale of Fixed Assets	(0.41)	(0.73)
Exchange Rate Variation (Net)	(4.31)	(4.94)
Provision for Doubtful Debts/ Advances	-	3.57
Provision for Obsolete/Surplus Stores	0.86	0.64
Liabilities / Provisions no longer required written back	(0.15)	-
Stores and Spares write offs	4.31	3.57
Assets written off	0.23	2.93
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	581.37	418.46
Adjustments For :		
Trade and Other Receivables	1389.84	(42.66)
Inventories	(223.48)	129.04
Trade Payables, Provisions & Others Liabilities	159.61	(200.23)
Direct Taxes paid	(51.22)	(0.94)
NET CASH FROM OPERATING ACTIVITIES	1856.12	303.67
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including CWIP)	(102.76)	(113.77)
Purchase of Investment	-	(2.44)
Fixed Assets Sold/Discarded	2.07	22.42
Interest Received	10.55	5.22
NET CASH FROM INVESTING ACTIVITIES	(90.14)	(88.57)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans	(710.04)	963.08
Long Term Loans	(815.16)	(876.05)
Interest Paid	(227.88)	(301.36)
Dividend/Distribution Tax paid	(10.04)	-
NET CASH FROM FINANCING ACTIVITIES	(1763.12)	(214.33)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2.86	0.77
Cash And Cash Equivalents (Closing Balance)	8.11	5.25
Cash And Cash Equivalents (Opening Balance)	5.25	4.48
NET INCREASE IN CASH AND CASH EQUIVALENTS	2.86	0.77

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

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

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

For Chandiok & Guliani
Chartered Accountants

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

For HDSG & Associates
Chartered Accountants

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

Place: New Delhi
Date: 23rd May, 2016



NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements

The financial statements are prepared on accrual basis, as a going concern, under the historical cost convention in accordance with the generally accepted accounting principles in India (GAAP) and the provisions of the Companies Act, 2013.

1.2 Use of Estimates

The preparation of the financial statements in conformity with GAAP in India requires management to make estimates and assumptions, wherever necessary, that affect the reported amount of assets and liabilities and contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period in which the results are known/materialized and the effect if material, disclosed separately.

1.3 Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (including Borrowing Cost) and expenses allocated wherever applicable during construction period, exchange gain/loss attributable to the asset less accumulated depreciation and impairment loss, if any.

Expenditure during construction attributable to the fixed assets incurred upto the date of commercial production is capitalized.

1.4 Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

1.5 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. A qualifying asset is one, which necessarily takes a substantial period of time to get ready for the intended use. Other borrowing costs are charged to revenue in the period in which these are incurred.

1.6 Depreciation/Amortization

Depreciation on fixed assets is provided as per useful life specified under Schedule II of the Companies Act, 2013 on straight-line method on historical cost. For significant part of plant & machinery, useful life based on component approach is determined on Technical evaluation basis. In respect of Plant and Machinery, Computer and data processing units residual value of five percent and rupee one in respect of other Fixed Assets is retained.

Leasehold land and buildings are amortized over the lease period. Buildings constructed over leasehold land are depreciated at the useful life specified under Schedule II of the Companies Act, 2013, where the lease period is beyond the useful life of the building.

License and process know-how having future economic benefits is amortized on straight line method over a period of ten years or licence 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.

Depreciation on Mobile Phone Handsets is provided by considering useful life as two years and retaining residual value of 5%.

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.

1.7 Investments

Long term investments are carried at cost, after providing for diminution in value, if it is of a permanent nature. Current investments are valued (individually) at lower of cost and quoted/fair value



1.8 Inventories

Raw Materials, packing materials and stores & spares, are valued at lower of monthly weighted average cost and net realizable value.

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 not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

Finished and semi-finished goods are valued at lower of annual average cost inclusive of excise duty where applicable and net realizable value based on the applicable Concession/Sale Price. In warehouses carrying Finished Goods of more than one Plant, the Plant wise finished stocks are determined on first-in-first-out basis and costs worked out accordingly.

Scrap and wastes are not valued.

1.9 Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of the transaction.

The value of assets and liabilities in foreign currency are translated at the exchange rate prevailing at the end of the year.

Exchange Gain/Loss on conversion of foreign currency transactions is recognized as income/expense except in case of long term liability, relating to acquisition of Fixed assets where the same are adjusted to the carrying cost of such assets.

Premium incurred on foreign currency forward contracts is amortized over the period of the contract.

1.10 Employees Benefits

Contribution to Provident Fund is accounted for on accrual basis. 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 and shortfall, if any, shall be made good by the Company. Such shortfall on account of interest, if any, is recognized in the Statement of Profit and Loss.

Provision towards Defined Benefit Schemes is made based on the actuarial valuation as at the end of the year and is charged to Statement of Profit & Loss along with actuarial gains/losses and contribution made.

1.11 Adjustments pertaining to prior period and prepaid expenditure

Income/Expenditure pertaining to prior period and prepaid upto Rupee one lakh in each case not being considered material is included under the income/expenditure of the current year.

1.12 Revenue Recognition

Sales are recognized as per AS-9 on Revenue Recognition.

Sales include excise duty wherever applicable and are net of rebates.

Price and Freight Subsidy is recognized based on in principle recognition/ 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.

Adjustment in Price and Freight subsidy, if any, is recognised in the year of payment of subsidy.

Sale of scrap/ waste materials is recognized on disposal.

1.13 Accounting for Government Grants:

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Government Grants received/receivable from Government or other authorities towards capital expenditure are treated as 'Deferred Government Grants' till utilization of grant. Government Grants are accounted for on accrual basis.



Fixed Assets acquired out of capital grants are treated on the basis of income approach and are treated as deferred income and recognized in the statement of Profit & Loss over the useful life of related assets and in proportion to which depreciation on these assets is provided.

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 & Loss and deducted in reporting the related expense.

1.14 Claims

Pending settlement, claims made on underwriters /railways /others as assessed by the Company on a possible realization basis are recognized at the time of lodgement.

1.15 Leases

Lease arrangements, where the risks and rewards incidental to ownership of the asset substantially vest with the lessor, are recognized as an operating lease. Lease payments/receipts under operating lease are recognized as an expense/income in the Statement of Profit and Loss on a straight-line method over the period of lease.

1.16 Deferred Tax

The deferred tax resulting from timing differences between book profit and taxable profit for the year is accounted for, applying the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date.

Deferred tax assets are recognized to the extent there is a virtual certainty that the assets can be realized in future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

1.17 Earning Per Share

Basic earning per share is calculated by dividing the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.



(A) Explanatory Information on Consolidated Financial Statements for the year ended 31st March 2016

1.1 Basic of Consolidation

The Consolidated Financial Statements relate to the Company (National Fertilizers Ltd.) and Joint Venture entities referred to in (1.1) & (1.2) below have been considered for consolidation:

- 1.1 Ramagundam Fertilizers & Chemicals Limited whose plant is being set up with 3850 MTPD Urea plant with the equity participation by NFL (26%), EIL (26%), FCIL (11%) and others (37%). The estimated investment in project is ₹5300 crore with a completion time of 36 months from the zero date of 25.09.2015.
- 1.2 UrvarkVidesh Ltd., is a Joint Venture entity of the Company, with the Company holding proportionate share of interest of 33.33% in the said entity. The Joint venture entity was incorporated on 18th July 2008 with an authorized capital of ₹5.00 crore. The Company had subscribed towards share capital of 180000 shares of ₹10/- each amounting to ₹0.18 crore. Company has made provision for diminution in value of investment in view of accumulated losses of the Joint Venture entity upto ₹0.15 crore. The company has been declared dormant during FY 2015-16.

2. Basic of Accounting:

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards (AS) under Companies Act 2013 and the relevant provisions of the Companies Act, 2013. The consolidated financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied and are consistent with those used in the previous year.

The financial statements of the Joint venture entity used in the consolidation are drawn up to the same reporting date as of the Company i.e. for the year ended 31st March 2016.

Principles of Consolidation:

The financial statements of Joint Venture entity are combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27-"Financial Reporting of Interests in Joint Ventures".

The Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate Financial Statements.

Accounting Policies:

The accounting policies of the parent Company are presented in Note no. 1 forming part of its standalone financial statements. Differences in accounting policies followed by joint venture entity consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not material.

Consolidated Employee benefit disclosures, segment disclosures, related party transactions, Lease disclosures, and deferred tax liability (Net), are not materially different from those disclosed in the standalone financial statements of the Company.

Previous year figures have been re-arranged and regrouped wherever necessary and / or practicable to make them comparable with those of the current year.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March 2016	As at 31 st March 2015
NOTE : 2 SHARE CAPITAL		
Authorized	1000.00	1000.00
100,00,00,000 Equity Shares of ₹ 10 each		
Issued, Subscribed and Paid -up	490.58	490.58
49,05,78,400 Equity Shares of ₹10 each fully paid up		
	490.58	490.58

a. There has been no movement in the Issued, Subscribed and Paid -up capital of the Company during the year.

b. Terms/Rights attached to equity shares

The Company has only one class of equity share having a face value of ₹10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends approved by shareholders.

In the event of liquidation of the company, the holders of equity share will be entitled to receive remaining assets of the company, after distribution to creditors and all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder

c. Details of shareholders holding more than 5% shares in the company

	As at 31 st March 2016		As at 31 st March 2015	
	No.	%	No.	%
Equity Shares of ₹10 each fully paid	440116292	89.71	440116292	89.71
Government of India				



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

` Crore

As at
31st March, 2015

As at
31st March, 2016

NOTE : 3 RESERVES AND SURPLUS

Capital Reserve

As per last Balance Sheet

A

2.51

2.51

2.512.51

General Reserve

As per last Balance Sheet

302.75

322.79

Transferred from Statement of Profit & Loss

12.57

1.62

Transferred from Debenture Redemption Reserve

7.53

7.53

Deferred Tax on Transitional Provision of Depreciation

-

15.03

Less: Adjustment as per Transitional Provision of Depreciation

-

44.22

B

322.85302.75

Debenture Redemption Reserve

As per last Balance Sheet

17.57

25.10

Less: Transferred to General Reserve

7.53

7.53

C

10.0417.57

Corporate Social Responsibility (CSR) Reserve*

As per last Balance Sheet

5.26

5.48

Transferred from statement of Profit and Loss

-

0.15

Less: Transferred to statement of Profit and Loss (Refer Note 47)

1.25

0.37

D

4.015.26

Surplus in Statement of Profit & Loss

As per last Balance Sheet

662.33

647.53

Less: Proposed Dividend#

59.36

8.34

Less: Tax on Proposed Dividend

12.08

1.70

Less: Transferred to General reserve

12.57

1.62

Transferred from CSR reserve

1.25

0.37

Less: Transferred to CSR reserve

-

0.15

579.57636.09

Profit/(Loss) for the year transferred from Statement of Profit and Loss

197.08

26.24

Net Surplus

E

776.65662.33

Total (A+B+C+D+E)

1116.06990.42

*In view of average loss of ₹115.69 crore during preceding three financial years, there is no requirement to spend towards CSR during the year as per Companies Act, 2013. The Company had opening CSR Reserve of ₹5.26 crore in respect of unspent CSR budget as per DPE guidelines. The company has incurred an amount of ₹1.25 crore during the year (Previous Year ₹0.37 crore) towards Corporate Social Responsibility activities leaving balance CSR fund of ₹4.01 crore as on 31.03.2016.

As per Office Memorandum F. No. 3(3)-B(S)/2015 dated 5.01.2016 issued by Ministry of Finance, Department of Economic Affairs (DEA) (Budget Division) regarding Dividend Payment of Central Public Sector Enterprises (CPSEs), a CPSE would pay an annual dividend of 30% of Profit after Tax (PAT) or 30% of GOI's equity, whichever is higher. However, in terms of the provisions contained in the said office Memorandum, Company has requested Department of Fertilizers for exemption from payment of dividend considering the various capex requirements and equity contribution in RFCL. Department of Fertilizers vide their OM No.18048/7/2016-FCA dated 27th April 2016 has recommended to Secretary, Department of Economic Affairs from exemption to NFL for payment of dividend for the next five years. Pending receipt of exemption from Government of India, dividend of 30.11% of PAT has been proposed.



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March, 2016	As at 31 st March, 2015
NOTE: 4 DEFERRED GOVERNMENT GRANT		
As per last Balance Sheet#	3373.01	3536.73
Add: Addition/Adjustment during the year (AFCP)*#	7.45	22.35
Add: Addition/Adjustment during the year (Others)	-	0.11
Less : Depreciation on Fixed Assets against Govt Grant adjusted	186.85	186.18
	3193.61	3373.01

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 para 6.1 of Accounting Standard -12 on 'Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

Pending the finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate. Adjustments, if any, on account of final settlement of LSTK (Lump Sum Turn Key) contracts and due to actual sales realization of the redundant assets discarded after conversion will be made in the year of occurrence. While arriving at the amount of grant accrued to the Company, the deduction has been made for the amount of disposable value of discarded assets, currently at the written down value of the assets concerned.

*Represents addition to fixed assets in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

` Crore

NOTE : 5 LONG TERM BORROWINGS

	As at 31 st March, 2016	As at 31 st March, 2015
Bonds/Debentures (Secured)		
9.42% Secured Redeemable Non - Convertible Bonds of ₹10,00,000/- each*	-	40.16
Term Loans		
Rupee Loans from Banks (Secured)#	770.00	1540.00
Foreign Currency Loans - External Commercial Borrowing from Bank (Secured)\$	-	204.74
Foreign Currency Loans - External Commercial Borrowing from Bank (Unsecured)\$	215.06	-
	985.06	1784.90

* 1004 Nos 9.42% Secured Redeemable Non-Convertible Bonds (Previous Year 1004 Nos) of ₹10,00,000/- each issued with five years tenor redeemable at par in three installments at the end of third year from issue date of 15th September, 2011 (30% at end of 3rd year, 30% at the end of 4th year and balance 40% at end of 5th year). These bonds are secured by mortgage/charge on land and building of Company located at Corporate Office, Noida. The final installment of ₹40.16 crore due for payment on 15.09.2016 is disclosed in Note 11 'Other Current Liabilities'.

Rupee loan from Banks for Ammonia Feedstock Conversion Projects is secured by first charge ranking pari-passu inter-se on entire fixed assets, movable and immovable (present & future) properties related to Nangal, Bathinda & Panipat units and second charge over the entire current assets and subsidy (excluding reimbursement related to energy savings and interest expenses) of the Company. Repayment of sanctioned term loan would fall due for repayment in 20 quarterly installments of ₹ 192.50 crore starting from June 2013 and ending in March 2018. The rate of interest on the term loan is linked to the SBI base rate and during the period interest rate was between 10.80% to 11.50% p.a. The total borrowings is ₹1540.00 crore out of which ₹770.00 crore being payable in next year is disclosed in Note 11 'Other Current Liabilities'.

\$ Foreign Currency External Commercial Borrowing (ECB) loan from Bank, has been used for energy saving and urea capacity augmentation projects at Vijaipur and is secured by first ranking pari-passu charge on all movable and immovable fixed assets (both present and future) related to Vijaipur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

ECB has been refinanced through DBS Bank, Singapore on 06.01.2016. 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.

The rate of interest of refinanced ECB from DBS, Singapore is 6 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan will commence 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 fixed assets (both present and future) related to Vijaipur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit. The security creation in respect of loan refinanced and drawn from DBS Bank is under process.

The repayment of ECB loan will fall due for ₹32.14 crore in FY 2016-17, ₹39.55 crore in FY 2017-18, ₹56.85 crore in FY 2018-19, ₹59.33 crore in FY 2019-20 and ₹59.33 crore in FY 2020-21. A sum of ₹247.20 crore (₹215.06 crore + ₹32.14 crore) is outstanding as on 31.03.2016 out of which the installments due for payment in FY 2016-17 amounting to ₹32.14 crore is disclosed in Note 11 'Other Current Liabilities'.



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

` Crore

NOTE: 6 DEFERRED TAX LIABILITIES (NET)

Deferred tax liability (A)

Fixed assets: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/ amortization charged in Statement of Profit and Loss.

(A)

Deferred tax assets (B)

Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.

Impact of losses/ unabsorbed depreciation carried forward for tax purposes#

Losses carried forward

Unabsorbed depreciation

(B)

Net deferred tax liabilities (A-B)

As at
31st March 2016

As at
31st March 2015

169.06

157.41

169.06

157.41

106.62

97.18

-

79.65

34.23

48.28

140.85

225.11

28.21

(67.70)

Deferred Tax Assets amounting to ₹34.23 crore (net) have been recognized as on 31st Mar, 2016 in respect of unabsorbed depreciation for set-off against taxable income in future based on Notification No. 12012/3/2010-FPP(II) dated 3rd April, 2014 of Modified New Pricing policy of urea by Government of India and New Urea Policy-2015 for existing gas based urea manufacturing units based on notification No. 12012/1/2015-FPP dated 25th May 2015 thereby having convincing evidence of certainty of utilization of deferred tax assets.

` Crore

NOTE : 7 OTHER LONG -TERM LIABILITIES

Security Deposits

Others#

As at
31st March, 2016

As at
31st March, 2015

19.68

19.94

18.54

18.97

38.22

38.91

Includes amount of ₹14.161 crore (Previous Year ₹12.69 crores) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE : 8 LONG TERM PROVISIONS

Provision for employee benefits *

* Item wise breakup of Provisions for employee benefits

	As at 31 st March, 2016	As at 31 st March, 2015
Provision for employee benefits *	191.92	189.05
	191.92	189.05
Earned Leave	69.10	66.95
Half Pay Leave	51.65	53.19
Post Retirement Medical Benefits	57.10	54.41
Post Retirement Settlement Benefits	1.24	1.02
Long Service Award	0.50	0.50
Social Security Benefits	5.45	5.31
Employees' Family Economic Rehabilitation Scheme	6.88	7.67
	191.92	189.05

Short term Provision for Employee Benefits of ₹73.71 crore is disclosed in Note 12.

NOTE: 9 SHORT TERM BORROWINGS

	As at 31 st March, 2016	As at 31 st March, 2015
Cash credit from Banks (Secured)	2637.23	1964.17
Short Term loans from Banks (Secured)	-	25.00
Short Term loans from Banks (Unsecured)	-	1513.10
Commercial Paper (Unsecured)	1655.00	1500.00
	4292.23	5002.27

a 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.

b Short term loans from Banks are secured by pari-pasu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March, 2016	As at 31 st March, 2015
NOTE: 10 TRADE PAYABLES		
Trade Payable to Micro, Small and Medium Enterprises (MSMED)*	0.92	1.22
Others\$	310.61	173.20
	311.53	174.42

* Interest amount due to MSMED parties during the year is neither due/accrued/nor paid or payable.

\$ Includes amount of ₹205.89 crore (Previous Year ₹75.46 crore) on account of Gas supplies.

	As at 31 st March, 2016	As at 31 st March, 2015
NOTE: 11 OTHER CURRENT LIABILITIES		
Current maturities of long term borrowings *		
Bonds Secured	40.16	30.12
FROM BANKS		
Secured		
Foreign currency loans	-	57.50
Rupee Term Loans	770.00	770.00
Unsecured		
Foreign currency loans	32.14	-
Security Deposits	88.41	78.94
Interest accrued but not due on borrowings	1.59	3.85
Interest accrued and due on borrowings	3.09	0.14
Advances from customers	15.16	37.43
Creditors for Capital Works	174.77	208.75
Unclaimed dividend	0.04	0.04
Statutory Dues	72.75	67.17
Liability for employee benefits / remuneration	69.72	41.20
Others#	43.08	28.95
	1310.91	1324.09

* Details in respect of Interest and terms of repayment of long term borrowings are disclosed in Note 5: Long Term borrowings.

Includes amount of ₹ 1.37 crore (Previous Year ₹1.04 crores) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March, 2016	As at 31 st March, 2015
NOTE : 12 SHORT TERM PROVISIONS		
Provisions for employee benefits*^	73.71	67.16
Provision for Proposed Dividend	59.36	8.34
Provision for Tax on Proposed Dividend#	12.08	1.70
Provision for Wealth Tax	-	0.13
Provision for Corporate Tax (Net)	20.97	10.01
	166.12	87.34
* Item wise breakup of provisions for employee benefits:		
Gratuity	49.38	33.70
Earned Leave	11.18	13.44
Half Pay Leave	8.53	11.08
Post Retirement Medical Benefits	1.56	5.84
Post Retirement Settlement Benefits	0.18	0.16
Long Service Award	0.15	0.10
Social Security Benefits	1.16	0.98
Employees' Family Economic Rehabilitation Scheme	1.57	1.86
	73.71	67.16

^ Long term Provision for Employee Benefits of ₹191.92 crore is disclosed in Note 8.



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE: 13 TANGIBLE ASSETS

₹ Crore

DESCRIPTION	Gross Block				Depreciation					Net Block	
	As at 1 st April, 2015	Additions	Deductions/ Adjustments	As at 31 st March, 2016	As at 1 st April, 2015	For the year	On Deductions/ Adjustments	Adjusted from Reserves	Upto 31 st March, 2016	As at 31 st March, 2016	As at 31 st March, 2015
LAND											
- Freehold	11.92	-	-	11.92	-	-	-	-	-	11.92	11.92
- Leasehold	12.58	-	-	12.58	6.23	0.10	-	-	6.33	6.25	6.35
BUILDINGS											
- on Freehold Land	176.98	-	-	176.98	63.98	5.93	-	-	69.91	107.07	113.00
- on Leasehold Land	86.13	2.87	-	89.00	55.14	6.57	-	-	61.71	27.29	30.99
Leasehold Buildings	1.49	-	-	1.49	1.04	0.06	-	-	1.10	0.39	0.45
Plant and Machinery	6716.43	72.65	18.84	6770.24	2485.66	240.80	17.07	-	2709.39	4060.85	4230.77
Furniture and Fixtures	13.01	0.21	0.09	13.13	12.25	0.21	0.07	-	12.39	0.74	0.76
Vehicles	3.33	0.01	0.05	3.29	2.34	0.22	0.05	-	2.51	0.78	0.99
Office Equipment's	9.93	0.47	0.22	10.18	9.21	0.37	0.19	-	9.39	0.79	0.72
Others :											
Electrical Installations	76.95	1.84	0.72	78.07	69.00	1.29	0.73	-	69.56	8.51	7.95
Railway Sidings	12.73	-	-	12.73	12.65	0.01	-	-	12.66	0.07	0.08
EDP Equipment's	12.91	0.57	0.80	12.68	11.48	0.41	0.73	-	11.16	1.52	1.43
Other Equipment's	35.74	2.28	0.48	37.54	24.43	3.33	0.46	-	27.30	10.24	11.31
As at 31st March, 2016	7170.13	80.90	21.20	7229.83	2753.41	259.30	19.30		2993.41	4236.42	4416.72
As at 31st March, 2015	7125.05	88.49	43.41	7170.13	2476.67	262.86	30.34	44.22	2753.41	4416.72	4648.38

- Title/Lease Deed for land acquired at Nangal (₹0.93 crore), Vijaipur (₹4.36 crore), Bathinda (₹0.15 crore), Building at Scope Complex, New Delhi (₹2.07 crore) and Building at Bhopal (₹0.51 crore) are pending execution.
- 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.
- 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, Fixed assets (Gross) include assets amounting to ₹3748.81 crore (Previous Year ₹3741.36) represented by capital grant as disclosed in Note: 4 Deferred Government Grant and the net fixed assets of Ammonia Feed Stock Conversion Projects amount to ₹3193.52 crore (Previous Year ₹3372.90) as on 31.03.2016.
- In terms of notification No. G.S.R 914(E) dated 29th December, 2011 relating to AS 11 issued by Ministry of Corporate affairs and consequent upon exercising of option by the company to treat long term foreign currency loan as long term foreign currency monetary items as per Clause 46A (i) of AS-11, an amount of ₹15.02 crore (Previous Year ₹15.44 crore) has been included in the addition to Fixed Assets/Capital Work in Progress as on 31st March, 2016. The unamortized amount of exchange difference as on 31.03.2016 is ₹67.68 crore (Previous Year ₹56.31 crore).
- Buildings includes office premises given on operating lease. The details of such leased premises are as under:

₹Crore

	Current Year	Previous year
Original Cost	2.40	2.14
Accumulated depreciation upto 31 st March 2016	1.19	0.97
Net Written Down Value as at 31 st March 2016	1.21	1.17
Depreciation recognized in Statement of Profit and Loss	0.05	0.04
Impairment losses recognized in Statement of Profit and Loss	-	-
Impairment losses reversed in Statement of Profit and Loss	-	-



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE: 14 INTANGIBLE ASSETS

` Crore

DESCRIPTION	Gross Block				Amortization					Net Block	
	As at 1 st April, 2015	Additions	Deductions/ Adjustments	As at 31 st March, 2016	As at 1 st April, 2015	For the year	On Deductions/ Adjustments	Adjusted from Reserves	Upto 31 st March, 2016	As at 31 st March, 2016	As at 31 st March, 2015
Computer Software	2.39	0.16	(0.37)	2.92	1.98	0.24	(0.36)	-	2.58	0.34	0.41
Licence and Know-how	54.67	-	-	54.67	28.49	7.34	-	-	35.83	18.84	26.18
As at 31st March, 2016	57.06	0.16	(0.37)	57.59	30.47	7.58	(0.36)	-	38.41	19.18	26.59
As at 31st March, 2015	56.92	0.29	0.15	57.06	23.06	7.56	0.15	-	30.47	26.59	33.86

NOTE : 15 CAPITAL WORK-IN-PROGRESS

` Crore

	As at 31 st March, 2016	As at 31 st March, 2015
Buildings	1.09	0.01
Plant and Machinery	25.35	33.84
Capital Stores	8.30	5.15
Licence & Know How fees	8.26	-
Expenditure during construction period*	17.70	-
	60.70	39.00

* Reconciliation of Expenditure during construction period

₹Crore

	As at 31 st March, 2016	As at 31 st March, 2015
Opening Balance	-	-
Add: Expenditure during the year:		
Power	0.01	-
Construction Expenses at Site	1.04	-
Other Expenses	16.74	-
Depreciation	0.02	-
Less: Other Income During Construction	(0.11)	-
Total	17.70	-
Total Expenditure	17.70	-
Less: Transfer to Fixed Assets	-	-
Closing balance carried over	17.70	-



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March 2016	As at 31 st March 2015
NOTE: 16 NON-CURRENT INVESTMENTS (UNQUOTED)		
Investment in Co-operative Societies		
1250 shares with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*
100 shares with face value of ₹50 each fully paid up (₹5000) in NFL Employees' Consumer co-operative stores	*	*
300 shares with face value of ₹10 each fully paid up (₹3000) in New India Co-operative Bank	*	*
	<u>0.00</u>	<u>0.00</u>

* Being less than ₹50,000/-, figures not given.

	As at 31 st March, 2016	As at 31 st March, 2015
NOTE : 17 LONG TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Capital advances		
A	1.05	0.29
Loans to employees (including interest accrued)		
Secured, considered good		
B	12.99	14.05
Security Deposits		
C	16.72	12.20
Advances		
Employees	0.81	1.91
Others	<u>2.78</u>	<u>2.28</u>
D	3.59	4.19
Total (A+B+C+D)	<u>34.35</u>	<u>30.73</u>

	As at 31 st March, 2016	As at 31 st March, 2015
NOTE : 18 OTHER NON-CURRENT ASSETS		
Capital Grant Recoverable from Government of India (GOI)#	835.94	1580.72
Deposits with original maturity of more than one year (Kept as Margin Money against Bank Guaranties.)	8.10	10.88
Others	-	2.44
	<u>844.04</u>	<u>1594.04</u>

Capital Grant recoverable from Government of India of ₹835.94 crore represents the grant to be disbursed by Government of India for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' for the FY 2017-18. Capital Grant recoverable from GOI amounting to ₹1080.04 crore for the FY 2015-16 & FY 2016-17 is disclosed in Note 23: Other current assets. Details of Capital Grant for AFCP are disclosed in Note :4 Deferred Government Grant.

\$ Capital grant includes cumulative foreign exchange losses of ₹7.39 crore (net) in respect of outstanding liability of AFCP recoverable from GOI as part of project cost and such exchange losses shall be adjusted in the capital cost upon final settlement of liabilities.



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March 2016		As at 31 st March 2015		₹ Crore
NOTE : 19 INVENTORIES					
Raw materials	2.28		0.98		
Add: In transit	0.16	2.44	-		0.98
Packing Materials	10.20		4.69		
Add: In transit	0.73		0.55		
Less: Provision for Obsolescence	-	10.93	0.05		5.19
Stores and spares	141.11		178.61		
Add: In transit	14.94		12.20		
Less: Provision for Obsolescence	3.32	152.73	2.46		188.35
Semi-finished goods		15.48			22.81
Finished goods	246.26		25.65		
Add: In transit	75.47	321.73	42.02		67.67
		503.31			285.00

Inventories have been valued at lower of cost (including excise duty where applicable) or net realizable value considering Accounting Policy No.1.8 (Note 1)

	As at 31 st March, 2016		` Crore As at 31 st March, 2015	
NOTE : 20 TRADE RECEIVABLES				
Debts outstanding for a period more than six months from the date they are due for payment				
Subsidy (Government of India)	516.74		29.41	
Others	11.02	527.76	11.38	40.79
Other debts				
Subsidy (Government of India)	4112.43		4946.00	
Others	198.44	4310.87	53.47	4999.47
Provision for doubtful receivables		(10.97)		(11.31)
Total		4827.66		5028.95
Aggregate of trade receivables:				
Unsecured, considered good (including debts backed by bank guarantees ₹0.42 crore, (previous year ₹0.61 crore)		4827.66		5028.95
Unsecured, considered doubtful		10.97		11.31
Provision for doubtful receivables		(10.97)		(11.31)
		4827.66		5028.95



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March, 2016	As at 31 st March, 2015
NOTE: 21 CASH AND BANK BALANCES		
Cash and cash equivalents:		
Cash on hand	0.09	0.09
Cheques in hand/remittances in transit	4.02	3.08
Balances with banks		
Current accounts	1.25	0.17
Unclaimed dividend account	0.04	0.04
Other Bank balances		
Deposits with original maturity of more than 3 Months but less than 12 Months (Kept as Margin Money against Bank Guaranties.)	2.71	1.87
	8.11	5.25
NOTE : 22 SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Loans to employees (including interest accrued)		
Secured, considered good	A 2.51	2.76
Security Deposits	B 7.64	5.41
Advances		
Contractors	0.73	0.72
Suppliers #	290.94	138.09
Employees *	1.18	1.62
Claims recoverable	2.83	2.63
Recoverable/Balances with customs and excise authorities	14.58	14.64
Tax refunds	92.31	91.56
MAT Credit Entitlement	70.94	-
Fixed deposit as case property **	1.32	1.32
Others	34.80	32.79
	509.63	283.37
Unsecured, considered good from above	369.95	143.75
Unsecured, considered doubtful from above	139.69	139.62
Provision for doubtful advances	(10.04)	(9.98)
Provision for doubtful advances appropriated from reserve	(129.64)	(129.64)
	369.96	143.75
Total (A+B+C)	380.11	151.92

Includes an advance of ₹130.69 crore (Previous year ₹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.

** As per direction of Court an amount of ₹1.32 crore (Previous Year ₹1.32 crore) is being kept as case property.

\$ Includes amount recoverable on account of Gas Pooling amounting to ₹147.94 crore (Previous year Nil).



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31 st March, 2016	As at 31 st March, 2015
NOTE: 23 OTHER CURRENT ASSETS		
Capital Grant recoverable from Government of India (GOI)*\$	1080.04	1471.18
Interest Subsidy recoverable from Government of India	114.60	322.69
Assets held for disposal **	15.93	15.22
	1210.57	1809.09

* 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 4.

** Assets held for sale includes ₹13.55 crore (Previous Year ₹13.55 crore) being the written down value of the assets discarded upon commissioning of changeover of feed stock from LSHS/FO to Gas projects as stated in Note 4.

\$ Capital Grant recoverable from Government of India of ₹1080.04 crore represents the grant to be disbursed by Government of India for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' for the FY 2015-16 & FY 2016-17. Capital Grant recoverable from GOI amounting to ₹835.94 crore for the FY 2017-18 is disclosed in Note 18: Other non current assets.



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31 st March 2016	Year ended 31 st March 2015
NOTE : 24 REVENUE FROM OPERATIONS		
Sale of products		
Finished goods	2133.15	2077.18
Traded goods*	235.82	14.88
(a)	<u>2368.97</u>	<u>2092.06</u>
Other operating revenue		
Subsidy from Government of India:		
Finished goods (Urea)- Subsidy		
Price subsidy [§]	5018.75	6112.87
Freight subsidy	365.39	348.27
	<u>5384.14</u>	<u>6461.14</u>
Traded goods (DAP)* Subsidy		
Price subsidy	41.29	-
Freight subsidy	8.15	-
	<u>49.44</u>	<u>-</u>
Total subsidy[§]	<u>5433.58</u>	<u>6461.14</u>
(b)		
Revenue from operations (gross) (a)+(b)	<u>7802.55</u>	<u>8553.20</u>
Less: Excise duty	36.67	33.51
Revenue from operations (net)	<u>7765.88</u>	<u>8519.69</u>
Details of products sold		
Finished goods (including subsidy)		
Urea	7350.51	8399.39
Industrail Products	127.10	102.21
Bio Fertilizers	3.01	3.21
	<u>7480.62</u>	<u>8504.81</u>
Traded goods* (including DAP subsidy)		
Seeds	16.76	12.55
Foundation Seeds (SSP)	0.04	-
DAP (Indigenous)	41.66	-
DAP (Imported) (including subsidy)	127.98	-
Bentonite Sulphur	4.49	2.33
Gas Swapping (Sales)	94.33	-
	<u>285.26</u>	<u>14.88</u>
	<u>7765.88</u>	<u>8519.69</u>

* Sale of Traded Goods includes sale of Gas of ₹ 94.33 crore to M/s GAIL procured from M/s RIL in the state of Andhra Pradesh w.e.f. 1st August, 2015 under revenue neutral Gas Swapping arrangement pursuant to the OM No. 12014/6/2013-FPP dated 16th July, 2015 issued by Department of Fertilizers.

§ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year

Price Subsidy (Urea)	49.73	88.48
Freight Subsidy (Urea)	-	4.31
	<u>49.73</u>	<u>92.79</u>

Consequent to the order of Hon'ble High Court of Delhi on 14th May, 2015 giving interim measure in response to the petition filed by FAI for recognition of Marketing Margin on RIL gas used in Urea Company has taken credit of ₹1.83 crore towards subsidy income during the year ended 31st March, 2016, pending final settlement by DOF. Adhoc payment of Rs 1.19 crore has been received in the month of Dec 2015. Further, Hon'ble High Court of Delhi vide its order dated 16.12.2015 has directed GOI to ensure that payment is made on or before 15th April 2016. As per High Order dated 26.04.2016, Union of India had filed a Special Leave petition which has been dismissed by Supreme Court on 22.04.2016.



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31 st March, 2016	Year ended 31 st March, 2015
NOTE : 25 OTHER INCOME		
Interest income		
Term Deposits	5.40	0.93
Loan to employees	0.87	1.10
Others	4.28	3.19
(A)	10.55	5.22
Other non-operating income		
Rent	16.04	15.06
Profit on sale of Fixed Assets (Net)	0.41	0.73
Sale of Scrap	4.68	6.37
Miscellaneous income	14.65	9.75
(B)	35.78	31.91
(A+B)	46.33	37.13
Other Income not included above and credited to Expenditure during Contruction Period	0.11	-

	Year ended 31 st March, 2016	Year ended 31 st March, 2015
NOTE: 26 COST OF MATERIAL CONSUMED		
Raw Material (A)		
Inventory at the beginning of the year	0.98	3.17
Purchases	3465.62	4169.74
	3466.60	4172.91
Less: Inventory at the end of the year	2.44	0.98
Cost of raw material consumed	3464.16	4171.93
Packing material (B)	127.67	132.29
Stores and spares (C)	45.76	44.19
Cost of material consumed (A+B+C)	3637.59	4348.41
Itemwise break up of raw material consumed		
Natural Gas	3443.46	4121.48
Others	20.70	50.45
	3464.16	4171.93



NOTES TO FINANCIAL CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31 st March 2016	Year ended 31 st March 2015
NOTE 27 PURCHASE OF TRADED GOODS		
Traded goods purchased		
Seeds	16.04	12.10
DAP (Indigenous)	41.12	-
DAP (Import)	102.21	-
Gas Swapping Purchase*	94.33	-
Bentonite Sulphur	4.11	2.14
Purchase of Foundation Seeds (SPP)	0.06	-
	257.87	14.24

* Purchase of Traded Goods includes purchase of Gas of ₹ 94.33 crore procured from M/s RIL and sold to M/s GAIL in the state of Andhra Pradesh w.e.f. 1st August, 2015 under revenue neutral Gas Swapping arrangement pursuant to the OM No. 12014/6/2013-FPP dated 16th July, 2015 issued by Department of Fertilizers.

	Year ended 31 st March, 2016	Year ended 31 st March, 2015
NOTE: 28 (INCREASE)/DECREASE IN INVENTORIES		
Opening inventories	22.81	31.70
Semi-Finished	67.67	143.22
Finished goods	90.48	174.92
Closing inventories	15.48	22.81
Semi-Finished	321.73	67.67
Finished goods	337.21	90.48
(Increase)/decrease in inventories	-246.73	84.44
Less: Excise duty included in change in inventories	(0.43)	0.13
Net (Increase)/decrease in inventories	(246.30)	84.31

	Year ended 31 st March 2016	Year ended 31 st March 2015
NOTE: 29 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	385.46	378.67
Contribution to Provident and Other Funds	40.64	40.33
Contribution to Gratuity	16.15	18.00
Welfare expenses#	23.73	38.44
	465.98	475.44

Includes payment of ₹2.17 crore (Previous Year ₹1.90 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31 st March 2016	₹ Crore Year ended 31 st March 2015
NOTE: 30 POWER AND FUEL		
Purchased power	148.73	151.23
Coal	575.13	494.97
Natural gas	1678.69	1927.07
Cess on Electricity	19.61	17.08
Renewal Energy Certificate	1.77	2.93
	<u>2423.93</u>	<u>2593.28</u>

Power Expenses not included above and charged to Expenditure during Construction Period 0.01 -

	Year ended 31 st March, 2016	₹ Crore Year ended 31 st March, 2015
NOTE: 31 REPAIR AND MAINTENANCE		
Plant and machinery	68.05	58.97
Buildings	8.99	7.92
Others	8.71	7.35
	<u>85.75</u>	<u>74.24</u>

	Year ended 31 st March, 2016	₹ Crore Year ended 31 st March, 2015
NOTE: 32 FINANCE COSTS		
Interest :		
Cash credit	182.07	177.14
Short term loans	10.45	90.21
Rupee Term Loan	216.62	310.39
Less: Interest Subsidy recoverable/received from Government of India*	216.62	310.39
Others	32.21	35.17
Other Borrowing Cost	3.15	1.76
Exchange difference to the extent considered as adjustment to borrowing cost	-	(2.92)
	<u>227.88</u>	<u>301.36</u>

* Represents Government of India Grant towards interest on borrowed funds taken for Feed Stock Conversion Project from 'LSHS/FO' to 'Gas' at Panipat, Bhatinda & Nangal Unit under the Government Policy.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

Year ended
31st March, 2015

NOTE: 33 DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation / Amortization on tangible assets	259.30
Amortization of intangible assets	7.58
	266.88
Less : Depreciation on fixed assets against Govt Grant adjusted (Refer Note: 4)	186.85
Less : Depreciation Adjusted from General Reserve	-

Year ended
31st March, 2016

259.30
7.58
266.88
186.85
-
80.03

295.40
7.56
302.96
186.18
44.22
72.56

Depreciation not included above and charged to Expenditure during Construction Period

0.02

₹ Crore

Year ended
31st March, 2015

NOTE : 34 OTHER EXPENSES

Rent	4.98
Rates and taxes	8.88
Insurance	7.93
Auditors' remuneration:	
Audit Fee	0.21
Tax Audit Fee	0.06
Certification and other fee	0.12
Out of pocket expenses	0.02

Year ended
31st March, 2016

4.98
8.88
7.93
0.21
0.06
0.12
0.02
0.41
0.04
43.12
1.30
2.46
0.14
1.97
13.20
16.64

4.94
5.30
10.00
0.19
0.05
0.09
0.03
0.36
0.04
39.83
1.08
2.30
0.05
1.19
13.41
16.07

Cost Audit Fee	0.04
Security Expenses	43.12
Printing and Stationery	1.30
Advertisement, Publicity and Sales Promotion	2.46
Directors' Fees	0.14
Telephone and Postage	1.97
Travelling	13.20
Water Charges	16.64

Provision for:

Doubtful Advances	(0.15)
Others	0.86

(0.15)
0.86
0.71

3.15
0.64
3.79

Write Off:

Stores and spares	4.31
Others	0.23

4.31
0.23
4.54

3.57
3.35
6.92

Legal Expenses	0.75
Bank Charges	3.01
Demurrage and Wharfage	2.64
Exchange rate variation (net)	(4.31)
Cash Discount	5.70
Retailer Margin	18.39
CSR Expenditure	1.25
Miscellaneous expenses	26.44

160.19
16.74

156.19

Other Expenses not included above and charged to Expenditure during Construction Period

16.74



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31 st March, 2016	Year ended 31 st March, 2015
NOTE: 35 EARNING PER EQUITY SHARE:		
Profit/(Loss) after Tax (₹ Crore)	197.08	26.24
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	4.02	0.53

The Company has not issued any security which will have the effect of diluting earnings on equity.

	As at 31 st March, 2016	As at 31 st March, 2015
NOTE 36: CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debts		
a. Pending Appellate/Judicial decisions:		
Income tax	152.15	293.47
Purchase tax	1.30	1.30
Excise, customs and service tax	28.13	25.14
Value Added Tax	0.61	0.56
Land compensation/development claims	6.10	6.26
Arbitration and civil cases	67.30	68.35
b. Other claims	1.55	0.97
c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable		
	257.14	396.05

NOTE 37 CAPITAL AND OTHER COMMITMENTS		
(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances). The amount as at 31 st March, 2016 includes Project contracts relating to changeover of feedstock from Fuel oil to natural gas at Nangal unit ₹3.04 crore (As at 31 st March 2015 ₹4.56 crore) and Purge Gas recovery Project at Vijaipur ₹21.85 crore (As at 31 st March 2015 ₹1.03 crore) relates to Energy Saving & Capacity Enhancement Project).	68.51	27.34
(ii) Unutilized amount of Letter of Credit	1.71	2.59



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

38.1 AS-15 (REVISED): EMPLOYEE BENEFITS

38.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹10 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 30 days.
Post Retirement Medical Benefits (PRMB)	Mediclaime Insurance Policy available to the retiring employee and the spouse (for a cover of ₹2 lakhs per annum) after rendering 15 years of continuous service.
Post Retirement Settlement Benefits (PRSB)	Travelling and Baggage expenses payable to retiring employees for settlement at their home town.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹9.00 lakhs with minimum benefits of ₹1.00 lakhs).
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

"38.1.2 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 ₹26.56 crore (P.Y. ₹27.54 crore) has been charged to statement of Profit and loss towards contribution by the Company.

In terms of the guidance on implementing the revised AS-15 issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, 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, 2016. The funds of the trust have been invested under various securities as prescribed by regulatory authorities."



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

38.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ in Crore

	Gratuity		EL		HPL		PRMB		PRSB		LSA		PF	
	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15
(i) Reconciliation of present value of defined benefit obligations and plan assets:														
1 Present value of projected benefit obligations at beginning of the year	185.96	179.31	80.39	79.00	64.27	52.71	60.25	51.75	1.18	1.09	0.60	0.59	910.51	864.87
2 Service Cost	3.95	3.99	3.51	16.39	2.43	2.00	1.79	1.53	0.06	0.04	0.03	0.03	26.56	28.66
3 Past Service Cost	0.07	(0.16)	-	-	-	-	-	0.12	-	-	-	-	-	-
4 Interest Cost	14.50	15.13	6.27	6.38	5.01	4.50	4.70	4.95	0.09	0.09	0.05	0.05	71.02	76.12
5 Actuarial (Gains)/Losses	9.37	13.42	27.91	6.20	(3.96)	11.54	(6.61)	3.16	0.25	0.06	0.09	0.04	6.42	(21.98)
6 Benefits Paid	(27.53)	(25.73)	(37.80)	(27.58)	(7.57)	(6.48)	(1.47)	(1.26)	(0.16)	(0.10)	(0.12)	(0.11)	(161.03)	(87.28)
7 Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	-	-	49.89	49.77
8 Transfer in	-	-	-	-	-	-	-	-	-	-	-	-	0.60	0.35
9 Present value of projected benefit obligations at close of the year [1 to 9]	186.32	185.96	80.28	80.39	60.18	64.27	58.66	60.25	1.42	1.18	0.65	0.60	903.97	910.51
10 Fair Value of Plan assets at close of the year	(136.94)	(152.26)	-	-	-	-	-	-	-	-	-	-	(1022.58)	(1026.93)
11 Net Liability recognized in Balance Sheet at close of the year [9-10]	49.38	33.70	80.28	80.39	60.18	64.27	58.66	60.25	1.42	1.18	0.65	0.60	-	-
(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	152.26	163.29	-	-	-	-	-	-	-	-	-	-	1026.93	958.38
2 Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	-	-	50.48	50.12
3 Expected Return on plan assets	14.47	14.70	-	-	-	-	-	-	-	-	-	-	89.86	86.59
4 Actual Company's contribution	0.07	-	-	-	-	-	-	-	-	-	-	-	26.56	27.90
5 Actuarial Gains/(Losses)	(2.80)	-	-	-	-	-	-	-	-	-	-	-	(10.22)	(8.78)
6 Benefits Payments	(27.06)	(25.73)	-	-	-	-	-	-	-	-	-	-	(161.03)	(87.28)
7 Fair value of plan assets at close of the year [1 to 6]	136.94	152.26	-	-	-	-	-	-	-	-	-	-	1022.58	1026.93
8 Present value of defined benefit obligation	186.32	185.96	-	-	-	-	-	-	-	-	-	-	903.97	910.51
9 Net liability recognized in the Balance Sheet at close of the year [8-7]	49.38	33.70	-	-	-	-	-	-	-	-	-	-	-	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Gratuity		EL		HPL		PRMB		PRSB		LSA		PF	
15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15

(iii) Expenses recognized in the Statement of Profit & Loss:

1	Service Cost	3.95	3.99	3.51	16.39	2.43	2.00	1.79	1.53	0.06	0.04	0.03	0.03	26.56	28.66
2	Past Service Cost	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-
3	Interest Cost	14.50	15.13	6.27	6.38	5.01	4.50	4.70	4.95	0.09	0.09	0.05	0.05	71.02	76.12
4	Actuarial (Gains) / Losses	12.17	13.42	27.91	6.20	(3.96)	11.54	(6.61)	3.16	0.25	0.06	0.09	0.04	6.42	(21.98)
5	Expected return on Plan Assets	(14.47)	(14.70)	-	-	-	-	-	-	-	-	-	-	(89.86)	(86.59)
6	Total charged to P&L Account	16.15	17.87	37.69	28.97	3.48	18.04	(0.12)	9.64	0.40	0.19	0.17	0.12	-	-

(iv) Effect of one percentage point change in the assumed inflation rate in case of valuation of benefits under Post Retirement Medical Benefit Scheme (PRMB):

		Increase in inflation rate		Decrease in inflation rate	
		15-16	14-15	15-16	14-15
1	Increase/(Decrease) on aggregate service and interest cost of post retirement medical benefits	1.08	1.16	(0.94)	(0.91)
2	Increase/(Decrease) in present value of closing defined benefit obligations	10.01	8.89	(9.29)	(7.17)

(v) Actuarial assumptions:

	As at 31st March, 2016	As at 31st March, 2015
1	Method used	Projected Unit credit
2	Discount Rate (per annum)	7.83%
3	Estimated rate of return on plan assets (applicable only on Gratuity)	9.50%
4	Mortality Rate	Indian assured lives mortality (2006-08) modified ultimate
5	Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Executives 3%/2%/1%, depending upon age
6	Medical Cost Trend Rates (per annum)	8.00%
7	Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	5.50%



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(vi) Actuarial assumptions (PF):	As at 31st March, 2016	As at 31st March, 2015
1 Discount Rate (per annum)	8.00%	7.80%
2 Interest Rate Guarantee	8.75%	8.75%
3 Yield on Assets based on the Purchase Price and Outstanding term of maturity	8.79%	8.77%

Foot Note:

- 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 ₹ 49.38 crore (Previous year ₹33.70 crore) is unfunded as on 31st March, 2016. Other defined benefit obligations are unfunded.

38.1.4 Other Employee Benefit Schemes:

Provision of ₹(0.76) crore (Previous year ₹1.87 crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been made on the basis of actuarial valuation and charged to the Statement of Profit and Loss account. A net liability of ₹15.06 crore (Previous year ₹15.82 crore) has been recognized in the Balance Sheet as at 31st March 2016 on account of these schemes.

NOTE 39AS-17: SEGMENT REPORTING

Business Segments:

Company's primary business segments are 'Urea' & 'Other Products'(including Industrial Products, Bio Fertilizers and Traded Products) and are reportable segments under Accounting Standard-17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

39.1.1 Geographical Segment:

The operations of the company are conducted within India and there is no separate reportable geographical segment



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

	Year ended 31 st March, 2016	Year ended 31 st March, 2015
39.1.2 The disclosure of segment-wise information is as below:		
SEGMENT REVENUE (NET SALES)		
Urea	7350.51	8399.39
Other Products	436.78	142.69
Less: Inter Segment Revenue	21.41	22.39
Total Segment Revenue	7765.88	8519.69
SEGMENT RESULTS		
Urea	495.61	385.90
Other Products	40.30	(2.02)
Total Segment Results	535.91	383.88
Less: Unallocable Expenses (Net of Unallocable Income)	24.55	37.80
Less : Interest expenses	227.88	301.36
Profit Before Tax	283.48	44.72
Provision for Tax	86.40	18.48
Profit After Tax	197.08	26.24
SEGMENT ASSETS		
Urea	11678.09	13077.96
Other Products	179.65	133.94
Unallocable	266.71	175.39
Segment Assets	12124.45	13387.29
SEGMENT LIABILITIES		
Urea	4214.91	4256.71
Other Products	23.61	17.49
Unallocable	6279.29	7632.09
Segment Liabilities	10517.81	11906.29
CAPITAL EXPENDITURE		
Urea	79.46	86.63
Other Products	1.05	1.05
Unallocable	0.55	1.10
Capital Expenditure	81.06	88.78
DEPRECIATION AND AMORTISATION		
Urea	72.32	64.79
Other Products	7.01	6.83
Unallocable	0.70	0.94
Depreciation and Amortisation expenses	80.03	72.56
NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION		
Urea	5.06	10.16
Other Products	-	-
Unallocable	(4.53)	(5.12)
Non-cash expenses	0.53	5.04



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 40AS-18: RELATED PARTY DISCLOSURES

A)	Nature of Relationship Joint Ventures	Name of the Related Party Urvarak Videsh Limited Ramagundam Fertilizers & Chemicals Limited
B)	Nature of Relationship Key Management Personnel	Name of the Related Party (i) Manoj Mishra, Chairman & Managing Director w.e.f 03.06.2015 (ii) Heera Lal Samariya, Chairman & Managing Director upto 02.06.2015 (iii) Capt. P.K. Kaul, Director (Marketing) upto 06.02.2016 (iv) Shri M. Sagar Mathew Director (Technical) (v) Shri R. K. Chandio Director (Finance) (vi) Shri Rajkumar Company Secretary
C)	Transactions with Related parties:	
(i)	During the year there were transactions of ₹25.38 crore (previous year ₹2.44 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹22.00 crore (Previous Year ₹2.44 crore) and others ₹3.38 crore (Previous Year Nil).	

NOTE 41:AS-28: IMPAIRMENT OF ASSETS

In accordance with Accounting Standard (AS)-28, the carrying amount of fixed assets 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 42:ASSETS TAKEN ON OPERATING LEASE:

The Company's significant leasing arrangements are in respect of operating leases of premises for offices, godowns and residential use of employees & vehicles. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employee benefit expense remuneration and benefits include ₹ 0.49 crore (Previous year ₹0.13 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, godowns and vehicles ₹3.52 crore (Previous year ₹3.52 crore) are shown in Rent (other expenses Note: 34).

₹ Crore

NOTE 43 DISCLOSURE REGARDING PRIOR PERIOD ITEMS (AS-5)

Exchange difference to the extent considered as adjustment to borrowing cost
Exchange difference to the extent considered as adjustment to other expenses

Year ended 31 st March, 2016	Year ended 31 st March, 2015
-	2.93
(4.54)	-
<u>(4.54)</u>	<u>2.93</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 44 (a) EXPENDITURE INCURRED IN FOREIGN CURRENCY		₹Crore	
	Current Year	Previous Year	
(on accrual basis)			
Consultancy & professional charges	3.03	0.77	
Interest	8.93	10.78	
Others	8.35	6.05	
	<u>20.31</u>	<u>17.60</u>	

(b) Value of import		₹Crore	
(calculated on CIF basis)	Current Year	Previous Year	
Capital goods	1.14	19.40	
Components and spare parts	7.77	11.65	
	<u>8.91</u>	<u>31.05</u>	

(c) Value of raw material consumed		₹Crore		
	Current Year	Previous Year		
	₹Crore	%	₹Crore	%
Imported	-	-	-	-
Indigenous	3464.16	100	4171.93	100

(d) Value of stores and spares consumed		₹Crore		
	Current Year	Previous Year		
	₹Crore	%	₹Crore	%
Imported	1.12	2.49	2.59	3.93
Indigenous	43.85	97.51	63.33	96.07
	<u>44.97</u>	<u>100.00</u>	<u>65.92</u>	<u>100.00</u>

Note 45 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:

- There are no loans and advances in the nature of loans to any subsidiary.
- No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and
- There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

**NOTE 46 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	133	-
b) Number of ordinary shares held by them	470450	-
c) Amount of Dividend (₹ in Crore)	0.01	-

Note 47 In view of average loss of ₹115.69 crore during preceeding three financial years, there is no requirement to create CSR reserve during the year as per Companies Act, 2013. The Company has opening CSR Reserve of ₹5.26 crore in respect of unspent CSR budget. The company has incurred an amount of ₹1.25 crore (Previous Period ₹ 0.37 crore) towards Corporate Social Responsibility activities leaving balance CSR fund of ₹4.01 crore as on 31.03.2016.

Note 48 (a) Balance of subsidy recoverable of ₹4629.17 crore (previous year ₹4975.41 crore) and Capital Grant recoverable of ₹2030.58 crore (previous year ₹3374.59 crore) is subject to confirmation by Government of India. In addition some of the Balances of trade/other payable and loans and advances are subject to confirmation/reconciliation. Adjustment if any will be accounted for on confirmation/reconciliation of the same which in the opinion of the management will not have a material impact.

(b) In the opinion of the management, the value of assets, other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the balance sheet.

Note 49 Figures of previous period have been re-arranged / regrouped / re-cast, wherever necessary. Previous year unaudited figures in respect of joint venture, Ramagundam Fertilizers & Chemicals Limited has been consolidated.

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

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

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

**For Chandiok & Guliani
Chartered Accountants**

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

**For HDSG & Associates
Chartered Accountants**

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

Place: New Delhi
Date: 23rd May, 2016



COMMENTS OF THE CONTROLLER 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 2016

The preparation of financial statements of National Fertilizers Limited for the year ended 31 March 2016 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 Companies Act, 2013 are responsible for expressing opinion on the financial statements under section 143 of the Act based on independence audit in accordance with 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 23 May, 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of National Fertilizers Limited for the year ended 31 March 2016. This supplementary audit have 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on the behalf of the
Comptroller & Auditors General of India**

**(Suparna Deb)
Director General of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi**

**Place: New Delhi
Date: 21.07.2016**



COMMENTS OF THE CONTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of consolidated financial statements of National Fertilizers Limited for the year ended 31 March 2016 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 independence audit in accordance with 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 23 May, 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of National Fertilizers Limited for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of National Fertilizers Limited, but did not conduct supplementary audit of financial statements of Urvark Videsh Limited and Ramagundam Fertilizers & chemicals limited (Joint Ventures) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on the behalf of the
Comptroller & Auditors General of India**

**(Suparna Deb)
Director General of Commercial Audit
& ex-officio Member, Audit Board-II,
New Delhi**

**Place: New Delhi
Date: 21.07.2016**



Annexure-B1

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:

- Increase efficiency by optimum utilization of resources and technology.
- Promote sustainable farming practices to boost crop productivity in rural India through its soil testing facilities and other advisory services.
- Continue to take up wide range of welfare activities mainly focusing on economically, socially and environmentally sustainable development of underdeveloped villages.
- Work towards improving the quality of life by making the communities self-reliant in areas within which it operates.
- 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.
- Ensure welfare, growth and safety of all people associated with the Company.
- Build a sustainable enterprise that effectively balances financial strengths with social and environmental responsibilities.
- Undertake activities contributing towards improving the quality of life of underdeveloped sections of society at large.
- Facilitate development by maintaining a healthy relation between People, Planet and Profit.

Web Link:

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

CSR Project Report : http://nationalfertilizers.com/index.php?option=com_content&view=article&id=347&Itemid=122

2) Composition of CSR Committee

S.No.	Name (S/Shri)	Category	Status	Tenure
01.	Gurinderjit Singh Sandhu	Independent Director	Chairperson	Continuing
02.	Vikram Srivastava	Independent Director	Member	Continuing*
03.	Capt. P.K. Kaul	ED- Director (Marketing)	Member	Upto 05.02.2016
04.	Rakesh Kumar	Govt. Nominee Director	Member	09.09.2015-14.01.2016
05.	Rajiv Kumar Chandiok	ED- Director (Finance)	Member	09.09.2015-continuing

*Shri Vikram Srivastava ceased to be member of the Board and committee on 05.05.2016 on completion of his tenure.

3) Average Net Profit/Loss of the Company for last three financial years: Loss ₹ 116 crore

4) Prescribed CSR Expenditure (Two percent of the amount as in Item 3 above): Not Applicable

5) Details of CSR spend for the financial year :

- Total amount spent for the financial year : ₹ 125 Lakh
- Amount unspent : Nil
- Manner in which the amount spent during the financial year is detailed below :



S.No.	Project/Activity of the Project	Sector	Location	Amount outlay Budget of the Project (₹ Lakh)	Amount Spent on the Project	Cumulative Expenditure up to reporting period	Amount spent Direct or through Implementing Agency (Name of the Agency)
01.	Construction of 35 toilets for girls in schools	Health & Hygiene	Ropar, Punjab & Una, H.P.	60.00	51,41,000	55,91,000	Sulabh International Social Service Organisation
02.	Two skill development programmes in the trade of Beauty Culture and tie-dye, hand embroidery & fabric painting	Skill Development	Nangal, Punjab	4.50	1,22,550	1,22,550	North India Technical Consultancy Organisation Ltd.
03.	Construction of toilets in schools	Health & Hygiene	Bathinda, Punjab	8.50	1,36,990	1,36,990	State Government, Punjab
04.	Soil Testing & Soil health	Environment Punjab	Bathinda,		1,762	1,762	Direct
05.	Construction of 20 toilets for girls in schools	Health & Hygiene	Guna, M.P.	41.40	24,51,600	24,51,600	State Government, M.P.
06.	Rural Development Project	Rural Development Uttarakhand	Udham Singh Nagar,	11.79	10,38,862	10,38,862	PHD Rural Development Foundation
07.	Construction of toilets in schools	Health & Hygiene	Panipat, Haryana	38.70	19,83,052	19,83,052	Direct
08.	Relief work in Chennai Floods	Disaster Management	Chennai, Tamilnadu	10.00	4,00,000	4,00,000	Madras Fertilizers Limited
09.	Distribution of artificial limbs, aids and devices to disabled persons	Preventive Health	Bathinda, Punjab & Noida, UP	50.00	12,50,000	12,50,000	Artificial Limbs Manufacturing Corporation
			Total	1,25,25,816			

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

Not Applicable

- 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.

(Gurinderjit Singh Sandhu)

Chairman CSR Committee

DIN: 01790828

Date: 22nd August, 2016

(Manoj Mishra)

Chairman & Managing Director

DIN: 06408953



Annexure-B2

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

			2015-16	2014-15
A.	POWER & FUEL CONSUMPTION			
1.	ELECTRICITY			
	a) Purchased			
	Unit	Mwh	193004	204595
	Total amount	₹ in Lakh	15020	15266
	Average rate/Unit	₹/Mwh	7782	7462
	b) Own Generation			
	i) Through diesel generator Unit			
	Unit	Mwh	2.428	3.427
	Unit per ltrs. of diesel oil	Mwh/ltrs	0.001	0.001
	Cost/Unit	₹/Mwh	50042	52892
	ii) Through Steam Turbine/Gas Turbine			
	Unit	Mwh	561880	527310
	Coal/unit of Power	MT/Mwh	1.042	0.948
	Gas/unit of Power	000sm ³ /Mwh	0.303	0.381
	Cost per Unit	₹/Mwh	5384	6042
	iii) From Waste Steam	Mwh		
2.	COAL(Specify quality & where used) (Slack coal used for operating boilers)			
	Quantity	MT	782899	731922
	Total cost	₹ in Lakh	41264	36442
	Average rate	₹/MT	5271	4979
3	OTHER/INTERNAL GENERATION			
	Natural Gas			
	Quantity 000M3	000sm ³	228716	235747
	Total cost(₹/Lakhs)	₹ in Lakh	49236	59589
	Rate/Unit(₹)	₹/000sm ³	21527	25276
B.	CONSUMPTION PER UNIT OF PRODUCTION			
	i) Electricity	Mwh	0.193	0.196
	iii) Coal	MT	0.471	0.472
	iv) Gas	000M ³	0.060	0.065



FORM-B

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY
ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**1. Energy Conservation Measures**

Commitment to achieve lowest possible energy consumption is one of the foremost goals of the company. Taking this forward, Purge Gas Recovery plant has been installed in Ammonia plant of Vijaipur II. With the commissioning of PGR, NFL Vijaipur will be able to further increase its urea production by 140 MT per day leading to corresponding reduction of 0.06 Gcal/MT urea in energy consumption.

Similarly, at Panipat and Bathinda Units, the redundant S-200 synthesis converter, which was replaced with S-300 during Ammonia feedstock changeover project, shall be re-installed in parallel to further bring down the energy consumption by 0.05 Gcal/MT urea at these two units.

Preventive maintenance practices have been adopted for reducing the downtime leading to improved energy consumption. Panipat Unit achieved ever best on-stream efficiency of 95.3% while Nangal, Bathinda and Vijaipur II Units achieved an on stream efficiency of more than 90%.

2. Technology Absorption

- In order to improve efficiency of coal fired boilers, trial run of use of coal additives were made by Panipat, Bathinda & Nangal Units. Based on the results of the trial runs done at Units, reduction in combustibles in fly ash has been observed thereby improving boiler efficiency. Thus continuous use of coal additive has been started at Panipat Unit while Nangal and Bathinda Units are likely to follow.
- Vibro prillers are under installation at Panipat Unit. Once commissioned, it is expected that dust emissions from urea prilling tower will reduce besides improving urea prill quality.
- At Vijaipur-I, VAM has been installed in process air compressor to improve its efficiency.
- Provision of make up gas chiller in the synthesis gas compressor h is being explored for Vijaipur II to improve energy consumption.

3. Research and Development (R&D)

On R&D front, Company has undertaken the application project for Urea Ammonium Nitrate (UAN) application with the help of India Agriculture Research Institute (IARI). The trials are under process.

4. Foreign Exchange Earning & Outgo

The foreign exchange earnings by way of trade margins during the year was "NIL". The foreign exchange outgo by way of imports and other expenses amounted to ₹ 128.30 crores.

For and on behalf of the Board of Directors

Registered Office:

Scope Complex, Core-3,
7 Institutional Area, Lodhi Road,
New Delhi – 110003.

(Manoj Mishra)

Chairman & Managing Director
DIN:06408953

Place: New Delhi

Date: 22nd August, 2016



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 in adopting best practices for health safety and environment management, energy conservation and social up-liftment leading to sustainable development.

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 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 certified which indicate 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 unit, all the units have installed On-line monitoring system both for effluent and emission discharge. Online monitoring system is already integrated with Central and State Pollution Control Board in order to monitor the level of pollutants on continuous basis.

Board Level Health and Safety Committee are meeting at regular intervals to address the Health and Safety issues of all the Units. 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 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 in units. Plan aims to train people act efficiently and confidently in emergency with minimum damage to humans and asset. The procedures are regularly reviewed and updated at the Company by carrying out surprise mock drills. Performance of each mock drill is evaluated and reviewed to bring improvements in the systems. Visit 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 in Nangal, Bhatinda and Panipat units is being improved by using various techniques such as use of Coal additives. This will help to reduce consumption of fossil fuel.

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

To increase the sub soil water level, all the units are under process of installation of Rain Water Harvesting system. During the year 05 rainwater harvesting system were installed in units. This would help in conservation of water, increase in underground water table and increase greenery in the surroundings.

Use of Green Power:

Government of India under Jawaharlal Nehru National Solar Mission has highlighted the objectives and action plan to be implemented over a period of time. The basic objective till 2022 is to create conditions, through rapid scale-up of capacity and technology innovation to drive down the costs towards grid parity. The anticipated achievement of parity with coal based thermal power is expected by 2030.

Company is committed to promote ecologically sustainable growth by generating green power through Solar Power Plant and to reduce its requirement of conventional power, which are sourced out of fossil fuel. Installation of high capacity Solar Power Plant at Nangal, Bathinda, Vijapur and Panipat units is under active consideration of the Company. During 2015-16, NFL carried out the study of potential for installation of Solar Power plant in various units. The detailed economic feasibility of installation of Large scale Solar Power Plant to be installed



in all the units is under examination. The generated Solar Power shall be helpful for reduction in energy consumption for production of Urea and also be useful for revenue generation in addition to its contribution towards environment such as overall reduction in Carbon Di-Oxide gas.

Development of Sustainable Products:

Neem Coated Urea: NFL is a pioneer in the manufacturing of environment friendly products such as neem coated urea. During 2015-16, the total production of neem coated urea was 37.98 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 fertilizer controls soil borne diseases and improve the soil health and soil properties. Bio Fertilizers help in effective use of Chemical Fertilizers for higher yields.

Company is currently producing three types of Bio Fertilizers in both Powder and Liquid base i.e. Rhizobium, Azetobactor and PSB. To increase the shelf life of Bio Fertilizers, NFL is gradually shifting from Powder Bio Fertilizers to Liquid Bio Fertilizers. This has resulted in less use of Lignite, which is used as a carrier for Powder Bio Fertilizer. This has also resulted in lesser use of Natural resources. During 2015-16, the sale of Liquid Bio Fertilizers is 103.51 KL and that of Powder Bio Fertilizers is 109.83 MT.

Company is under process of increasing the product variant of Bio Fertilizer by launching Zinc Soluble strains in addition to the existing strains.

Registered Office:

Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003

Date: 22nd August, 2016

For and on behalf of the Board of Directors

(Manoj Mishra)

Chairman & Managing Director

DIN:06408953



A view of bagging section



Annexure-B4

Form MBP 2

Particulars of loans, guarantee, security and acquisition made by the company
[Pursuant to section 186(9) & Rule 12(1) of Companies (Meeting of Board and its Powers) Rules, 2014]

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making Investment	Name and address of the person or body corporate to securities have been acquired (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	20-Nov-2015 12-Feb-2016 22-Feb-2016 16-Mar-2016 29-Mar-2016	Ramagundam Fertilizers And Chemicals Limited (RFCL)	60000000	Investment in equity	
			30000000		
			40000000		
			40000000		
			50000000		
			Total	220000000	
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)
Equity Shares ₹ 10/-	-	-	-	-	-

Registered Office:
 Scope Complex, Core3,
 7 Institutional Area, Lodhi Road, New Delhi-110003
Date: 22nd August, 2016

For and on behalf of the Board of Directors

(Manoj Mishra)
 Chairman & Managing Director
 DIN:06408953

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies
(Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of
subsidiaries/associate companies/joint ventures**

Part “A”: Subsidiaries

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

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



Part “B”

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

Name of associates/Joint Ventures	Ramagundam Fertilizers and Chemicals Limited (RFCL)	Uravarak Videsh Limited (UVL) has got the status of \ Dormant Company under Companies Act w.e.f. 4 th November, 2015.
1. Latest audited Balance Sheet Date	31.03.2016	31.03.2016
2. Shares of Associate/Joint Ventures held by the company on the year end	15440002	180002
No.	15440002	180002
Amount of Investment in Associates/Joint Venture	₹154400020.00	₹1800020.00
Extend of Holding%	26%	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	Revival of Ramagundam Unit of Fertilizer Corporation of India Limited (FCIL)	N.A
5. Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 308900000.00	₹ 908889.00
6. Profit/Loss for the year	N.A.	(₹ 106460.00)
i. Considered in Consolidation	N.A.	(₹ 106460.00)
ii. Not Considered in Consolidation	N.A.	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.

(Raj Kumar)
Company Secretary
A-11914

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

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Registered Office:
Scope Complex, Core3, 7 Institutional Area,
Lodhi Road, New Delhi-110003
Date: 22nd August, 2016



Form No. AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013
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.

Details of Contracts or arrangements or transactions not a arm's length basis

Name(s) of related party and nature of relationship	Nature of Contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient term of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advance, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Ramagundam Fertilizers & Chemicals Ltd, (RFCL) a Joint Venture with National Fertilizers Ltd., Engineers India Ltd, & Fertilizer Corporation of India Ltd	Lease agreement for providing Office space to RFCL at NFL registered office at Scope Complex, New Delhi for a period of three years.	3 year lease agreement i.e from 4 th March, 2015 to 3 rd March, 2018	Lease rent of token amount of ₹ 1.00 per annum	The lease arrangement does not involve earmarking of office space to RFCL and Lease arrangement is for use of office space as registered office for the purpose of receiving communication by RFCL.	4 th July 2015	NA	NA

(Raj Kumar)
Company Secretary
A-11914

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

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Registered Office:
Scope Complex, Core3,
7 Institutional Area, Lodhi Road,
New Delhi-110003
Date: 22nd August, 2016



Annexure-B7

Procurement made from Micro and Small Enterprises (MSEs) during 2015-16

Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 which stipulates that 20% of total annual procurement of goods and services shall be made by all Central Ministries /Departments /CPSUs from Micro & small Enterprises (MSEs). Within this percentage, a sub-total of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs. This Policy has become mandatory w.e.f. 01/04/2015.

Keeping in view that majority of items required for fertilizer business i.e. Raw materials (Natural Gas / RLNG), Packing materials (Bags), Traded goods (Bentonite Sulphur ,DAP, Pesticides etc), Power and Fuel, CS Lye, Chlorine ,Petrol, Diesel ,Lubricants, Structural steel, OEM spares (Proprietary/Imported), etc. are not available from MSEs and have major cost components, Company has requested Ministry of Micro, Small and Medium Enterprises through Ministry of Chemicals & Fertilizers for waiver to NFL from mandatory procurement of 20 % from MSEs as per clause no. 12(2) of MSMED Act which inter alia stipulates that Central Ministries or Departments or Public Sector Undertakings can be considered for exemption from 20 % target of mandatory procurement from MSEs on case to case basis.

Notwithstanding above, NFL has taken following actions to maximize procurements from MSEs:

1. Items for procurement from MSEs at respective plants have been displayed on NFL website www.nationalfertilizers.com. All the other items which are being procured at our units , are also displayed on our website for pre-qualification for wider participation by MSEs.
2. Enabling provisions have been made in Purchase Manual for providing purchase preference for participating MSEs including SC/ST bidders in case they match L1 (Evaluated Price) as per Procurement Policy.
3. Vendor Development Programmes organized by various departments are being attended by Unit representatives from time to time.
4. Nodal Officers have been appointed for Respective Units to help local MSEs.

The details of the procurement of goods made by Company during 2015-16 are as below:

Figures ₹ in crore

Sr.No.	Particulars	Annual procurement target of Goods for the year 2015-16*	Target achieved for the year 2015-16
I.	Annual procurement of Goods and Services.	54.13	201.76 **
II.	Total value of Goods and Services procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	10.82	40.20
III.	Total Value of Goods and Services procured from MSEs only owned by SC/ST entrepreneurs). **	2.16	0.93
IV	%age of procurement of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement.	20 %	20 %
V.	%age of procurement of Goods and Services from only MSEs owned by SC/ST entrepreneurs out of total procurement. **	4 %	0.46 %
VI.	Total number of vendor development programmes for MSEs	5	5

* Annual Procurement Target of Goods excluding raw materials, power, fuel & other items which cannot be procured from MSEs.

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

Registered Office:
Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003
Date: 22nd August, 2016

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Annexure-B8

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is already functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer of appropriate status has been appointed in each Unit/Office to ensure due compliance of orders and instructions pertaining to reservation. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for such programmes conducted by external agencies. During 2015-16, 2785 man-days training (in-house as well as external training programmes) was imparted to SC/ST employees. A statement showing representation of employees belonging to Scheduled Casts / Scheduled Tribes / backward Classes / Persons with disabilities is appended as Annexure to this report.

REPRESENTATION OF SCs/STs AS ON 31.03.2016									
Group	Employees on Rolls	SC	%age	ST	%age	OBC	%age	PWD	%age
A	1382	280	20.26	81	5.86	89	6.44	6	0.43
B	1603	455	28.38	111	6.92	118	7.36	19	1.19
C	512	112	21.88	36	7.03	99	19.34	19	3.71
D	35	17	48.57	1	2.86	5	14.29	1	2.86
D (Safai Karamchari)	63	63	100.00	0	0.00	0	0.00	0	0.00
Total	3595	927	25.79	229	6.37	311	8.65	45	1.25
RECRUITMENT OF SCs/STs DURING THE YEAR									
Group	Total Recruitment	SC	%age	ST	%age	OBC	%age	PWD	%age
A	17	0	0.00	1	0.00	4	0.00	0	0.00
B	0	0	0.00	0	0.00	0	0.00	0	0.00
C	82	14	17.07	6	12.50	25	37.50	1	1.22
D	0	0	0.00	0	0.00	0	0.00	0	0.00
D (Safai Karamchari)	0	0	0.00	0	0.00	0	0.00	0	0.00
Total	99	14	14.14	7	7.07	29	0.00	1	1.01
PROMOTION OF SCs/STs DURING THE YEAR									
Group	Total Promotions	SC	%age	ST	%age	OBC	%age	PWD	%age
A	348	67	19.25	23	6.61	0	0.00	1	0.29
B	96	24	25.00	5	5.21	0	0.00	3	3.13
C	20	4	20.00	2	10.00	0	0.00	5	25.00
D	4	1	25.00	0	0.00	0	0.00	0	0.00
D (Safai Karamchari)	0	0	0.00	0	0.00	0	0.00	0	0.00
Total	468	96	20.51	30	6.41	0	0.00	9	1.92

The overall reservation percentage achieved for SC category employees is 25.79, which is more than the prescribed reservation. In case of STs, the percentage achieved is 6.37%. There is a slight shortfall than the prescribed reservation because the reservation in Group 'C' and 'D' posts filled up by Direct Recruitment in the States of Punjab and Haryana, where three plants of the Company are located was abolished w.e.f 1st June, 1985. For other backward classes, the percentage achieved is 8.65%.

For and on behalf of the Board of Directors

Registered Office:

Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003

Date: 22nd August, 2016

(Manoj Mishra)

Chairman & Managing Director
DIN:06408953



Annexure-B9

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

{Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,
The Members,
National Fertilizers Limited.

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate Practices by **National Fertilizers Limited** (hereinafter called NFL/the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the NFL's books, papers, Minute books, forms and returns filed and other records maintained by the Company and also the informations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial period ended on 31st March, 2016 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by NFL ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Compliances/ processes/ systems under other applicable Laws to the Company are being verified on the basis of periodic certificate submitted to the Board of Directors of the Company.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India –generally complied with.
- (ii) The Listing Agreement and the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.



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

1. *Compliance of Regulation 17 (1) of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (erstwhile Clause 49 (II) (A) & (B) of the Listing Agreement) and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises w.r.t. appointment of requisite no. of Independent Directors on the Board of the Company.*
2. *Compliance of Section 149 (1) read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 of the Companies Act, 2013 and Regulation 17(1) (A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 w.r.t to the appointment of woman director on the Board of the Company.*

I further report that the Board of Directors of the Company has to be constituted in terms of the provisions of the Companies Act, 2013, DPE Guidelines and Regulation 17(1) of the Securities Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015. The number of independent directors on the Board is less than 50% of the original strength of the Board. Furthermore, the Company is not compliant with provisions of appointment of a woman Director and 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.

I further report that as per Section 178(2) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board was required to carry out evaluation of every Director's performance. Further, Regulation 17(10) & 25(4) of SEBI (LODR) 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. Further, the MCA has vide its notification dated 5th June, 2015 notified the exemptions 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. The appointment of 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 Functional Directors and CMD by Administrative Ministry. Upon request and representations as received from CPSEs, the Department of Public Enterprises has also written to Department of Economic Affairs and Securities and Exchange Board of India to align the SEBI (LODR) Regulations, 2015 with the Companies Act, 2013 based on the Exemptions under Companies Act, 2013 as provided to the Government Companies.

I further report that as per Regulation 19(4) (Part-D, of Schedule-II) of SEBI (LODR) 2015, the Nomination and Remuneration Committee was required to devise a Policy on Diversity of Board of Directors. The Nomination and Remuneration Committee in its meeting held on 01.08.2016 has formulated and adopted a Policy on Diversity of Board of Directors.

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

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

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

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

Sachin Agarwal
Partner
FCS No. : 5774
CP No. : 5910

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



Annexure-B9

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016**

To,

The Members,

National Fertilizers Limited

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

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

For **Agarwal S. & Associates,**

Company Secretaries,

Sachin Agarwal

Partner

FCS No. : 5774

CP No. : 5910

Place: New Delhi

Date: 10th August, 2016



Annexure-B9

**Management's Explanation to the observations of Secretarial Auditor
for the financial year 2015-16**

Sr. No.	Observations	Management's Explanation
1.	Compliance of Regulation 17 (1) of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (erstwhile Clause 49 (II) (A) & (B) of the Listing Agreement) and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises w.r.t. appointment of requisite no. of Independent Directors on the Board of the Company.	<p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors of the Company are appointed by the Government of India. The remuneration and tenure of Directors are also fixed by GOI.</p> <p>The Company is requesting from time to time DoF for appointment of Independent Directors on the Board of the Company.</p>
2.	Compliance of Section 149 (1) read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 of the Companies Act, 2013 and Regulation 17(1) (A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 w.r.t. to the appointment of woman director on the Board of the Company.	<p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors including woman director in the company are appointed by the Government of India. Company had been requesting DoF from time to time for appointment of a Woman Director.</p> <p>Ms. Bhavnaben Kardambhai Dave (DIN 07557056), a Woman Director has been appointed by the Government of India on the Board of the Company w.e.f. 1st July, 2016.</p> <p>The Company is now compliant of the relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.</p>

Registered Office:

Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003

Date: 22nd August, 2016

For and on behalf of the Board of Directors

(Manoj Mishra)

Chairman & Managing Director
DIN:06408953



FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

Annexure-B10

as on financial year ended on 31.03.2016

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

I REGISTRATION & OTHER DETAILS:

i	CIN	L74899DL1974GOI007417
ii	Registration Date	23/08/1974
iii	Name of the Company	NATIONAL FERTILIZERS LIMITED
iv	Category/Sub-category of the Company	Company Limited by Shares
v	Address of the Registered office & contact details	Scope Complex Core-III- 7 Institutional Area Lodhi Road New Delhi – 110003 Phone: 0120-2412294, 412445, 3292201-08, Fax:0120-2412397
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Mas Services Limited, T-34, 2 nd Floor, Okhla Industrial Area, Phase-II, New Delhi – 110 020. Ph: 011-26387281-83 Fax: 011-26387384 Email: mas_serv@yahoo.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Urea	20121	94.65%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	M/S. Urvarak Videsh Limited (UVL)	U24120DL2008GOI181057	Associate	33.33%	2(6)
2	M/S. Ramagundam Fertilizers and Chemicals Limited (RFCL)	U24100DL2015PLC276753	Associate	26%	2(6)

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


IV. SHAREHOLDING PATTERN (Equity Share Capital break up as percentage of total Equity)
(i) Category -wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	440116292	-	440116292	89.71	440116292	-	440116292	89.71	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	-	-	-	-	-	-	-	-	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	440116292	-	440116292	89.71	440116292	-	440116292	89.71	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	440116292	-	440116292	89.71	440116292	-	440116292	89.71	-
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	2905186	-	2905186	0.59	2868777	-	2868777	0.58	-0.01
c) Central govt.	26474167	-	26474167	5.40	28896110	-	28896110	5.89	0.49
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	5862	-	5862	0.00	-
SUB TOTAL (B)(1):	29379353	-	29379353	5.99	31770749	-	31770749	6.48	0.49
(2) Non Institutions									
a) Bodies corporates	3738195	-	3738195	0.76	3536682	-	3536682	0.72	-0.04
i) Indian									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	10151104	70354	10221458	2.08	11241747	58769	11300516	2.30	0.22



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs/ Revised limit from excess of ₹ 1 lakhs	5688822	2000	5690822	1.16	2764054	0	2764054	0.56	-0.60
NBFCs registered with RBI	-	-	-	-	14200	0	14200	0.00	-
c) Others (specify)									
1. NRI	460868	116500	577368	0.12	308090	246500	554590	0.11	-0.01
2. Clearing Member	849912	0	849912	0.17	514091	0	514091	0.10	-0.07
3. Trust	5000	0	5000	0	7200	0	7200	0.01	0.01
4. Custodian/ DR Holder					26	0.00	26	0.00	-
SUB TOTAL (B)(2):	20893901	188854	21082755	4.29	18386090	305269	18691359	3.81	-0.48
Total Public Shareholding (B)= (B)(1)+(B)(2)	50273254	188854	50462108	10.28	50156839	305269	50462108	10.29	0.01
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	490389546	188854	490578400	100	490273131	305269	490578400	100.00	-

(ii) Share Holding of Promoters

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



(iii) Change in Promoters' Shareholding (Please specify if there is no change)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year		% Change during the year
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company	
1.	At the beginning of the year	440116292	89.71	440116292	89.71	-
2.	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) Under offer for sale to NFL employees	-	-	-	-	-
3.	At the end of the year	440116292	89.71	440116292	89.71	-

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs):-

		Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No. of shares	% of total shares of the company
1	Life Insurance Corporation of India	20404679	4.16					20404679	4.16
2	The New India Assurance Company Limited	3681353	0.75					3681353	0.75
3	General Insurance Corporation of India	2429281	0.50					2429281	0.50
4	Canara Bank	1730606	0.35					1730606	0.35
5	The Oriental Insurance Company Ltd	1475288	0.30					1475288	0.30
6	Dena Bank	1058904	0.22					1058904	0.22
7	National Insurance Company Limited	905509	0.18					905509	0.18
8	Anisha Raoof Dhanani	425651	0.09					425651	0.09
				5000		Transfer	10-Apr-15	420651	0.09
					42500	Transfer	24-Apr-15	463151	0.09
					62891	Transfer	01-May-15	526042	0.11
				2383		Transfer	15-May-15	523659	0.11
				14659		Transfer	22-May-15	509000	0.10
					40000	Transfer	12-Jun-15	549000	0.11
				40000		Transfer	03-Jul-15	509000	0.10
					1500	Transfer	31-Jul-15	510500	0.10
				1020		Transfer	07-Aug-15	509480	0.10
					25236	Transfer	21-Aug-15	534716	0.11



For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year		Reason	Date of Change	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase				
				20000	Transfer	28-Aug-15	554716	0.11
				1699	Transfer	04-Sep-15	556415	0.11
			21830		Transfer	16-Oct-15	534585	0.11
			20000		Transfer	04-Dec-15	514585	0.10
			2500		Transfer	08-Jan-16	512085	0.10
			10000		Transfer	15-Jan-16	502085	0.10
				2915	Transfer	26-Feb-16	505000	0.10
						31-Mar-16	505000	0.10
9 Jeet Machine Tools Ltd	390835	0.08					390835	0.08
			40000		Transfer	12-Feb-16	350835	0.07
						31-Mar-16	350835	0.07
10 ICICI LOMBARD General Insurance Company Ltd	300000	0.06					300000	0.06
				50000	Transfer	12-Jun-15	350000	0.07
				150000	Transfer	19-Jun-15	500000	0.10
				100000	Transfer	28-Aug-15	600000	0.12
				149999	Transfer	04-Sep-15	749999	0.15
						31-Mar-16	749999	0.15
11 Sharekhan Financial Services Pvt. Ltd.	2300	0.00					2300	0.00
			1000		Transfer	29-May-15	1300	0.00
				5000	Transfer	10-July-15	6300	0.00
			5000		Transfer	08-Jan-16	1300	0.00
				140000	Transfer	12-Feb-16	141300	0.03
			500		Transfer	19-Feb-16	140800	0.03
				84228	Transfer	04-Mar-16	225028	0.05
				134293	Transfer	25-Mar-16	359321	0.07
						31-Mar-16	359321	0.07

Note:- Date of change is the date of the shareholding statement i.e. the date on which the beneficiary position is downloaded.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the begning of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Capt Pavan Kumar Kaul				
	at the beginning of the year	7797	0.00	7797	0.00
	At the end of the year	7797	0.00	7797	0.00
2	Shri Rajiv Kumar Chandiok				
	at the beginning of the year	1000	0.00	1000	0.00
	At the end of the year	1000	0.00	1000	0.00


V INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT

(₹ in Crore)

For Each of the Directors and KMP	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4631.69	3013.10	0.00	7644.79
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	3.06	0.93	0.00	3.99
Total (i+ii+iii)	4634.75	3014.03		7648.78
Change in Indebtedness during the financial year				
· Addition				
· Reduction	414.30	1110.90	0.00	1525.20
Net Change	414.30	1110.90	0.00	1525.20
Indebtedness at the end of the financial year				
i) Principal Amount	4217.39	1902.20	0.00	6119.59
ii) Interest due but not paid	3.09	0.00	0.00	3.09
iii) Interest accrued but not due	0.18	1.41	0.00	1.59
Total (i+ii+iii)	4220.66	1903.61	0.00	6124.27

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole Time Director and/or Manager:

(in ₹)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager				Total Amount
	Period	Shri Manoj Mishra (C&MD)	Shri P.K. Kaul Director (Marketing)	Shri M. Sagar Mathews Director (Technical)	Shri Rajiv Kumar Chandiok Director (Finance)	
		03.06.2015 to 31.03.2016	01.04.2015 to 05.02.2016	2015-16	2015-16	
1	Gross salary	2003344.00	2253413.00	2505868.00	2376765.00	9139390.00
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.					
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	188466.00	285695.00	222417.00	231857.00	928435.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2	Stock option		-	-	-	-
3	Sweat Equity		-	-	-	-
4	Commission		-	-	-	-
	- as % of profit					
	- others (specify)					
5	Others, please specify		-	-	-	-
	Total (A)	2191810.00	2539108.00	2728285.00	2608622.00	10067825.00
	Ceiling as per the Act	-	-	-	-	-



B Remuneration to other Directors:

(in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors			Total Amount
	Period	Shri M. Raman	Shri Vikram Srivastva	Shri Gurinderjit Singh Sandhu	
1	Independent Directors				
	(a) Fee for attending board committee meetings	335000.00	500000.00	390000.00	1225000.00
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	Total (1)	335000.00	500000.00	390000.00	1225000.00
2	Other Non Executive Directors				
	(a) Fee for attending board committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify.	-	-	-	-
	Total (2)				
	Total (B)=(1+2)	335000.00	500000.00	390000.00	1225000.00
	Total Managerial Remuneration	335000.00	500000.00	390000.00	1225000.00
	Overall Cieling as per the Act.	-	-	-	-

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Shri Raj Kumar Company Secretary	Total
	Period	2015-16	
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1584343.00	1584343.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	114577.00	114577.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	others, specify	-	-
5	Others, please specify	-	-
	Total	1698920.00	1698920.00



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

NOTE:-

Details of non-compliance by the Company, penalties & strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets during the last three years:

BSE and NSE have issued notices to the Company for Non-compliance on account of non appointment of Woman Director vide Letter No. LIST/COMP/49-WomanDir/126/2015-16 dated October 06, 2015 and Fines/2015-16/45075 dated October 05,2015 respectively each demanding fine of ₹ 1,42,000/- plus service tax.

However, matter has been contested with the Stock Exchanges and letters have also been issued to the Department of Fertilizers requesting appointment of Woman Director on NFL Board. No fresh demand has been raised by the Stock Exchanges on this Account. However, a Woman Ms. Bhavnaben Kardambhai Dave (DIN: 07557056) has been appointed as a Part-time Non-Official Director on the Board of the Company w.e.f. 01.07.2016. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and no penalties or strictures imposed by the Stock Exchanges or SEBI or any other statutory authority.

Registered Office:
Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003
Date: 22nd August, 2016

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN:06408953



Directors' Profile

Shri Manoj Mishra (DIN 06408953)

Shri Manoj Mishra aged about 55 years has taken over as Chairman & Managing Director (C&MD) of National Fertilizers Limited (NFL) w.e.f. June 03, 2015. Shri Manoj Mishra is a member of the Institute of Cost Accountants of India.

Shri Mishra has professional experience of 30 years in Public Sector and Co-operative sector. Prior to his appointment as C&MD, NFL, he held the position of Director (Finance) in State Trading Corporation (STC). He was also holding additional charge of Director (Marketing) for bullion and other divisions in State Trading Corporation (STC).

Prior to his joining STC in 2010, Shri Mishra held various positions in Krishak Bharati Co-operative Limited (KRIBHCO) for 23 years. Earlier, he had worked in HHEC of India Ltd. He is also Chairman of Ramagundam Fertilizers & Chemicals Limited and Director Fertilizer Association of India. He is also holding the additional charge as Chairman & Managing Director of Rashtriya Chemicals & Fertilizers Limited. He is also a Member of Nomination & Remuneration Committee of NFL.

Shri M. Sagar Mathews (DIN 02820429)

Aged about 59 years, Shri Mathews has taken over as Director Technical on 1st November, 2013. Before joining NFL, he was Director (Technical), in Madras Fertilizers Limited for four years since 2009.

A Chemical Engineer from Regional Engineering College, Rourkela, Shri Mathews embodies an extensive experience spanning over 31 years in the Refining and Fertilizer industry. As Director (Technical), Madras Fertilizers Limited (MFL), he was credited for turnaround of that Company when it started making profits on continuous basis from 2009-10. He also remained C&MD of MFL with an additional charge for a period of 10 months. He was instrumental in restating production of complex fertilizer 17:17:17 after carrying out substantial restoration activities in the plant.

Mr. Mathews is also Member of Audit Committee, Committee on Corporate Social Responsibility & Sustainable Development and Stakeholders Relationship Committee. of the Company. He is also a Director of Ramagundam Fertilizers and Chemicals Limited (RFCL), a joint venture Company of NFL and EIL.

Shri Rajiv Kumar Chandiok (DIN 05146544)

Shri Rajiv Kumar Chandiok, aged about 57 years has taken over as Director (Finance) of National Fertilizers Limited (NFL) on 10th February 2015. Before joining NFL, he was General Manager (Finance) in Power Finance Corporation Limited (PFC).

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

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

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

Shri Gurinderjit Singh Sandhu (DIN 01790828)

Aged about 63 years, Shri Sandhu is a retired IAS Officer has taken over as Director of National Fertilizers Limited (NFL) on 14th February 2014. He had held many positions in the State Government of Punjab including Financial Commissioner, Development and Principal Secretary, Principal Secretary in the Department of Animal Husbandry, Dairy Development and Fisheries. He is M.Sc. (Physics) and also holds a Degree of Masters in Social Sciences, Birmingham University.

Shri Sandhu is also the Chairman of Audit Committee and Corporate Social Responsibility & Sustainable Development Committee and a Member of Nomination & Remuneration Committee of the Company.

**Shri Dharam Pal (DIN 02354549)**

Shri Dharam Pal aged about 53 years is a senior IAS Officer has taken over as Director of National Fertilizers Limited (NFL) on 09th February, 2016. He is presently holding the position of Joint 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. He is also a Director of Rashtriya Chemicals & Fertilizers Limited. He is also a Member of Nomination & Remuneration Committee of the Company.

Smt. Bhavnaben Kardambhai Dave (DIN 07557056)

Aged about 64 years, Smt. Bhavnaben Kardambhai Dave has taken over as Director of National Fertilizers Limited (NFL) on 01st July, 2016. She holds Post Graduate Degree in Economics. She has been associated with social activities. Presently, She is the Vice Chairperson of University Granth Nirman Board of Gujarat. She is also the Gujarat State Coordinator in National Institute of Public Cooperation and Child Development. She was the first lady Mayor of Ahmedabad. Had also been Member of Parliament in Lok Sabha. She has also been Chairperson of Gujarat State Social Welfare Board. She had also been involved in the field of education. Smt. Bhavnaben is a Member of Audit Committee, CSR Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee.

Registered Office:

Scope Complex, Core3,
7 Institutional Area, Lodhi Road, New Delhi-110003

Date: 22nd August, 2016

For and on behalf of the Board of Directors

(Manoj Mishra)

Chairman & Managing Director
DIN:06408953



NATIONAL FERTILIZERS LIMITED

CIN.L74899DL1974GOI007417

Registered Office:

**Scope Complex, Core 3, 7 Institutional Area,
Lodhi Road, New Delhi 110 003.**

Website : www.nationalfertilizers.com

Email ID: investor@nfl.co.in

Telephone : 011 – 24360066, 24361252 Fax: 011-24361553

NOTICE OF 42ND ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the Members of National Fertilizers Limited will be held at **10.30 A.M. on Tuesday, the 27th day of September, 2016** at Weight Lifting Hall, Jawaharlal Nehru Stadium, New Delhi, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended 31st March, 2016, together with the Board's Report and the Auditors' Report thereon and Comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013.
2. To declare dividend on equity share capital for the financial year 2015-16;
3. To appoint a director in place of Shri Rajiv Kumar Chandio (DIN 05146544), who retires by rotation and being eligible, offers himself for re-appointment.
4. To fix remuneration of Statutory Auditors for the Financial Year 2016-17 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Statutory Audit Fee for the financial year 2016-17 be and is hereby fixed at ₹20.65 lakh plus applicable Service Tax and reimbursement of TA and DA to the Auditors as per Company Rules.”

SPECIAL BUSINESS :

5. To appoint Shri Dharam Pal (DIN 02354549), I.A.S., Jt. Secretary, DoF as Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152, 161 and all other applicable provisions of the Companies Act, 2013, Shri Dharam Pal (DIN 02354549) who was appointed as an Additional Director and holds Office upto the date of 42nd Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

6. To appoint Smt. Bhavnaben Kardambhai Dave (DIN 07557056) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 152, 161 and all other applicable provisions of the Companies Act, 2013, Smt. Bhavnaben Kardambhai Dave (DIN 07557056) who was appointed as an Additional Director and holds Office upto the date of 42nd Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, from a Member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 30th June, 2019 and shall not be liable to retire by rotation.”

7. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2017 and in this regard to consider and if thought fit, to pass, with or without modification(s), following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof), the remuneration payable to Cost Auditors, M/s K.G. Goyal & Associates, M/s K. L. Jaisingh & Co., M/s Subhadra Dutta & Associates, M/s Musib & Co., who have been



appointed by the Board as Cost Auditors of the Company to conduct the audit of the Cost Records of the Company for the financial year ending 31.03.2017 amounting to ₹40,000.00; ₹20,000.00; ₹20,000.00 and ₹20,000.00 respectively and additional fee of ₹15,000.00 payable to M/s K.G. Goyal & Associates as Lead Cost Auditor, as also payment of TA/DA, Service Tax and out of pocket expenses incurred by the cost auditors during the course of Cost Audit of the Units, as per Company Rules, be and is hereby ratified."

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

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

**Raj Kumar
Company Secretary
ACS 11914**

Registered Office:

Scope Complex, Core 3, 7 Institutional Area,
Lodhi Road, New Delhi 110 003.

Date: 22nd August, 2016



NOTES:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts in respect of Special Business (Item No.5,6 & 7) is annexed herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote instead of himself. Such proxy need not be a member of the company. The instrument appointing the proxy should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding fifty members and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2016 to 27.09.2016 (both days inclusive) for the purpose of AGM and ascertaining the entitlement of dividend.
5. Board of Directors have recommended a dividend of 12.10% (₹ 1.21 per equity share of ₹ 10 each) at its meeting held on 23.05.2016. The dividend, if approved by the Members at the AGM will be paid within a period of 30 days from the date of declaration by the shareholders at the AGM for the year 2015-16 Dividend, if any, approved at the 42nd Annual General Meeting of the Company will be paid to those shareholders whose names appear:-
 - a. As Beneficial Owner as at the end of the business hours on Tuesday, 20th September, 2016 as per the list to be furnished by the Depositories in respect of shares held in electronic form, and
 - b. As Members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Registrar and Transfer Agent of the Company on or before, 20th September, 2016.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of copy of PAN card to the Company/Depository Participant as the case may be. Members holding shares in physical form should submit their PAN details to the Company/RTA [M/s. MAS Services Limited].
7. Members holding shares in physical form should notify change in their addresses, if any, to the Registrar & Transfer Agent specifying full address in block letters with code of their post offices. Members holding shares in electronic form (demat), should inform the change of address to their depository participant.
8. Members are requested to bring their Client ID and DP ID or Folio Numbers, as may be applicable, for easy identification of attendance at the meeting.
9. Electronic copy of the Notice of the 42nd Annual General Meeting together with Annual Report for 2015-16 of the Company inter-alia indicating the process and manner of e-voting alongwith Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For Members who have not registered their email address, physical copy of the Notice alongwith Annual Report for 2015-16 indicating process and manner of e-voting alongwith attendance slip and proxy form are being sent in the permitted mode.

Members who have not registered their email address so far are requested to register the same for receiving all communications including Annual Report, Notices, Circulars, etc., from the Company in electronic mode with the Company's Registrar and Transfer Agent, M/s. MAS Services Limited (info@masserv.com) .

Members may also note that Notice of 42nd Annual General Meeting together with Annual Report for 2015-16 are also available on the Company's website www.nationalfertilizers.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office.
10. Members who hold shares in identical names or joint holding in the same order of names are requested to write to the Registrar & Transfer Agent enclosing their share certificates to enable the Company to consolidate their holdings in one Folio.
11. The Company has transferred the unpaid or unclaimed dividends declared upto financial year 2007-08, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government Company has uploaded the details of



unpaid and unclaimed amounts lying with the Company, on the website of the Company (www.nationalfertilizers.com) as also on the website of the Ministry of Corporate Affairs.

Members who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company or to the Registrar and Transfer Agents, M/s. MAS Services Limited, immediately. Members are requested to note that no claims shall lie against the Company or the said Investor Education and Protection Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of any claims. The period to claim unpaid dividend for the financial year 2008-09 expires on 27.10.2016.

12. All documents referred to in the accompanying Notice are open for inspection at the registered office of the Company on all working days between 10.30 am to 12.30 pm prior to Annual General Meeting.
13. Shareholders may kindly note that no gifts/coupons will be distributed at the Annual General Meeting.
14. Shareholders are requested to bring their copy of Annual Report to the meeting.
15. In case Members have any query relating to the Annual Accounts or about the operations of the Company, they may send the same to the Company Secretary at the Registered Office of the Company at least seven days in advance of the Meeting so that the information called for can be made available at the meeting.
16. For the convenience of the shareholders, attendance slip-cum-entry pass is annexed, Shareholders/Proxy holders/Authorized Representatives are requested to fill and sign at the space provided therein and surrender the same at the venue. Proxy/Authorized Representatives of shareholders should state on their attendance slip-cum-entry pass as 'Proxy' or 'Authorized Representative' as the case may be.
17. Only members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered Folios wherein the name of the sole holder/first joint-holder is same, only the first joint-holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting.
18. Due to strict security reasons, no eatables, helmet, briefcase or bag, mobile phone, etc. are allowed inside the Auditorium. Persons attending the meeting are, therefore, requested to make their own arrangement for safe custody of such articles.
19. In compliance with provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members with facility to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means. The members whose names appear in the Register of Members / List of Beneficial Owners as on 20.09.2016 i.e. the date prior to commencement of Book Closure are entitled to vote on the resolutions set forth in this Notice. The members may cast their vote on electronic voting system from place other than the venue of the meeting (Remote E-voting) as detailed below:-

1.	Date and time of commencement of Remote E-voting	24 th September, 2016 (9.00 AM)
2.	Date and time of ending of Remote E-voting	26 th September, 2016 (5.00 PM)
3.	The Remote E-voting shall not be allowed beyond the said date and time. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.	
4.	Website details of the Company / Agency, where the Notice of AGM is displayed	www.nationalfertilizers.com www.masserv.com www.evoting.nsdl.com
5.	Website for Remote E-voting	https://www.evoting.nsdl.com

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

- I. In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):
 - a. Open e-mail and open PDF file viz. "NFL-remote e-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.



- b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
- c. Click on Shareholder-Login.
- d. Put user ID and password as initial password noted in step (a) above. Click Login.
- e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- g. Select "EVEN" of "National Fertilizers Limited".
- h. Now you are ready for remote e-voting as Cast Vote page opens.
- i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- j. Upon confirmation, the message "Vote cast successfully" will be displayed.
- k. Once you have voted on the resolution, you will not be allowed to modify your vote.
- l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sachin@companylawworld.com with a copy marked to evoting@nsdl.co.in.
- II. In case of Members receiving Physical copy of Notice of 42nd Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)
 - a. Initial password is provided in the box overleaf.
 - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.
- A. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free No. 1800-222-990.
- B. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- C. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- D. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20.09.2016.
- E. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 20.09.2016, may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or info@masserv.com.
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free No. 1800-222-990.
- F. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- G. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- H. Shri Sachin Agarwal, Practicing Company Secretary of M/s. Agarwal S. & Associates (CP No.5910), Company Secretaries has been appointed as Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- I. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- J. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.



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

By Order of the Board of Directors

Registered Office:

Scope Complex, Core 3, 7 Institutional Area,
Lodhi Road, New Delhi 110 003.

Date: 22nd August, 2016

Raj Kumar
Company Secretary
ACS-11914

**ANNEXURE TO THE NOTICE : STATEMENT PURSUANT
TO SECTION 102 OF THE COMPANIES ACT, 2013**

Item No. 5

Shri Dharam Pal (DIN 02354549), aged about 53 years, was appointed as Non-Executive Additional Director on 9th February, 2016 and shall be holding office till the Annual General Meeting. Shri Dharam Pal is a senior IAS Officer. He is presently holding the position of Joint 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. He is also a Director of Rashtriya Chemicals & Fertilizers Limited. He is also a Member of Nomination & Remuneration Committee of the Company.

Notice has been received under Section 160 of Companies Act, 2013 from a Member, proposing the candidature of Shri Dharam Pal as Non-executive Director. He will not be liable to retire by rotation.

Shri Dharam Pal is not disqualified from being appointed as a Director in terms of 164 of Companies Act, 2013 and has given his consent to act as a Director. Brief resume of Shri Dharam Pal, nature of his expertise are provided in Annexure to Notice of Annual General Meeting.

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

Save and accept Shri Dharam Pal and his relatives, to the extent of their shareholding, interest, if any, in the Company, none of the Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

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

Item No. 6

Smt. Bhavnaben Kardambhai Dave(DIN07557056), aged about 64 years was appointed as Non-executive Independent Additional Director on 1st July, 2016 and shall be holding office till the Annual General Meeting. Smt. Dave holds Post Graduate Degree in Economics. She has been associated with social activities. Presently, She is the Vice Chairperson of University Granth Nirman Board of Gujarat. She is also the Gujarat State Coordinator in National Institute of Public Cooperation and Child Development. She was the first lady Mayor of Ahmedabad. She had also been Member of Parliament in Lok Sabha. She had also been Chairperson of Gujarat State Social Welfare Board. She had also been involved in the field of education. Smt. Bhavnaben is a Member of Audit Committee, CSR Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Company.

Notice has been received under Section 160 of Companies Act, 2013 from a Member, proposing the candidature of Smt. Dave as an Independent Director. She will not be liable to retire by rotation.

Smt. Dave is not disqualified from being appointed as a Director in terms of 164 of Companies Act, 2013 and has given her consent to act as a Director. Company has received a declaration from Smt. Dave that she meets with the criteria of independence as prescribed under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Brief resume of Smt. Bhavnaben Kardambhai Dave, nature of her expertise are provided in Annexure to Notice of Annual General Meeting.

The Board of Directors is of the opinion that Smt. Bhavnaben Kardambhai Dave fulfills the conditions of her appointment as Independent



Director. Keeping in view her vast experience and knowledge, it will be in the interest of the Company to appoint Smt. Bhavnaben Kardambhai Dave as an Independent Director.

Save and except Smt. Bhavnaben Kardambhai Dave and her relatives, to the extent of their shareholding, interest, if any, in the Company, none of the Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.6 of the Notice.

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

Item No.7

Pursuant to the recommendation of the Audit Committee, Board of Directors in its meeting held on 22.08.2016 have approved the appointment of Cost Auditors and their remuneration to conduct Cost Audit of the Company for the financial year 2016-17 as per the following details:-

S.NO.	Unit	Name of Cost Auditor	Fees (₹)
1.	Vijaipur I&II	M/s K.G. Goyal & Associates.	40000/-
2.	Nangal	M/s K. L. Jaisingh & Co.	20000/-
3.	Bathinda	M/s SubhadraDutta & Associates	20000/-
4.	Panipat	M/s Musib & Co.	20000/-

M/s. K. G. Goyal & Associates, who has been appointed Lead Cost Auditor shall also be paid an additional fee of ₹15,000/- towards consolidation of Cost Audit Reports in addition to above fee. TA/DA, Service Tax and out of pocket expenses incurred by the Auditors during the course of the cost audit of the Units will be paid as per Company Rules.

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

Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the cost auditors for the financial year ending 2016-17.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.7 of the Notice.

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

By Order of the Board of Directors

Registered Office:

Scope Complex, Core 3, 7 Institutional Area,
Lodhi Road, New Delhi 110 003.

Date: 22nd August, 2016.

Raj Kumar
Company Secretary
ACS-11914



DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

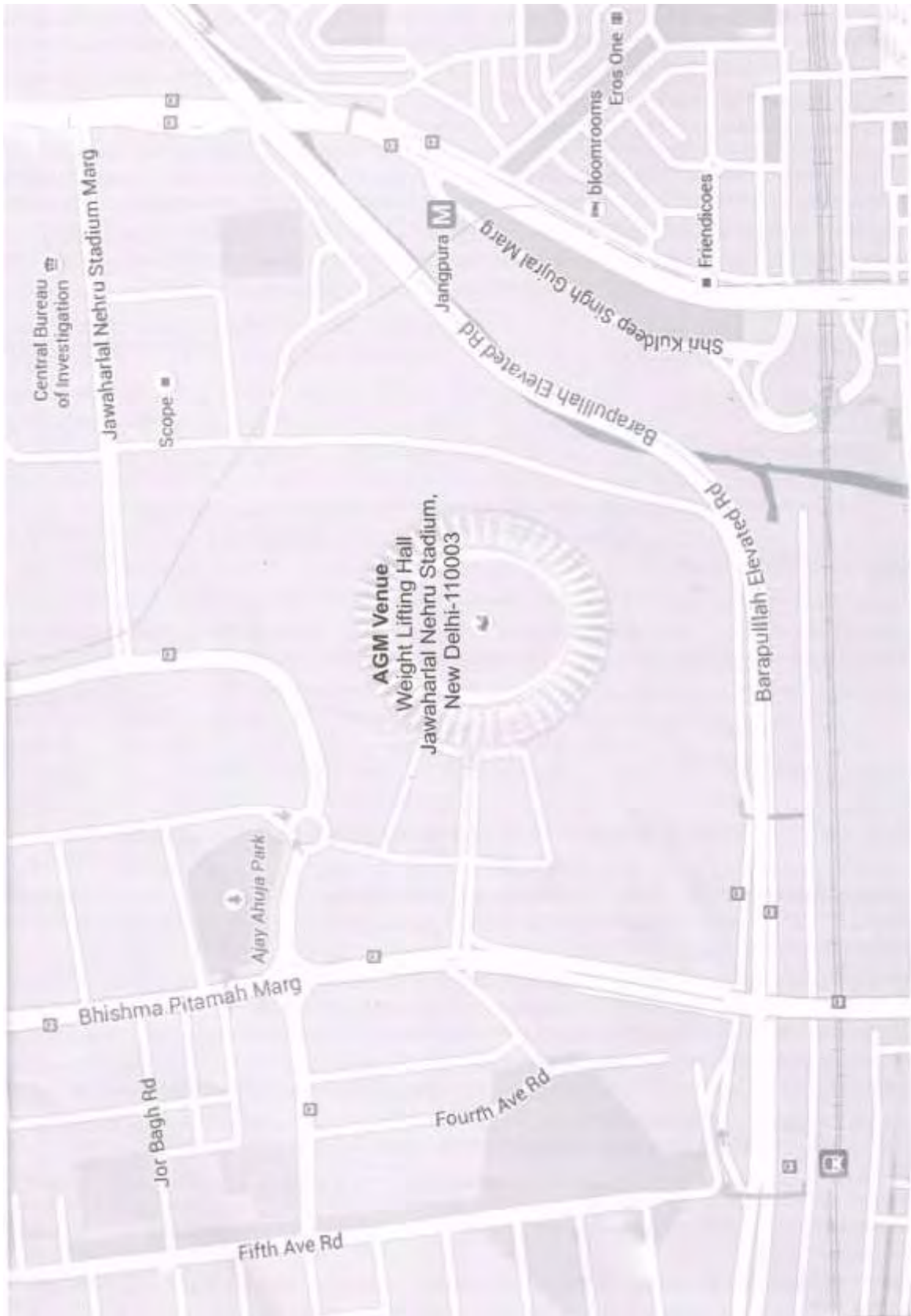
Name	Shri Rajiv Kumar Chandiok (DIN 05146544)	Shri Dharam Pal (DIN 02354549)	Smt. Bhavnaben Kardambhai Dave (DIN 07557056)
Date of Birth & Age	02.06.1959, 57 years	25.10.1963, 53 years	07.07.1952, 64 years
Date of Appointment	10.02.2015	09.02.2016	01.07.2016
Qualification	Chartered Accountant	B.E. (Electronics & Telecommunications), Master of Technology (Computer Controls & Instrumentation), PG Diploma in Mass Communication	M.A. (Economics)
Terms & Conditions of appointment	Appointed as Director (Finance) by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time Official Director by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time non-Official Director (Independent Director) by President of India through Ministry of Chemicals & Fertilizers.
Expertise in specific functional area	<p>Shri Rajiv Kumar Chandiok had taken over as Director (Finance) of National Fertilizers Limited (NFL) on 10th February, 2015. Before joining NFL, he was General Manager (Finance) in Power Finance Corporation Limited (PFC).</p> <p>A Chartered Accountant by profession, Shri Chandiok embodies an extensive experience spanning over 22 years in the Power Sector. Prior to PFC, he also worked with National Hydro Electric Power Corporation Limited (NHPC).</p> <p>During his stint at PFC, Shri Chandiok gained experience in multiple departments like Project Appraisal, Fund Raising, Marketing, Business Development and finally handled complete profile of Finance Division. He remained instrumental in drafting innovative schemes in PFC like funding of private sector in generation business. He also successfully handled maiden Initial Public Offer (IPO) of PFC, which gave him complete insight into the risk and returns of the business.</p> <p>The expertise of Shri Chandiok in Project Appraisal Techniques is well recognized not only in industry but</p>	<p>Shri Dharam Pal is a senior IAS Officer. He is presently holding the position of Joint Secretary, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.</p> <p>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. He is also a Director of Rashtriya Chemicals & Fertilizers Limited. He is also a Member of Nomination & Remuneration Committee of the Company.</p>	<p>Smt. Bhavnaben Kardambhai Dave holds Post Graduate Degree in Economics. She has been associated with social activities. Presently, She is the Vice Chairperson of University Granth Nirman Board of Gujarat. She is also the Gujarat State Coordinator in National Institute of Public Cooperation and Child Development. She was the first lady Mayor of Ahmedabad. Had also been Member of Parliament in Lok Sabha. She has also been Chairperson of Gujarat State Social Welfare Board. She had also been involved in the field of education. Smt. Bhavnaben is a Member of Audit Committee, CSR Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee.</p>



Name	Shri Rajiv Kumar Chandiok (DIN 05146544)	Shri Dharam Pal (DIN 02354549)	Smt. Bhavnaben Kardambhai Dave (DIN 07557056)
	also by the management and professional organization like PMI, ASCI, IIFT, CII, FICCI. He has attended various professional programmes in India and abroad particularly on Project Financing & Risk Analyses and Leadership. He is also a Member of Committee on Corporate Social Responsibility & Sustainable Development and Stakeholder Relationship Committee.		
Number of Meetings of the Board held during the year and number of Board Meetings attended	11/11	2/2	N.A.
Relationship with any other Director, Manager and other KMP of the Company	N.A.	N.A.	N.A.
Directorship held in other companies	Nil	Rashtriya Chemicals & Fertilizers Limited	Nil
Memberships/ Chairmanship of Committees in other companies	Nil	N.A.	Nil
No. of Shares held	1000	Nil	Nil



Route Map - Venue of 42nd Annual General Meeting





NATIONAL FERTILIZERS LIMITED

Registered Office: Scope Complex, Core-III, 7 Institutional Area, Lodhi Road, New Delhi – 110 003.

CIN.L74899DL1974GOI007417

Website: www.nationalfertilizers.com Email: investor@nfl.co.in

Tel: 011-24360066, 24361252 Fax: 011-24361553

Proxy Form

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

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

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

(1) Name: _____ Address: _____

E-Mail Id: _____ Signature: _____, or falling him/her;

(2) Name: _____ Address: _____

E-Mail Id: _____ Signature: _____, or falling him/her;

(3) Name: _____ Address: _____

E-Mail Id: _____ Signature: _____

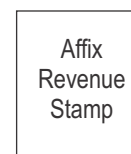
as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company to be held on **Tuesday, 27th September, 2016 at 10.30 AM** at Weight Lifting Hall, Jawaharlal Nehru Stadium, Lodhi Road, New Delhi-110003 and at any adjournment thereof in respect of such resolutions as are indicated below:-

S.No.	Ordinary Business	**For	**Against
1.	To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended 31 st March, 2016, together with the Board's Report and the Auditors' Report thereon and Comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013.		
2.	To declare dividend on equity share capital for the financial year 2015-16;		
3.	Re-appointment of Shri Rajiv Kumar Chandiok (DIN 05146544), as a Director.		
4.	To approve remuneration of the Statutory Auditors for the financial year 2016-17.		
	SPECIAL BUSINESS		
5.	Appointment of Shri Dharam Pal (DIN 02354549) as a Director.		
6.	Appointment of Smt. Bhavnaben Kardambhai Dave (DIN 07557056) as an Independent Director.		
7.	To ratify the remuneration of Cost Auditors for the financial year ending 31 st March, 2017.		

Signed this _____ day of _____ 2016.

Signature of the Shareholder

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



Note: Please read instructions given overleaf carefully.

***Instruction for Share holders**

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. A Proxy need not be a member of the Company.
3. For resolutions, Statement pursuant to Section 102 of the Companies Act, 2013 and Notes, please refer to the Notice of 42nd Annual General Meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. ****This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.**
6. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
7. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



NATIONAL FERTILIZERS LIMITED

Registered Office: SCOPE Complex, Core –III , 7 , Institutional Area, Lodhi road, New Delhi-110003
CIN. L74899DL1974GOI007417

Website: www.nationalfertilizers.com Email: investor@nfl.co.in Tel: 011-24360066, 24361252 Fax: 011-24361553

ATTENDANCE SLIP

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

Name of Shareholders(s) _____

Address _____

DP ID No.	
Client ID No.	

Regd. Folio No.	
No. of Share(s) held	

I/We hereby record my/our presence at the 42nd Annual General Meeting of the Company held on Tuesday, 27th September, 2016 at 10.30 A.M. at Weight Lifting Hall, Jawaharlal Nehru Stadium, New Delhi-110003

Signature of Member(s)/Proxy

Note:

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



Sh. Manoj Mishra, C&MD visiting R&D farm in Nangal Unit



C&MD interacting with senior officials in Vijaipur Unit



Sh. Mishra, C&MD on a visit to Vijaipur Unit



C&MD inspecting the Soil Testing Lab in Nangal Unit



Sh. Manoj Mishra, C&MD with senior officials during a visit to Panipat Unit



Assessment camp for disabled persons organised in Noida & Bathinda



Toilets constructed in schools in Nangal



Trainees attending the Stitching & Tailoring Programme at Nangal Unit



Installation of Solar Lights & Distribution of Solar Lanterns in Tehri Garhwal, Uttarakhand



A cancer awareness & check up camp held in Bathinda



Girls' Toilets constructed in government schools in Guna, M.P.



Soil samples being tested by NFL mobile soil testing van.



NFL officials disseminating information about products.



NFL stall in kisan mela displaying company products.



Farmers interaction programme organised by NFL at a village.



Shri Manoj Mishra, C&MD, NFL (Left) exchanging MoU documents for the year 2016-17 with Shri Vijay Shanker Pandey, Secretary (Fertilizers), Department of Fertilizers (DoF), Government of India



Sh. Manoj Mishra, C&MD presenting Dividend cheque to Hon'ble Minister of Chemicals & Fertilizers, Shri Ananth Kumar on 20th Nov, 2015 in New Delhi



The Foundation stone laying ceremony of Ramagundam Fertilizers & Chemicals Limited (RFCL) held on 07.08.2016 by Hon'ble Prime Minister, Shri Narendra Modi in Telangana



नेशनल फर्टिलाइज़र्स लिमिटेड

एन.एफ.एल.
NATIONAL FERTILIZERS LIMITED

National Fertilizers Limited

(A Government of India Undertaking)

CIN: L74899DL1974GOI007417

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

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

Website: www.nationalfertilizers.com