



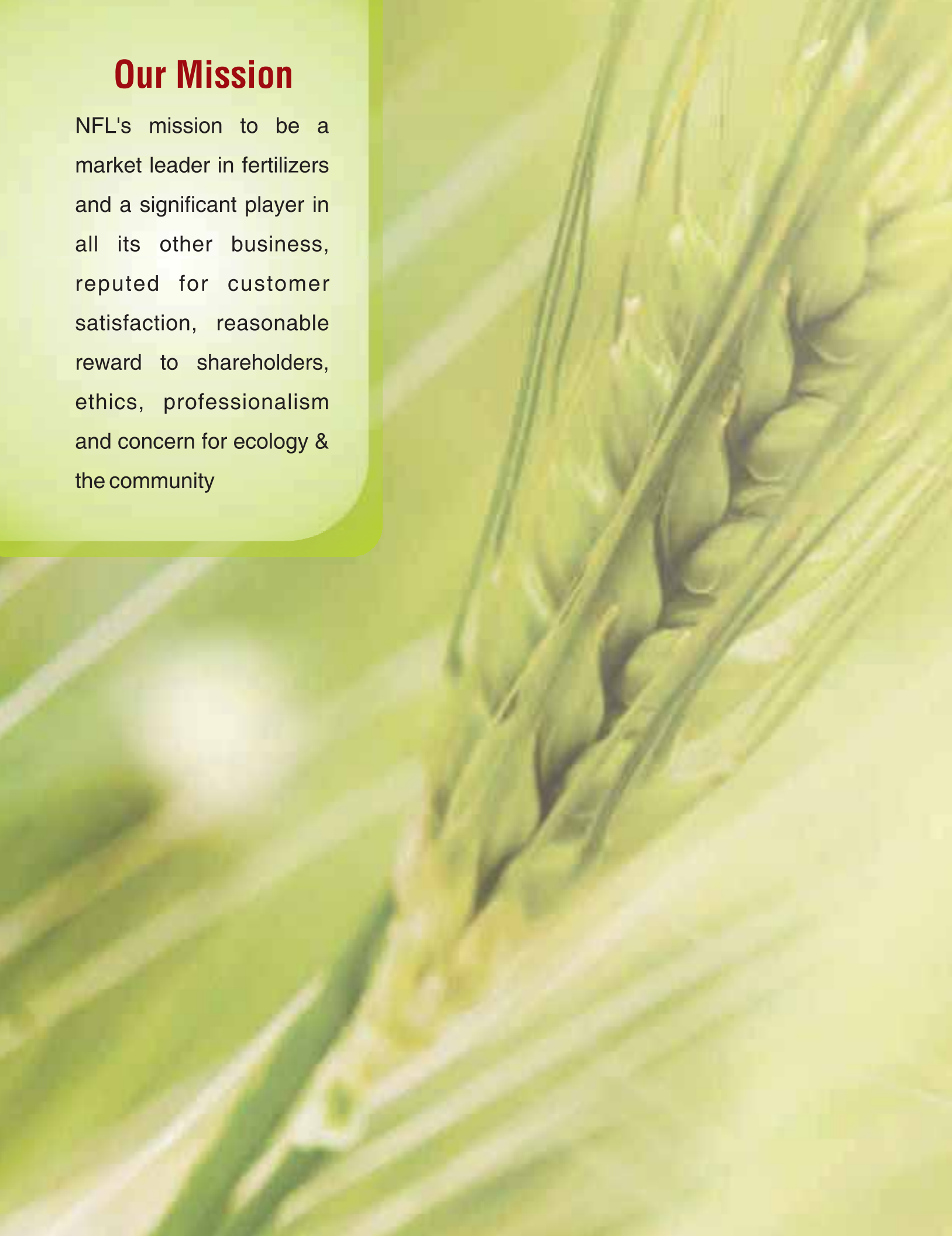
**Sustainable growth,
greener prosperity**



नेशनल फर्टिलाइज़र्स लिमिटेड
एन. एफ. एल.
NATIONAL FERTILIZERS LIMITED

Our Mission

NFL's mission to be a market leader in fertilizers and a significant player in all its other business, reputed for customer satisfaction, reasonable reward to shareholders, ethics, professionalism and concern for ecology & the community



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Management Team

Board Level

Ms. Neeru Abrol
Chairperson & Managing Director

Capt. Pavan Kumar Kaul
Director (Marketing)

Sh. M. Sagar Mathews
Director (Technical)

Corporate Heads

Dr. Harish Chandra Singh (IPS)
Chief Vigilance Officer

Chief General Managers(S/Shri)

Rajiv Johri
Materials

Tek Chand
Company Secretary

J. M Kapoor
CMD (Sectt.)

General Manager I/c (S/Shri)

N. R. Satyapalan
Management Services

A. K. Asija
Law

M. S. Tolia
Human Resource Development & Public Relations

R. K. Chopra
Technical & Project

S. Gawande
Marketing

Sunil Bhatia
Finance & Accounts

UNIT HEADS (S/Shri)

K. K. Chaturvedi
CGM, Nangal Unit

S. K. Jindal
CGM, Panipat Unit

A. K. Lahiri
GM I/c, Vijaipur Unit

D. S. Ahuja
GM I/c, Bathinda Unit

BANKERS

State Bank of India
State Bank of Hyderabad
State Bank of Patiala
Bank of India
Punjab National Bank
Union Bank of India
Oriental Bank of Commerce

AUDITORS

M/s DSP & Associates,
Chartered Accountant,
New Delhi

M/s Prem Gupta & Co.
Chartered Accountant,
New Delhi

REGISTRAR & TRANSFER AGENTS

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

Board of Directors



Ms. Neeru Abrol
Chairperson & Managing Director



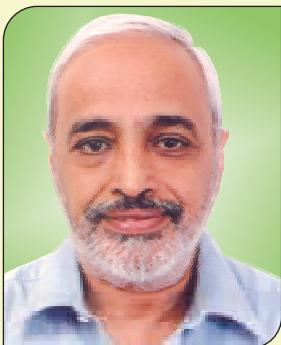
Capt. Pavan Kumar Kaul
Director (Marketing)



Shri M. Sagar Mathews
Director (Technical)



Shri Rajiv Yadav
Addl. Secretary &
Financial Advisor, DoF



Shri M. Raman
Independent Director



Shri Vikram Srivastava
Independent Director



Shri Gurinderjit Singh Sandhu
Independent Director

Highlights



Ms. Neeru Abrol, C&MD has been conferred with the "Greatest Corporate Leaders of India" award by World HRD Congress in a ceremony held at Mumbai



Ms. Neeru Abrol, C&MD & Dr. S. K. Agarwal, Chairman, TII exchanging MoU documents for implementation of Integrity Pact



Ms. Neeru Abrol, C&MD receiving Excellence in Safety Award-Runners Up for performance of Panipat Unit in Industrial Safety from Sh. Sharad Pawar, Hon'ble Union Minister of Agriculture, Govt. of India

Chairman's Message



Dear Shareowners,

I am happy to share with you that after successful commissioning of our feedstock changeover projects at Nangal, Bathinda & Panipat and Capacity Augmentation & Energy Saving projects at Vijaipur Unit, the plants are stabilizing and have started giving sustained production. Despite facing financial challenges, the Company is on the recovery path.

Before deliberating on the performance, I would like to briefly talk about the state of economy and in particular fertilizers scenario during 2013-14.

Economic Scenario & Fertilizer Industry

Though the slowdown in Indian Economy continued during 2013-14, the Indian economy is more stable now after the instability of two years. Indian economic growth is estimated to be at 4.8%. The fiscal deficit is declining, the current account deficit has been contained, inflation has moderated, quarterly growth rate is on the rise and the exchange rate is now showing the signs of stability. However, the domestic macro-economic environment still remains challenging.

The fertilizer sector is also facing challenges due to lack of availability of adequate quantum of domestic gas which is the basic raw material for manufacturing of fertilizers. The industry is heavily dependent on imported raw materials. The high price of imported raw materials & imposition of custom duty on it increases the cost of production and subsidy of government and also impacts the industry by way of increased working capital requirements.

The chemical fertilizers have played an important role in making the country self reliant in food grain production. Indian fertilizer industry has emerged as a world class industry in terms of use of state of the art production technologies, high energy efficiency and excellent record in the areas of safety and environment. In spite of laudable achievements, there have been certain developments, which are a cause of concern. Intensive agriculture without balanced use of farm nutrients is affecting health of Indian soils, which are increasingly facing deficiency of nutrients. The recent Economic Survey has said that availability and consumption of NPK fertilizers have been skewed towards nitrogen or urea since the rollout of the Nutrient Based Subsidy (NBS) in 2010. The indiscriminate use of NPK has led to imbalanced use of soil nutrients, especially in Haryana and Punjab, leading to deterioration in soil quality and declining growth in land productivity in these States. The survey further said that NBS scheme had shortcomings, since urea was kept out of its ambit, which has defeated the objective of balanced use of nutrients. To achieve a balance in nutrient use, there is a need to revisit the fertilizers related policies by the government.

Under the prevailing policies, the fertilizer industry is finding it difficult to generate surpluses for research & development activity, extension services and investment in capacity additions. There is a need to encourage R&D activities in the field of alternate feedstock for production of urea to overcome the shortage in availability of low priced gas. There is also a need for creation of a sovereign fund for funding the investment to acquire assets of raw materials abroad.

Performance Highlights

Despite challenges, your Company has achieved some important milestones this year. I am happy to share with you that your Company has achieved ever-best urea production of 36.36 lakh MT. There has also been ever-best urea sale of 36.87 lakh MT. The Company also achieved record production of 12.63 lakh MT of Neem coated urea during the year.

Vijaipur units as a complex produced 21.69 lakh MT of urea during the year, which is also the ever-highest production achieved in a year. Vijaipur I and Vijaipur II achieved a capacity utilization of 100.66% and 109.06% of their revamped capacity respectively.

During the Financial Year 2013-14, the Company has successfully commissioned and declared commercial production of Ammonia Feedstock Change over Project from fuel oil to natural gas at Nangal on 18th July, 2013.

Your Company has reported a net loss of Rs. 89.71 crore against the loss of Rs. 170.73 crore incurred during previous year. The reduction in loss is mainly attributed to higher production and sale, lower energy consumption, decrease in repairs and maintenance expenditure etc. and has been partially offset by increase in interest expenditure due to delay in receipt of subsidy and increase in input prices. A positive development for the Company has been the notification of Modified New Pricing Scheme of Urea by Government of India on 2nd April, 2014. Under the modified scheme, additional fixed cost and vintage allowance shall be reimbursed to the Company, which will have a positive effect on profitability of the Company from the financial year 2014-15.

Further, Government has also allocated 0.75 mmssmd domestic gas to Bathinda Unit, which shall reduce subsidy outgo for the Government as well as working capital requirement for the Company. Your Company is maintaining continuous focus on energy conservation as this is a major component in the manufacturing cost of urea.

Manpower

The skilled and professional manpower remains the strength of your Company. The company is adopting good HR practices with this objective in mind.

The Company has manpower strength of 4068 employees as on 31st March, 2014. Since large numbers of employees have superannuated in previous years, your Company has been keenly involved in manpower planning to ensure steady availability of suitable manpower. To fill this gap, the Company has been conducting efficient & timely recruitment. Recently, the company has completed the recruitment process of 49 engineers as Management Trainees.

To improve the skill and expertise of the existing employees, various training programmes were organized during the year. These employees were trained in the areas of Marketing, Finance, Office Procedures, and Health in addition to developing their general management skills.

Services to Farmers

To encourage the balanced and efficient use of fertilizers by farmers, your Company is playing a catalytic role in transfer of improved farm technology to them through a variety of educational programmes, field demonstrations, Kisan Melas, crop seminars and farmers study tours. Farmers are provided free Mobile Soil Testing Service at their doorsteps and they are encouraged to use fertilizers based on soil test recommendations to maximise output. During the year, a project was undertaken by NFL in 25 farmer fields to promote soil test based farming.

Integrity Pact

To maintain the highest standard of transparency and governance, your Company has entered into an Integrity Pact with Transparency International. The Company has appointed Independent External Monitors, persons of impeccable integrity, with the approval of Central Vigilance Commission, to oversee the implementation and effectiveness of the Integrity Pact. The signing of Integrity Pact in the Company will help in bringing more transparency in the contracting and procurement operations. The Pact will be applicable on all contracts of NFL of value above Rs. 1 crore.

CSR Activities

The Company is committed towards upliftment of underprivileged sections of the society and has supported various social and community initiatives touching the lives of large number of people. The major focus of CSR activities is on creating awareness about health and hygiene, children education, women empowerment, skill development for self-employment, rain-water harvesting and ground water recharging, promotion of non-conventional energy resources.

Sustainable Development

Your Company has taken various initiatives in adopting best practices in environment management and energy conservation which lead to Sustainable Development. Modern methods and latest technologies such as 'International Sustainable Rating System', 'Total Quality Management' and 'Hazard and Operability Study' are being implemented to improve process safety.

Trial runs have been conducted to improve efficiency of coal fired boilers in Nangal, Bhatinda and Panipat units using coal additives.

Afforestation has been adopted in all the units to improve the environment surrounding the units. A total of 15540 tree saplings were planted in and around various units leaving a cleaner and greener earth for future generation. To increase the sub soil water level, all the units are under process of installation of Rain Water Harvesting system.

Initiatives have been taken to tap solar power as an alternative source of energy. Bhatinda unit is under process of installation of 90 KW Solar Power Plant and similarly Corporate Office, Noida is installing 100 KW Solar Power Plant to serve a part of its total power requirement.

Information Technology

The Company is making use of information technology in various business functions. Implementation of Enterprise Resources Planning (ERP) software is in progress. This will help in integrating all functional areas across the company for a speedy and accurate decision making process. A secured and robust data center shall be set up to house the ERP application, subsequently followed by a Disaster Recovery Center to ensure interruption free operations.

Across Company, e-procurement, e-payment and e-receipt facilities are in use extensively, which has brought about efficiency and transparency in the business system.

Awards & Accolades

I am happy to inform you that your Company has received number of prestigious Safety awards during the year. To mention a few, the Panipat Unit has won National Level Safety Award “Shreshtha Suraksha Puraskar” given by National Safety Council (NSC), Mumbai (India) and has also received FAI award for excellence in Safety for 2012-13. The Bathinda Unit has won NSC safety award “Parsansa Patra” for 2012 and has also received first prize “Punjab State Safety award 2013” from the Department of Labour, Punjab. Many other awards were received in the area of Safety.

New Initiatives

Your Company is exploring various options to use Petroleum Coke as fuel in its plants. Considering non-availability of sufficient domestic gas and steep increase in price of Re-gasified Liquefied Nitrogen Gas (RLNG), the Company is examining the feasibility of utilization of the redundant section for Petroleum Coke gasification, so that it becomes an alternate cheaper feedstock.

Keeping in view the demand for Bentonite Sulphur, feasibility is being assessed for setting-up of Bentonite sulphur plant at Company's Panipat Unit.

NFL and Engineers India Limited (EIL) have undertaken the revival of Ramagundam unit of Fertilizers Corporation of India Limited (FCIL). NFL will have a 26% equity participation in this joint venture. Company also

plans to import fertilizers for trading through its distribution network.

Your Company is also undertaking R&D study to explore possibility for production of Sulphate of Potash/ Murate of Potash and making endeavors to produce and market quality seeds of various high yield variety crops under its own brand.

For the last four decades, NFL is adding to India's agricultural prosperity and it promises to continue making these efforts. Your Company is looking at several options for diversifying in other businesses to ensure sustained growth. I am confident that with the support of Government and all stake holders, your Company would march ahead successfully from strength to strength.

(Neeru Abrol)

Chairman & Managing Director

DIN: 01279485

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 31st July, 2014

Performance at a Glance

Financial Highlights

(₹ in crore)

Particulars	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Sales (Gross)	1995	1727	1978	1886	1704	1697	1640	1664	1647	1745
Subsidy	6048	5020	5363	3918	3396	3444	2518	2217	1957	1748
TURNOVER (Gross) (incl. Subsidy)	8043	6747	7341	5804	5100	5141	4158	3881	3604	3493
Earnings before depreciation, interest and tax (EBDITA)	172	17	342	302	365	293	262	387	312	357
Interest and Finance Charges	204	130	67	9	11	41	17	17	8	22
Depreciation	129	118	91	89	94	96	89	106	125	120
Profit/(Loss) before Tax	-161	-231	184	204	260	156	156	264	179	215
Profit/(Loss) after Tax	-90	-171	127	139	172	97	109	176	116	161
Gross Fixed assets	7182	5717	2958	2930	2924	2906	2925	2903	2897	2862
Net Fixed Assets	4682	3501	550	599	666	734	809	871	963	1050
Current Assets, Loans and Advances	6743	4285	3206	2244	2082	1524	1443	1693	1272	1007
Current Liabilities and Provisions	1163	1430	1600	998	794	885	816	692	553	601
Working Capital	5580	2855	1606	1246	1288	639	627	1001	719	406
Borrowings	7558	5615	2985	613	403	265	525	327	227	60
Net Worth	1494	1584	1754	1672	1582	1471	1408	1371	1256	1186
Capital Employed (Net Fixed Assets + Working Capital)	10262	6356	2156	1845	1954	1373	1436	1872	1682	1456
Production (Urea) (Lakh MT)	36.36	32.11	34.01	33.80	33.30	33.44	32.68	33.51	33.44	34.32
Capacity Utilisation (Urea) (%)	101.92	91.94	105.3	104.6	103.1	103.5	101.1	103.7	103.5	106.2
Sales (Urea) (Lakh MT)	36.87	31.62	33.89	33.59	33.78	33.77	32.38	33.54	33.63	34.73
Employees (Nos.)	4068	4291	4515	4699	4760	4868	4910	4736	4862	4853

Key Indicators

EBDITA/ Turnover (%)	2.14	0.25	4.66	5.20	7.16	5.70	6.30	9.97	8.66	10.22
Return on Net Worth (%)	-	-	7.24	8.31	10.87	6.59	7.74	12.84	9.24	13.58
Return on Capital Employed (%)	-	-	5.88	7.51	8.78	7.10	7.56	9.41	6.92	11.06
Earning per Share of ₹10 (₹)	-	-	2.58	2.82	3.50	1.99	2.21	3.59	2.37	3.28
Debt/Equity	#2.36 :1	#2.47 :1	1.70 :1	0.37 :1	0.25 :1	0.18 :1	0.37 :1	0.24 :1	0.18 :1	0.05 :1
Current Ratio	5.80 :1	3.00 :1	2.00 :1	2.25 :1	2.62 :1	1.72 :1	1.76 :1	2.45 :1	2.30 :1	1.67 :1
Value Added per Employee (₹ In Lakhs)	28	24	26	23	23	20	19	19	17	18
Dividend (₹ In Crores)	-	-	38.27	41.70	51.51	29.43	32.60	52.83	40.74	48.27
Dividend as % of Equity	-	-	7.80	8.50	10.50	6.00	6.65	10.77	8.30	9.84

Debt - Equity ratio includes debts of ₹3850 crores 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.

Directors' Report

To,

Dear Members,

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 40th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the Financial Year 2013-2014.

I am pleased to inform you that your Company has completed the financial year 2013-14 an affirmative note. Even after so many constraints on production front, Company has been able to produce 36.36 lakh MT of urea, which is 102% of the installed capacity. This is the highest ever production of urea in a year by the Company. Another milestone has been achieved in terms of all time high dispatches of 36.90 lakh MT, sale of 36.87 lakh MT of urea and highest ever realization of funds. The record sale of 12.65 lakh MT of Neem-coated urea during the year indicates an upward trend in terms of popularity of this value added product, which has been pioneered by the Company. However, the losses incurred by the Company during 2013-14 though lower than last year, remained a cause of concern. Your Company is the second largest producer of Urea with market share of 16%.

A positive development for the Company has been on the part of Government Pricing Policy on urea. The Government has notified the Modified New Pricing Scheme (NPS-III). Under the modified Scheme, additional fixed cost and Vintage Allowance shall be reimbursed to the Company, which will have a positive effect on profitability of the Company from the financial year 2014-15 onwards.

It is a pleasure to inform you that with declaration of commercial production of ammonia feedstock changeover project at Nangal in the year 2013-14, urea produced by your Company at all the Units is now based on cleaner and greener raw material, Natural Gas.

FINANCIAL HIGHLIGHTS

During the year under review, the Company achieved turnover of ₹ 8017 crore (previous year ₹ 6720 crore). The earnings before interest, depreciation and tax (EBIDTA) was ₹171.90 crore against ₹ 74.88 crore of the previous year. The loss before tax was ₹161.16 crore (previous year loss ₹230.62 crore) and loss after tax was ₹89.71 crore (previous year loss ₹ 170.73 crore). The loss is mainly attributed to shut-down taken at Nangal for feed stock conversion projects, increase in interest due to delay in receipt of subsidy and increase in input prices.

Deferred Tax Assets amounting to Rs.60.35 crore(net) have been recognized as on 31st March, 2014 in respect of unabsorbed depreciation and losses carried forward for set-off against taxable income in future based on notification dated 3rd April, 2014 of Modified New Pricing Policy of urea by Government of India thereby having convincing evidence of certainty of utilization of deferred tax assets.

SHORT-TERM BORROWINGS

The short-term borrowings of the company as at 31st March, 2014, stood at ₹ 4039.67 crore (₹1703.29 crore as at 31st March, 2013), which include cash credit utilization, short-term loans, working capital demand loan, commercial papers, etc. Delay in receipt of urea subsidy and increase in input prices lead to more borrowings for meeting working capital requirements. Short-term borrowings included borrowings of ₹1915 crore under Special Banking Arrangement of Government.

LONG-TERM BORROWINGS

Changeover of feed stock from LSHS/FO to Gas at Nangal, Panipat and Bathinda units was funded by Rupee Term Loan of ₹3850 crore from consortium of thirteen Banks with SBI as lead Bank and ₹216 crore through own generation of funds. As on 31st March, 2014 long term loans of ₹3080 crore were outstanding. These funds are reimbursed by Government of India under the policy over a period of five years post declaration of commercial production for changeover of feedstock projects.

Energy Saving and Urea Capacity Augmentation Project at Vijaipur-I, Urea capacity Augmentation Project at Vijaipur-II and installation of Carbon-Dioxide Recovery (CDR), were commissioned in the financial year 2012-13. The urea capacity has been enhanced by 20%. For these projects, long term loan was raised by way of 9.42% Secured Redeemable Non-Convertible Taxable Bonds of ₹100.40 crore; Buyer's credit of USD 15.68 million and External Commercial Borrowing (ECB) of USD 50 million. Buyer's credit of ₹61.25 crore has been repaid and amount of ₹35.12 crore was outstanding.

Total debt equity ratio as on 31st March, 2014 has increased to 2.36:1 as compared to 2.47:1 of CPLY mainly due to repayment of long term loan.

GOI DISINVESTMENTS

To comply with the Securities and Exchange Board of India (SEBI) norms disinvestment of 7.64% GoI shares was carried out on 31st July, 2013 through offer for sale route thereby reducing GoI shareholding to 90% from 97.64%. The Government equity was further reduced to 89.71% when the Government sold shares to the employees of the Company in June, 2014.

RELATED PARTY DISCLOSURES

Accounting Standard-18 relating to 'Related Party Disclosure' issued by ICAI requires disclosure of relationship and transactions between a reporting enterprise and its related party. Pursuant to the said requirement, Company for the purpose of related party disclosure has identified the whole time Directors as the Key Management Personnel (KMP) and disclosure of relationship with joint venture Company i.e. M/s. UVL. Accordingly, related party disclosures in respect of key management personnel, joint ventures and transaction with related parties has been made in the Notes to Accounts.

DIVIDEND

In view of the loss incurred by the Company and future capital expenditure, Board of Directors have not recommended any dividend for the financial year 2013-14.

OPERATIONS

Production

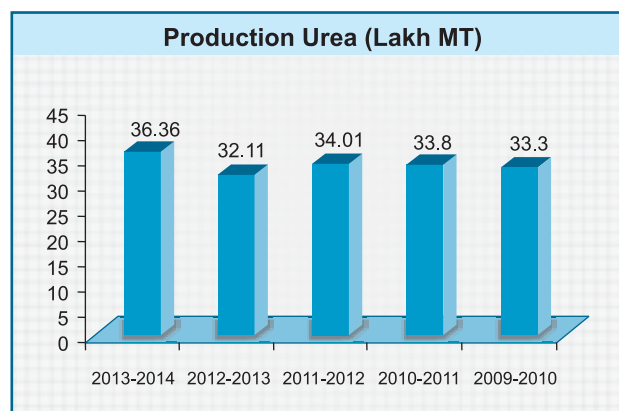
The company produced 36.36 lakh Metric Tonnes of Urea during the financial year 2013-14, which was 102 % of the revamped capacity and the highest ever production achieved in a year by the Company so far. Vijaipur unit as a whole produced 21.69 lakh MT of urea during the year, which is also the highest-ever production achieved in a year. Vijaipur I and Vijaipur II achieved a capacity utilization of 100.66% and 109.06% of their revamped capacity respectively.

The new front end ammonia plant on natural gas feed under feed stock change over project at Nangal was successfully commissioned and after stabilization of the plant, commercial production was declared with effect from 18th July 2013. The annual production at Nangal unit remained lower than installed capacity due to limitations during commissioning and stabilization of the plant and extended shutdown from January to March 2014 for maintenance jobs. There had been a shortfall of 83670 MT of urea at Nangal during 2013-14, which has been partly compensated through additional production of 49,030 MT from Bathinda Unit.

Company achieved record production and despatch of 12.637 lakh MT of Neem Coated Urea during the year.

INPUT AVAILABILITY

Due to decline in the availability of Administered Pricing Mechanism (APM)/ Non-APM and Panna Mukta Tapti (PMT) Gases, spot gas was procured during the year to sustain production at optimum levels. Domestic gas is yet to be



allocated for three Fuel-oil Units converted to gas. As an interim arrangement, Company is purchasing high cost spot RLNG for Bathinda, Panipat and Nangal Units. Allocation of indigenous gas supply to these Units is being followed up regularly with the Department of Fertilizers. Out of total requirement of 0.9 mmscmd gas at Bathinda, domestic gas of 0.7 mmscmd is under allocation.

SALES & MARKETING

Urea

Company achieved ever-best urea sale of 36.87 lakh tonnes of Urea (including 12.66 lakh tonnes of Neem coated Urea) against previous ever-best of 34.73 lakh MT in 2004 and 31.62 lakh MT of CPL.

INDUSTRIAL PRODUCTS

The sale of Industrial Products was of ₹50.53 crore against ₹72.34 crore of CPL. Lower turnover of Industrial Products is attributed to high market prices of ammonia for production of nitric acid, ammonium nitrate, etc. and with conversion to natural gas, generation and sale of industrial gases, argon has stopped.

AGRI-BUSINESS

The Company has been making regular forays into diverse agri-based business viz. trading of seeds, Bentonite Sulphur, Zinc Sulphate pesticides, etc. During the year, Company has traded agriculture product of ₹32.78 crores, marginally higher than previous year.

AGRI EXTENSION

NFL is playing a pivotal role in not only providing quality fertilizers to the farmers but educating them on judicious use of fertilizers along with total know how on improved and scientific methods of cultivation to improve soil productivity. The adoption of technology for increasing crop yield and land productivity is facilitated by training and adequate dissemination of knowledge to all stakeholders like dealers, retailers, farmers, etc. In line with this, 50 Dealer's/Retailer's Orientation Programmes were conducted during the year. Also 110 farmer training programmes were organized in Company's marketing territory spread across 17 states and union territories with overall participation of 6540 farmers.

During the year, a project was undertaken by NFL in 25 farmer fields to promote soil test based and efficient use of fertilizers and other agriculture inputs that is crucial in enhancing agriculture production.

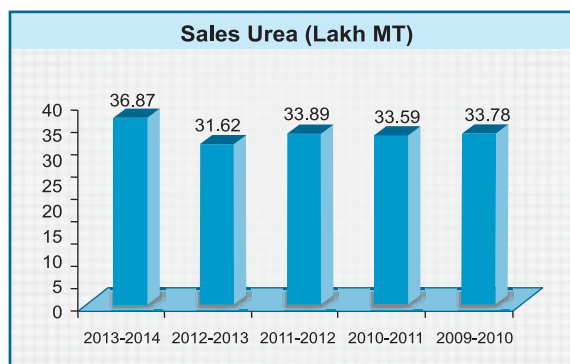
During the year 330 demonstrations were also carried out at farms to demonstrate the effect of balanced use of fertilizers and bio-fertilizers on crop growth and yield as compared to farmer's own practices. More than 38,000 soil samples were analyzed and recommendations given through the Company's captive five static and four mobile soil testing laboratories.

During the year, your Company participated in 30 krishi melas organized by leading agriculture universities in Punjab, Haryana, Uttar Pradesh, Uttarakhand, Madhya Pradesh, evaluating effective direct communication with farmers.

MOBILE FMS (mFMS)

Government of India, Department of Fertilizers has introduced Mobile based Fertilizer Monitoring System (mFMS) to monitor and track the movement of fertilizers from the manufacturing unit to the farm gate as a step towards facilitating implementation of "Direct Cash Transfer of Subsidy" to farmers. Company has successfully implemented the mFMS i.e. tracking of first point sale upto wholesalers and the second point sale upto retailers. With this, the Company till 31st March, 2014 is entitled for balance 5% subsidy w.e.f. 1st November, 2012 withheld by Government of India for implementing this system.

Company has been entrusted to implement Phase-II pilot project of the mFMS i.e. capturing and digitizing the sales transactions from retailers to farmers for the district of Nawanshehar in Punjab.



PROJECTS

NFL Marches Towards Cleaner Feedstock

Company has implemented the capital schemes for change over of feedstock from Fuel Oil to Natural gas at Panipat, Bathinda and Nangal involving a total investment of ₹4066 Crore. The projects have been implemented by M/s Larsen & Toubro Mumbai with Technology License from M/s HTAS Denmark at Panipat & Bathinda and by Consortium of M/s Tecnimont SpA Italy & M/s Tecnimont ICB Mumbai with Technology License from M/s KBR USA at Nangal on Lump Sum Turnkey (LSTK) basis. M/s Projects & Development India Limited (PDIL) has provided the Project Management Consultancy services for all the three conversion projects. The Urea production from the plants post feedstock changeover was declared Commercial on 28th March 2013 at Panipat, 11th March 2013 at Bathinda and 18th July 2013 at Nangal. The plants are now fully operational and envisaged reduction in energy consumption has been achieved.



A view of Nangal Plant

JOINT VENTURES

Joint Venture with KRIBHCO & RCF

Company has a Joint Venture "Urvarak Videsh Limited" with M/s. KRIBHCO and RCF as promoters. The main object of the joint venture company is to explore investment opportunity abroad and within the country in nitrogenous, phosphatic and potassic sectors and to render consultancy services for setting up projects in India and abroad.

REVIVAL OF CLOSED UNITS OF FCIL

Consequent upon nomination of NFL and EIL, by Government of India, for the revival of Ramagundam plant of Fertilizer Corporation of India, it has been planned to set up a 2200 MTPD Ammonia and 3850 MTPD Urea plant. The project is envisaged to be undertaken at the existing Fertilizer complex of Ramagundam unit at an estimated cost of INR 4700 crore.

Pre-project activities towards setting-up of Joint Venture between NFL/EIL/FCIL, lining-up of Process Licensor for Ammonia / Urea, finalization of Concessionaire agreement and Joint Venture Agreement are in progress. Environment impact and risk assessment is being carried out. Department of Fertilizers (DoF) has accorded approval for 26% equity investment by the Company in joint venture Company.

HUMAN RESOURCE MANAGEMENT

The Company considers its Human Resources as most important assets 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 4068 employees as on 31st March, 2014, which comprise of 1803 Executives and 2265 Non-Executives. Company has 222 women employees on its roll, which is 5.46% of the total work force.

To improve skills and instill behavioural and personality development traits in all supervisory staff and managerial cadre, Company organized a 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 systematizing organizational needs with individual needs. In these diverse programmes, 13722 man-days training was imparted to employees.



Dedicated engineers at work

Employees' participation in Management is an essential ingredient of industrial democracy, which implies mental and emotional involvement of employees in the management of enterprise. Company 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.

Your Company continues to make efforts for improving employees' health, well-being and welfare. For achieving these objectives, various welfare schemes exists in the Company related to subjects such as education, medical, benevolence, housing, Social security scheme, NFL Employees Family Economic & Social Rehabilitation Scheme, Defined Contribution Superannuation Pension Scheme, etc. Company has also put in place mediclaim policy for providing medical facilities to the retired employees.

PROMOTION OF 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 to review the progress of official language. 28 Meetings of OLIC were held during the year.

To promote Official Language Hindi, 27 Hindi Workshops were organized during the year in which 591 employees participated. Hindi Pakhwara was organized in all the Units/Offices of the Company to mark the Hindi Day. During the year 45 programmes/competitions were held for the promotion of Hindi in which 1095 employees participated. 52 employees were awarded cash prizes under the 'Cash Incentive Scheme' for doing their official work in Hindi.

Corporate Office received 2nd Prize (Rajbhasha Shield) from Town Official Language Implementation Committee, NOIDA. Panipat Unit was awarded 3rd prize 'Rajbhasha Shield' by the Office of the Regional Implementation (North Region), Department of Official Language.

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

An Implementation Cell is functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer 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 are periodically held at Unit level and 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 Dr. B.R. Ambedkar, his birth anniversary and Parinirvan Diwas are observed at all Units/Offices of the Company in a befitting manner. The programmes on implementation of Presidential Directives are held at Units and SC/ST employees are also deputed for such programmes conducted by external agencies. During 2013-14, 3517 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 Castes / Scheduled Tribes / Backward Classes / Physically Disabled categories is appended as Annexure-VIII to this report.

INFORMATION TECHNOLOGY

Your Company is making use of information technology in various business functions. Most of the applications are on line. Implementation of Enterprise Resources Planning (ERP) software are in progress in the Company to seamlessly integrate all functional areas across the company for a speedy & accurate decision making process. A secured and robust data center shall be set up to house the ERP application, subsequently followed by a Disaster recovery Center to ensure interruption free operations.

All the Units, Corporate Office and Zonal Offices are interconnected through secured MPLS based Virtual Private Network (Wide Area Network) and access to various facilities like e-Mail, Internet, web based applications has been provided to the employees. The Company is envisaging to establish video conferencing facility amongst corporate office and its units.

Across the Company e-procurement, e-payment and e-receipt facilities are in use extensively, which has brought about efficiency and transparency in the business system.

INDUSTRIAL SAFETY, ECOLOGY & POLLUTION CONTROL

Your Company remained focused towards achieving sustained energy efficiency operation 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 indicates company's commitment to Quality Management System, Environment Management System and Occupational Health and Safety System. Your Company has won numbers of safety awards, which have been enumerated later.

Board level Health and Safety Committee is 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' are being implemented to improve process safety. At all the Units workshops on safety were conducted by in-house and outside experts. In addition, monthly meetings of Central Safety Committee were also conducted at all the Units.

Recognizing the need to balance human economic development with environment protection, Company has adopted the concept of sustainable development. A separate chapter at Annexure-VI in this report deals at length with your Company's initiatives and commitment to environment conservation and sustainable development.

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed towards upliftment of under privileged sections of the society and has supported various social and community initiatives touching the lives of a large number of people. Under the umbrella of CSR, Company is engaged in undertaking farmer friendly activities that have helped in improving their socio economic status. The major focus of these programmes is on creating awareness about health and hygiene, children education, women empowerment, skill development for self-employment, rain-water harvesting and ground water recharging, promotion of non-conventional energy resources. During the year, Company incurred an expenditure of ₹76 lakhs on CSR activities against. Company has started a project for installation solar street lights in various remote villages of Uttarkashi Chamoli and Tehri Garwal cloud burst, flood affected districts of Uttarakhand Company has also taken initiatives to help the "Phailin" affected areas of Odisha. The major CSR initiatives undertaken by your Company are detailed in a separate report as Annexure-VII.



Greening Efforts: C&MD planting a tree



A CSR initiative to train rural women

THE RIGHT TO INFORMATION ACT 2005

Keeping up the spirit of Right to Information Act, the Company has created necessary mechanism as required under the Act. The Public Information Officers and Appellate Authorities are effectively responding to the requests and appeals of the applicants. The names of all PIOs / Appellate Authorities/ Transparency Officer are displayed on company's website. During the year, 315 applications were received and the information was provided to the applicants within the prescribe time limit. Further, in order to promote institutional transparency within the Company, a Transparency Officer has also been appointed.

WHISTLEBLOWER POLICY

Your Company relies 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 whistle blowers. The policy is reviewed periodically. No employee has been denied access to the Audit Committee.

INTEGRITY PACT

Integrity Pact is a tool developed during 1990 by Transparency International to help Governments' Businesses and Civil Society to fight corruption in the field of public contracting and procurement. To maintain the highest standards of transparency and governance, your Company has entered into an Integrity Pact with Transparency International. All contracts valuing above ₹1 crore are covered under the Integrity Pact. Company has appointed Independent External Monitors, persons of impeccable integrity, with the approval of Central Vigilance Commission, to oversee the implementation and effectiveness of the Integrity Pact. Company is sure that this will help to bring more transparency in the contracting and procurement operations.

VIGILANCE

In vigilance, the focus was on promoting good governance, Apart from streamlining the systems and providing flexibility to the Units to perform better, effort was made to build confidence across the organization to facilitate faster decision making. Due thrust was given to maintain high degree of awareness amongst the employees. In order to impart proper training to the employees, a calendar was prepared for organizing training programme/workshops, relating to vigilance activities at various offices/units of the Company. Involvement of all employees in these programmes helped to create an environment of ethical growth in the Company. Interactions were organized between the vigilance functionaries and the line managers on regular basis.

MoU

NFL has signed the MoU for 2013-14 with Department of Fertilizers, which is the 24th year of the Company under MoU system. Company received 12 "EXCELLENT" ratings for the MoU continuously upto 2011-12. MoU rating for the fiscal year 2012-13 has been "Good" since projects undertaken by the Company were under commissioning and post stabilization stage affecting the production performance of the Company.

AWARDS & ACCOLADES

- Panipat Unit has won National Level Safety Award "**SHRESHTHA SURAKSHA PURASKAR**" by National Safety Council (NSC), Mumbai (India) for 2012.
- NFL Bathinda Unit won the NSC safety award "**Parsansa Patra**" for 2012.
- Panipat unit has received "**National Safety Award (Runner-Up)**" for the performance year 2011, from DGFASLI under Ministry of Labour & Employment. The Award was presented by Union Minister for Labour & Employment on 18th September 2013 at Vigyan Bhawan, New Delhi.
- Panipat Unit has also bagged National Level Safety Award "**Shreshtha Suraksha Puraskar**" from National Safety Council, Mumbai (India) among manufacturing sector (Group-B) for the year 2012.
- Bathinda Unit has been awarded two "**Prashansha Patra**" for Safety in Manufacturing Sector and construction for Ammonia Feedstock Changeover Project (AFCP) on 4th October 2013 at New Delhi on behalf of National Safety Council (NSC) of India.
- NFL has been awarded running Rajbhasha shield (First Prize) from Town Officials Language Implementation Committee, Noida for doing outstanding performance in the use of Rajbhasha Hindi during 2011-12
- Panipat Unit has received FAI award for excellence in Safety for 2012-13.
- National safety Council of India (NSCI) awarded fourth level safety Award "**Prashansa Patra**" (Certificate) for 2013 to Bathinda Unit in recognition of effective implementation of Occupational Safety Hazard Management System & Procedures.
- Ms Neeru Abrol, C&MD, National Fertilizers Limited has been conferred with 'The Greatest Corporate Leaders of India' Award by World HRD Congress in a ceremony held at Mumbai.
- Bathinda Unit has received first prize "**Punjab State Safety award 2013**" from the Department of Labour, Punjab in recognition of largest reduction in Accident Frequency Rate in Chemical Industry.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion & Analysis Report covering the operations and future prospects of the Company is appended as Annexure-I to this report.

STATUTORY AUDITORS & STATUTORY AUDITORS REPORT

The Statutory Audit of your Company was conducted by M/s. DSP & Associates and M/s. Prem Gupta & Co., Chartered Accountants, who were appointed as Joint Statutory Auditors for the financial year 2013-14 by Comptroller & Auditor General of India (C&AG). Auditors' Report on the Accounts of the Company for the financial year ended 31st March, 2014 is at Annexure-II.

The review of Annual Accounts of your Company for the year ended 31st March, 2014 by the C&AG under Section 619(4) of the Companies Act, 1956 forms part of this report as Annexure-III.

COST AUDIT

As prescribed under the Cost Accounting Records (Report) Rules, 2011, the cost accounting records are being maintained by all the Units of the Company. Consolidated Cost Audit Report and Compliance Report for the financial year 2012-13 was filed on 20th December, 2013. The following cost auditors have been appointed for the financial year 2013-14 for the NFL Units:-

- (i) Vijaipur I and II – M/s. Sanjay Gupta & Associates.
- (ii) Nangal – M/s. Shome & Bannerjee
- (iii) Panipat – M/s. Ravi Sahni & Company
- (iv) Bathinda – M/s. V.P. Gupta & Co.

M/s. Shome & Bannerjee, Cost Accountants have been nominated as lead Cost Auditors.

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. A separate section on Corporate Governance forming part of this Directors' Report alongwith the Auditors' Certificate conforming to the Compliance of Corporate Governance Code as provided in Clause 49 of the Listing Agreement is at Annexure-IV.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Disclosures in terms of Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, in respect of conservation of Energy, Technology Absorption and Foreign Exchange earnings & outgo are at Annexure-V.

PARTICULARS OF EMPLOYEES

During the year under review, none of employees of the Company has drawn remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

PROCUREMENT FROM MICRO AND SMALL ENTERPRISES (MSEs)

Public Procurement Policy for Micro and Small Enterprises notified by the Government of India, under the Micro, Small and Medium Enterprises Development Act, 2006, mandates that at least 20% of the total annual procurement of goods and services shall be made by Central Ministries / Departments / CPSUs from Micro and Small Enterprises. Within this mandated percentage, a sub target of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs. Requisite information for the year 2013-14 is annexed as Annexure-IX.

DIRECTORS

Ms. Neeru Abrol, Director (Finance) was relieved from the Company on 31st December, 2012 and subsequently on reinstatement by Department of Fertilizers on 2nd May, 2014 rejoined on 10th May, 2013. She held the additional charge of Chairperson & Managing Director from 22nd August, 2013 and regular charge with effect from 15th May, 2014.

Shri R.G. Rajan, Chairman & Managing Director, Rashtriya Chemicals & Fertilizers Limited held additional charge of Chairman & Managing Director of the Company till 22nd August, 2013.

Shri C.M.T. Britto, Director (Technical), Rashtriya Chemicals & Fertilizers Limited held the additional charge as Director (Technical) of the Company w.e.f. 7th May, 2013 to 31st October, 2013.

Shri M. Sagar Mathews has joined as Director (Technical) on 1st November, 2013.

Shri Vikram Srivastava, Ex-DG, Bureau of Police Research & Development (BPR&D), CRPF / ITBP was appointed as Part-time Non-official Independent Additional Director w.e.f. 6th May, 2013 and was elected as Director at the AGM held on 17th September, 2013 liable to retire by rotation. Further, notice has been received u/s 160 of Companies Act, 2013 for appointment of Shri Srivastava as an Independent Director at the Annual General Meeting.

Shri M. Raman, Ex-Secretary to the Government of India, was appointed as Part-time Non-official Independent Additional Director w.e.f. 6th May, 2013 and was elected as Director at the AGM held on 17th September, 2013 liable to retire by rotation. Further, notice has been received u/s 160 of Companies Act, 2013 for appointment of Shri Raman as an Independent Director at the Annual General Meeting.

Shri Gurinderjit Singh Sandhu, IAS (Retd.) has been appointed as Part-time Non-official Independent Additional Director w.e.f. 21st February, 2014 and shall be holding office till the ensuing Annual General Meeting. Further, notice has been received u/s 160 of Companies Act, 2013 for appointment of Shri Sandhu as an Independent Director at the Annual General Meeting.

Shri Rajiv Yadav, Additional Secretary & Financial Adviser, Department of Fertilizers, Government of India, has been appointed Additional Director on 17th July, 2014 and shall be holding office till the ensuing Annual General Meeting. Further, Notice has been received u/s 160 of Companies Act, 2013 for appointment of Shri Yadav as Director at the Annual General Meeting liable to retire by rotation.

Shri Munikoti Niranjan Rao ceased to be a Director of the Company on 5th May, 2014.

Shri Suresh Chander Gupta, ceased to be a Director of the Company on 22nd May, 2014.

Shri Satish Chandra ceased to be a Director of the Company on 30th June, 2014.

Code Of Conduct

In line with the requirements of Clause 49 of Listing Agreement, the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act 1956, your Directors confirm that: -

- 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;
- 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 2013-14 and of the profit of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the Annual Accounts on a going concern basis.

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.

Board places of record its appreciation to the contributions made by the retiring directors. The Board would also like to place also on record its appreciation to the hard work, commitment and unstinting efforts put in by the employees at all levels.

For and on behalf of the Board of Directors

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 31st July, 2014

(Neeru Abrol)

Chairperson & Managing Director
DIN 01279485

Management Discussion and Analysis Report

STATE OF ECONOMY & INDUSTRY

The slow down in economy, which began in 2011-12 continued. World economic growth was at 3% in 2013. Indian economic growth is estimated to be at 4.8%. Agricultural GDP growth is estimated at 4.6%. The economy is more stable than what it was two years ago. The fiscal deficit is declining, the current account deficit has been contained, inflation has moderated, quarterly growth rate is on the rise and the exchange rate is now stable. In terms of size in GDP, India's economy is 11th largest in the world. However, the domestic macro-economic environment still remains challenging.

FERTILIZER INDUSTRY

Chemical Fertilizers have played an important role in making the country self reliant in food grain production. About 2/3rd of our population depends directly or indirectly on agriculture for its livelihood. Thus, Chemical Fertilizers continue to play a key role in boosting agricultural production and productivity. Availability of fertilizers in sufficient quantity at right time and right place to the farmers is critical to sustain an increased agricultural production. Fertilizer security is a pre-requisite for food security of the country. Fertilizer pricing and subsidy policies have played a catalytic role in promoting fertilizer use and growth of domestic fertilizer industry. India is the second largest consumer of fertilizer and third largest producer of nitrogenous and phosphatic fertilizers in the world. Indian fertilizer has emerged as a world class industry in terms of use of state of the art production technologies, high energy efficiency and excellent record in the areas of safety and environment. In spite of laudable achievements, there have been certain developments, which should be a cause of concern. Intensive agriculture without balanced use of farm nutrients is affecting health of Indian soils, which are increasingly facing deficiency of nutrients. Government has taken measures in the recent years to address the same, which, inter-alia, include a policy for nutrient based pricing of P&K fertilizers, subsidy support for micro nutrients. Government is also encouraging and emphasizing use of organic manures, green manures and bio-fertilizers to supplement use of chemical fertilizers. The hard-pressed fertilizer industry is finding it difficult to operate under prevailing policies and are unable to generate surpluses for research and development activity, extension services and investment in capacity additions. There is a need for encouraging R&D activities in the field of coal gasification technology for production of urea. There is also a need for creation of a sovereign fund for providing part investment to acquire assets of raw materials abroad.

With the decreasing availability of domestic gas, the industry is heavily dependent on imported raw materials for manufacturing of fertilizers. Imposition of custom duty on imported raw materials increases the cost of production and subsidy of government and also impacts the industry by way of increased working capital requirements.

Operating in a challenging environment, National Fertilizers completed the financial year on an affirmative note. Company was able to achieve:-

Ever-best Urea production of 36.36 lakh MT

Ever best despatches of Urea of 36.90 lakh MT

Ever best Urea sale of 36.87 lakh MT

BUSINESS ORGANIZATION

Company is mainly in the business of production and marketing of urea. It has five Urea plants, one each at Nangal and Bathinda (Punjab), one at Panipat (Haryana) and two at Vijaipur (Madhya Pradesh). Plants at Panipat, Bathinda and Nangal have recently been converted from fuel-oil feedstock to natural gas. Vijaipur Plants have also been revamped for energy saving and capacity enhancement. Total annual urea installed capacity of the Company is 35.68 lakh MT. Company is the second largest producer of urea in the country with a share of 16% of total urea production.

Company is also engaged in the manufacturing and marketing of Neem Coated Urea, Bio-fertilizers (solid and liquid) and other allied industrial products like Nitric Acid, Ammonium Nitrate, Sodium Nitrite/Nitrate, etc. Company has a 600 tonnes p.a. bio-fertilizers plant at Vijaipur, where three strains of bio-fertilizers namely Phosphate Solubilising Bacteria (PSB), Rhizobium and Azotobacter are produced.

Company is also trading in various agro-inputs including certified quality seeds, bentonite sulphur, zinc sulphate, agro-chemicals like insecticides/herbicides, etc.

Company has got an extensive marketing network comprising of Central Marketing Office, Zonal Offices, State Offices and Area Offices spread across 17 states and union territories.

OPPORTUNITIES

Chemical Fertilizers would continue to play a lead role in contributing to food security of the country. New Investment Policy (NIP –2012) in the urea sector provides an opportunity to make investments in the sector.

Government of India on nomination basis has allotted NFL and Engineers India Limited (EIL) revival of closed Unit of Fertilizer Corporation of India Limited (FCIL) at Ramagundam.

Completion of capacity augmentation of urea projects at Vijaipur-I & II has enabled the Company to consolidate its position in urea production at competitive cost.

Switchover of feed-stock from fuel-oil to Natural Gas at Bathinda, Panipat and Nangal has improved energy efficiency.

VARIOUS OPTIONS TO USE PET COKE ARE BEING EXPLORED.

NFL is a pioneer in the country, in developing technique for coating of normal prilled Urea with neem oil on large scale. Wider acceptability of neem coated urea in the market, offers an opportunity to augment the production of neem coated urea.

Company has a well-knit marketing set-up and dealer-network with significant presence in Northern and Central India. With the implementation of Nutrient Based Subsidy (NBS) for other than urea fertilizers, there is an opportunity for undertaking trading of P&K fertilizers. Trading of agro-inputs like seeds, compost, pesticides will also be explored on a large scale.

Company sees an opportunity in the production of Bentonite Sulphur. Necessary initiatives have been taken in that regard.

THREATS

- Urea Policy related issues including those governing subsidies.
- Fluctuations in global raw material prices especially Natural Gas.
- Agro climatic conditions can impact the performance of the Company.
- Non-availability of domestic gas.
- Large scale operations in international chemical market may lead to un-remunerative prices of fertilizers and industrial products.
- Scanty rains because of Monsoon failures which affects urea off- takes resulting into high inventory and delayed realization.
- A declining crop response to application of fertilizers because of imbalanced use of plant nutrients.
- Identifying and understanding customer behaviour and relationship management is a challenge in the emerging competitive market.

RISKS & CONCERNS MANAGEMENT PERCEIVES

Availability and pricing of gas has been a major constraint. Company has to depend on external supplies at higher prices. This affects the profitability of the Company adversely.

Updation of new Investment Policy 2008 for revamp projects with suitable revision in floor and ceiling price to take care of increased cost of production due to sharp increase in price of feed-stock.

Firm allocation of domestic gas to meet total requirement at Panipat, Bathinda and Nangal Units.

NFL is a single nutrient product base.

A major part of cost of urea produced is reimbursed as subsidy after a time gap. As a consequence, Company has been perpetually shouldering the cost of high working capital affecting the margins adversely.

Fertilizer marketing is undergoing a sea change in the emerging scenario in view of entry of new players and broadening of product portfolios.

The average vintage of production units of the Company except Vijaipur II Unit is above 25 years, requiring regular expenditure on renewals and replacements.

Many experienced technical and other professionals will be superannuating in the next few years. Skilled and trained manpower are being recruited to sustain the organization.

RISK MANAGEMENT POLICY

Chemical fertilizers are hazardous and face many risks including those related to health, safety and environment in addition to general business risks. Company has put in place a Risk Management Policy, providing for periodic review of risks, procedures and strategies to minimize the same. Risks are analyzed at the highest level and efforts are made in a planned way to obviate the risks either fully or to ensure that they have minimum impact.

POSITIONING FOR THE FUTURE

(a) PROJECTS

NFL marches towards cleaner feedstock

Company has implemented the capital schemes for change over of feedstock from Fuel Oil to Natural gas at Panipat, Bathinda and Nangal involving a total investment of ₹ 4066 Crore. The projects have been implemented by M/s Larsen & Toubro Mumbai with Technology License from M/s HTAS Denmark at Panipat & Bathinda and by Consortium of M/s Tecnimont SpA Italy & M/s Tecnimont ICB Mumbai with Technology License from M/s KBR USA at Nangal on Lump Sum Turnkey (LSTK) basis. M/s Projects & Development India Limited (PDIL) has provided the Project Management Consultancy services for all the three conversion projects. The Urea production from the plants post feedstock changeover was declared Commercial on 28th March, 2013 at Panipat, 11th March 2013 at Bathinda and 18th July, 2013 at Nangal. Performance Guarantee Test Run (PGTR) at Panipat and Bathinda have been conducted. The capital cost of ₹ 1401.88 crore has been capitalized during the financial year 2013-2014.

Use of Pet Coke:

Your Company has recently completed revamp of its three fuel oil based plants at Nangal, Panipat and Bathinda by feedstock changeover to Natural Gas. Due to this changeover front-end of these plants have become redundant. Considering non-availability of domestic gas and steep increase in price of RLNG, Company is examining the feasibility of utilization of the redundant section for Petroleum Coke gasification, so that it becomes an alternate cheaper feedstock. Various options to use Pet-coke in redundant sections of Ammonia plants for generation of additional Ammonia / Synthetic NG are being studied with the help of M/s. EIL. Once the technology is adapted in NFL units, it will go a long way to address to the energy needs of these plants at a cheaper cost and would increase the sustainability and competitiveness of the Company in the times to come.

Other Initiatives

Keeping in view the demand for Bentonite Sulphur, feasibility is being assessed for setting-up of Bentonite sulphur plant at Panipat / Bathinda Units.

Revival of Ramagundam Unit of FCIL :

NFL & Engineers India Limited (EIL) have undertaken the revival of Ramagundam unit of Fertilizer Corporation of India Limited (FCIL). Plant is conceived with setting up of 2200 MTPD Ammonia plant and 3850 MTPD Urea plant at the existing Fertilizer complex of Ramagundam unit of FCIL through Joint Venture (JV) route with the equity participation by NFL (26%), EIL (26%), FCIL (11%) & others (37%). Department of Fertilizers has granted approval for 26% equity participation by the Company in Joint Venture Company (JVC).

Environment Impact Assessment (EIA) including Risk Analysis (RA) study for Ramagundam revival project has been undertaken and for which Terms of Reference (TOR) has been approved by MoEF. Lining-up of Technology Licensors for Ammonia & Urea is in progress.

(b) Marketing:

Sale of other fertilizers

The present market is very competitive and in view of the globalization scenario and to exploit opportunities in the Nutrient Based Subsidy (NBS) regime, a dedicated marketing team is in place. Company has plans to import fertilizers like MoP, DAP, depending upon the price and availability, for trading through its distribution network.

Marketing has also tied up with CSMCRI, Bhawnagar for a R&D study in regard to possible production of SoP/MoP from underground brine obtained from HSL Salt Works, Rann of Kutch.

Seeds

Company has been selling substantial quantity of seeds sourced from government agencies. Keeping in view the demand and the market set-up, Company endeavours to produce and market quality seeds of various high yield variety crops under its own brand.

Review of Performance of the Company

Production Review

During the Financial Year 2013-14, Company has successfully commissioned and declared commercial production of Ammonia Feedstock Change over Project (AFCP) at Nangal on 18th July, 2013.

The Company produced 36.36 lakh MT of Urea (102% of revised installed capacity of 35.68 lakh MT) against 32.11 lakh MT (91.94%) in CPLY. Production of urea during commissioning period up to the date of Commercial Production (18th July, 2013) at Nangal unit of 1.09 Lakh MT has been adjusted in the capital cost.

All plants achieved their annual production targets during 2013-14 except Nangal unit where shortfall is mainly due to low load operation of plant after completion of Ammonia Feedstock Changeover Project (AFCP) owing to limitation in Purification section and extension of shutdown to 41 days from planned 26 days due to additional jobs which arose on opening of turbine casing such as requirement for removal of lower half of turbine casing, rectification of misalignment of steam pipe with turbine nozzles etc. There has been a total shortfall of 83670MT of urea at Nangal unit, part of which has been partially compensated through additional Urea production of 49030 MT from Bathinda Unit.

Marketing Review

Urea

Company's prime business is production and sale of urea. Company achieved ever-best urea sale of 36.87 lakh MT of Urea (including 12.66 lakh MT of Neem coated Urea) against previous ever-best of 34.73 lakh MT of urea in 2004 and neem coated urea of 10.92 lakh MT in 2013-14.

INDUSTRIAL PRODUCTS

The sale of Industrial Products was of ₹ 50.53 crore against CPLY of ₹ 72.34 crore. The lower Industrial Products production and sale has been attributed to higher prices of Ammonia in the market. Stoppage of generation of industrial gases and Sulphur at Nangal, Panipat and Bathinda Units and Argon at Panipat, post conversion to gas, has adversely affected the sale of industrial products.

HUMAN RESOURCE

Company is ensuring that organization is equipped with right type of people in adequate number to maintain operational efficiency. Manpower cost of the Company has arisen substantially since implementation of last pay revision. The qualification mix/skill set of the employees has to be commensurate with the technological upgradation undertaken at all the plants. To maintain competitive edge, a study by outside experts for optimum manpower including organizational structure, performance management system and promotion policy has been undertaken and the report of the Committee is under implementation. To keep the employees motivated and involved, several employee welfare schemes are in place including Defined Contribution Superannuation Pension Scheme.

REVIEW OF FINANCIAL PERFORMANCE

Financial Highlights

During the year under review, Company achieved turnover of ₹ 8017 crore (including subsidy of ₹6048 crore) compared to ₹6720 crore of the CPLY (including subsidy of ₹5020 crores).

Company incurred loss before tax of ₹ (161.16) crore CPLY ₹ (230.62) crore) and loss after tax of ₹ (89.71) crore (CPLY loss ₹ (170.73) crore). The loss is mainly attributed to shutdown taken at Nangal for commissioning and activities of conversion to gas project and low load operations, high interest on borrowings arising out of higher input prices and delayed receipt of subsidy from the Government.

The short-term borrowings of the company as at 31st March, 2014, stood at ₹4040 crore including cash credit utilization, short-term loans, working capital demand loan, commercial papers and borrowings under Special Banking arrangement of the Government, etc. (₹1703.29 crore as at 31st March, 2013). Delay in receipt of urea subsidy lead to more borrowings for meeting working capital requirements.

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 thirteen Banks with SBI as lead Bank. As on 31st March, 2014 long term loan of ₹ 3080 crore was outstanding. These funds are reimbursed by Government of India under the policy over a period of five year post declaration of commercial production for changeover of feedstock projects.

For Energy Saving and Urea Capacity Augmentation Project at Vijaipur-I, Urea capacity Augmentation Project at Vijaipur-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; Buyer's credit of USD 15.68 million and External Commercial Borrowing (ECB) of USD 50 million. Buyer's credit of ₹ 61.25 crore was repaid and amount of ₹35.12 crore was outstanding.

Analysis of Financial Performance:

(a) Turnover

(₹ in crore)			
Particulars	FY 2013-14	FY 2012-13	Change (%)
Sales Turnover (Gross)	8017	6720	19.30

The increase in sales turnover is mainly due to higher urea sales and higher subsidy component due to increase in input prices.

(b) Interest Earned

(₹ in crore)			
Particulars	FY 2013-14	FY 2012-13	Change (%)
Loan to Employees, Term deposit etc.	12.06	4.78	152.30

Increase is mainly due to Interest income on refund of Income tax during 2013-14.

(c) Other Income

(₹ in crore)			
Particulars	FY 2013-14	FY 2012-13	Change (%)
Other Income (Rent, profit on sale of assets, misc. income etc.)	33.23	31.84	4.37

(d) Material consumed (Raw Materials and Power & Fuel)

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Material consumed (Raw Materials and Power & Fuel)	6782.16	5814.49	16.64

It constitutes Natural gas (as raw material as well as fuel), coal and power etc. The increase is due to higher production and increase in prices of inputs during 2013-14 as compared to 2012-13.

(e) Repairs & Maintenance

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Repairs and Maintenance	67.05	90.38	(25.81)

Repairs and maintenance during 2012-13 was higher due to shutdown for urea revamp and Ammonia Feedstock changeover projects at Vijaipur, Bathinda and Panipat Units.

(f) Employees Benefits

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Employee Remuneration & Benefits	417.42	417.89	(0.11)

(g) Freight and Handling

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Freight and Handling	377.92	305.53	23.69

The increase in freight and handling expense is mainly due to higher dispatches.

(h) Other Expenses

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Other Expenses (incl. Prior period exp.)	147.39	125.35	17.58

Other expenditure includes Rent, rates and taxes; Security expenses, water charges, Travelling expenses and other factory/ administrative expenses. The increase during 2013-14 is mainly due to inclusion of Retailer Margin in 'Other Expenses' instead of reducing it from sale revenue.

FINANCIAL STATUS

(a) Fixed Assets

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Tangible Assets	4648.38	3490.35	33.18
Intangible Assets	33.86	10.17	232.94
Capital work in progress	13.88	1358.45	(98.98)
Total	4696.12	4858.97	(3.35)

The increase in tangible and intangible fixed assets is mainly due to capitalization of amount lying in capital work in progress pertaining to changeover of feedstock from fuel oil to natural Gas at Nangal unit resulting in decrease of capital work in progress.

(b) Non-current Investment

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Investments (Net of Provisions)	0.03	0.03	-

(c) Inventories

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Raw Materials	3.18	0.06	5200.00
Stores and Spares (including packing material)	240.15	174.77	37.41
Semi-finished / finished products	174.92	242.78	(27.95)
Total	418.25	417.61	0.15

Store and spares include bulk material coal. The increase in stores and spares is due to increase in coal inventory.

(d) Trade Receivables

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Debtors – FICC	4537.67	3038.52	49.34
- Others	103.15	119.31	(13.54)
Less: Provision for Doubtful Debts	11.51	11.66	(1.29)
Net Debtors	4629.31	3146.17	47.14

The increase in debtors is mainly due to higher subsidy recoverable from Fertilizer Industry Coordination Committee (FICC) from August, 2013 onwards. Outstanding debtors (FICC) as on 31st March 2014 include Special Banking Arrangement of ₹1915.48 crore.

(e) Short term Loans & Advances

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Loans and Advances	129.86	127.02	2.24

These loans and advances pertain to Security Deposits, advances to suppliers/ contractors, tax refund due etc.

(f) Current Liabilities

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Short Term Borrowings	4039.67	1703.29	137.17
Trade Payables	362.98	337.47	7.56
Other current Liabilities	1423.51	1649.84	(13.72)
Short Term Provisions	48.69	43.15	12.84
Total	5874.85	3733.75	57.34

The increase in short-term borrowings is on account of higher working capital requirement arising from delay in receipt of subsidy from Government. Short-term borrowings include Special Banking Arrangement of ₹ 1915.48 crore.

(g) Non-current Liabilities

(₹ in crore)

Particulars	FY 2013-14	FY 2012-13	Change (%)
Long Term Borrowings	2631.81	3087.37	(14.76)
Other long term liabilities	48.32	44.36	8.93
Total	2680.13	3131.73	(14.42)

The decrease in long-term borrowings is due to repayment of Rupee Term Loan, and Buyers' Credit taken for financing the projects of changeover of feedstock at Nangal, Bathinda and Panipat Units and Energy Saving and Urea capacity enhancement at Vijaipur. In terms of Government Policy notified on 6th March, 2009. The Company is entitled to capital subsidy after successful commissioning of AFCP over a period of 5 years towards project cost, interest on borrowed capital and return on own funds.

INTERNAL CONTROLS

The Company has put in place adequate internal control measures in all areas for the purpose of protecting its resources against waste, fraud and in-efficiency, ensuring accuracy and reliability in accounting and operating data and securing compliance with policies of the organization.

These measures are in the form of various manuals, guidelines and procedures, issued by the Management from time to time, covering all critical and important activities viz. Budget, Purchase, Stores, Works, Finance, Personnel etc. These manuals, procedures, etc. are updated from time to time and are subject to strict compliance. Emphasis is more on computerization to avoid manual intervention, which includes e-procurement above a certain limit of major inputs viz. bags, chemicals, e-receipts, e-payments, MMIS/FMS.

Company has an internal audit set up empowered to examine, evaluate, monitor and report to the highest level of management on adequacy and effectiveness of the whole range of internal controls and compliance with policies, plans and statutory requirements. Independent Chartered Accountant firms carry out internal audit activities and physical verification of finished products, major inputs, capital assets, etc.

Continuous audit and verification of the systems enables to plug any shortcomings in the system. Audit Committee and Management periodically review the functioning of internal audit and internal control systems, its adequacy and effectiveness.



नेशनल फर्टिलाइजर्स लिमिटेड
एन. एफ. एल.
NATIONAL FERTILIZERS LIMITED

effectiveness.

CAUTIONARY STATEMENT

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



A Glimpse of NFL Plants

Annual Accounts 2013-2014

BALANCE SHEET AS AT 31ST MARCH 2014

₹ Crore

	Note	As at 31 st May 2014	As at 31 st March 2013
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	2	490.58	490.58
Reserves and surplus	3	<u>1003.41</u>	<u>1093.12</u>
		1493.99	1583.70
Deferred Government Grant	4	3536.73	2445.17
Non-current liabilities			
Long-term borrowings	5	2631.81	3087.37
Other Long term liabilities	6	48.32	44.36
Long-term provisions	7	<u>166.55</u>	<u>179.88</u>
		2846.68	3311.61
Current liabilities			
Short-term borrowings	8	4039.67	1703.29
Trade payables	9	362.98	337.47
Other current liabilities	10	1423.51	1649.84
Short-term provisions	11	<u>48.69</u>	<u>43.15</u>
		5874.85	3733.75
Total		<u>13752.25</u>	<u>11074.23</u>
<u>ASSETS</u>			
Non-current assets			
Fixed assets			
Tangible Assets	12	4648.38	3490.35
Intangible Assets	13	33.86	10.17
Capital work-in-progress	14	13.88	1358.45
Non-current Investments	16	0.03	0.03
Deferred tax assets (Net)	17	60.35	(11.17)
Long-term loans and advances	18	46.70	55.94
Other non-current Assets	19	<u>2252.21</u>	<u>1941.90</u>
		7055.41	6845.67
Current assets			
Inventories	20	418.25	417.61
Trade receivables	21	4629.31	3146.17
Cash and cash equivalents	22	4.45	6.04
Short-term loans and advances	23	129.86	127.02
Other current Assets	24	<u>1514.97</u>	<u>531.72</u>
		6696.84	4228.56
Total		<u>13752.25</u>	<u>11074.23</u>

Significant accounting policies 1
The accompanying note Nos 1 to 51 form an integral part of these financial statements

For and on behalf of the Board of Directors

SUNIL BHATIA GM (F&A)	TEK CHAND COMPANY SECRETARY A-23022	CAPT. PAVAN KUMAR KAUL DIRECTOR (MARKETING) DIN: 03438497	NEERU ABROL CHAIRPERSON & MANAGING DIRECTOR DIN: 01279485
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For PREM GUPTA & CO.
CHARTERED ACCOUNTANTS
FIRM REGD. No. 000425N

SHAKUN GUPTA
PARTNER
MEMBERSHIP No. 506838

For DSP & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGD. No. 006791N

SANJAY JAIN
PARTNER
MEMBERSHIP No. 84906

Place: New Delhi
Date: 28th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

			₹ Crore
	Note	Year ended 31 st March 2014	Year ended 31 st March 2013
Revenue			
Revenue from operations (gross)	25	8042.76	6746.73
Less: Excise duty		25.73	26.50
Revenue from operations (net)		8017.03	6720.23
Other Income	26	45.29	36.62
Total Revenue (I)		8062.32	6756.85
Expenses			
Cost of Materials consumed	27	4358.39	4346.39
Purchase of Traded Goods	28	30.75	28.36
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	29	67.73	(100.03)
Employee Benefits Expense	30	417.42	417.89
Power and Fuel	31	2423.77	1468.10
Freight and Handling		377.92	305.53
Repairs and Maintenance	32	67.05	90.38
Finance Cost	33	203.89	130.42
Depreciation and Amortization Expense	34	129.17	117.67
Other Expenses	35	147.39	125.35
Total Expenses (II)		8223.48	6930.06
Profit/(Loss) before Exceptional item (III)=(I)-(II)		(161.16)	(173.21)
Exceptional Item			
Exceptional Item	38	-	57.41
Total Exceptional Item (IV)		-	57.41
Profit/(Loss) before Tax (V)=(III)-(IV)		(161.16)	(230.62)
Tax expenses:			
Current tax		-	-
Deferred tax		(71.52)	(60.05)
Earlier years' tax		0.07	0.16
Total Tax Expense (VI)		(71.45)	(59.89)
Profit/(Loss) for the year (VII)=(V)-(VI)		(89.71)	(170.73)
Significant accounting policies	1		
Expenditure during construction period (net)	15		
Earnings per equity share			
Basic / Diluted earnings per share of ₹10 each	36	(1.83)	(3.48)

There are neither extraordinary items nor discontinuing operations.
The accompanying note Nos 1 to 51 form an integral part of these financial statements

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

SUNIL BHATIA GM (F&A)	TEK CHAND COMPANY SECRETARY A-23022	CAPT. PAVAN KUMAR KAUL DIRECTOR (MARKETING) DIN: 03438497	NEERU ABROL CHAIRPERSON & MANAGING DIRECTOR DIN: 01279485
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This is the Statement of profit & loss referred to in our report of even date

For PREM GUPTA & CO.
CHARTERED ACCOUNTANTS
FIRM REGD. No. 000425N

SHAKUN GUPTA
PARTNER
MEMBERSHIP No. 506838

For DSP & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGD. No. 006791N

SANJAY JAIN
PARTNER
MEMBERSHIP No. 84906

Place: New Delhi
Date: 28th May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	Year ended 31 st March 2014	₹ Crore Year ended 31 st March 2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) Before Tax	(161.16)	(230.62)
Adjustments For :		
Depreciation / Amortization	307.02	122.02
Finance Charges	203.89	130.42
Interest Income	(12.06)	(4.78)
Loss on Sale of Fixed Assets	0.13	0.02
Exchange Rate Variation (Net)	7.75	2.23
Provision for purchases tax liability	-	57.41
Provision for Doubtful Debts/ Advances	0.44	0.19
Stores and Spares write offs	3.31	3.91
Assets written off	0.39	0.46
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	349.71	81.26
Adjustments For :		
Trade and Other Receivables	(2763.92)	(3107.18)
Inventories	(3.95)	95.30
Trade Payables, Provisions & Others Liabilities	816.62	2260.89
Direct Taxes paid	(6.89)	(8.66)
NET CASH FROM OPERATING ACTIVITIES	(1608.43)	(678.39)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including CWIP)	(157.34)	(1793.45)
Fixed Assets Sold/Discarded	12.65	14.98
Interest Received	12.06	4.78
NET CASH FROM INVESTING ACTIVITIES	(132.63)	(1773.69)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Working Capital Borrowings & Short Term Loans	2336.38	319.47
Long Term Loans	(393.02)	2310.78
Interest Paid	(203.89)	(130.42)
Dividend/Distribution Tax paid	-	(44.48)
NET CASH FROM FINANCING ACTIVITIES	1739.47	2455.35
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1.59)	3.27
Cash And Cash Equivalents (Closing Balance)*	4.45	6.04
Cash And Cash Equivalents (Opening Balance)	6.04	2.77
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1.59)	3.27
* Includes amount not available for use of the company		
Unclaimed Dividend	0.05	0.05
Deposits with original maturity of more than 3 Months but less than 12 Months (Kept as Margin Money against Bank Guaranties.)	1.70	1.78
	1.75	1.83

For and on behalf of the Board of Directors

SUNIL BHATIA GM (F&A)	TEK CHAND COMPANY SECRETARY A-23022	CAPT. PAVAN KUMAR KAUL DIRECTOR (MARKETING) DIN: 03438497	NEERU ABROL CHAIRPERSON & MANAGING DIRECTOR DIN: 01279485
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For PREM GUPTA & CO.
CHARTERED ACCOUNTANTS
FIRM REGD. No. 000425N

SHAKUN GUPTA
PARTNER
MEMBERSHIP No. 506838

For DSP & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGD. No. 006791N

SANJAY JAIN
PARTNER
MEMBERSHIP No. 84906

Place: New Delhi
Date: 28th May, 2014

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 st March 2014	₹ Crore As at 31 st March 2013
NOTE : 2 SHARE CAPITAL		
Authorized		
100,00,00,000 Equity Shares of Rs 10 each	<u>1000.00</u>	<u>1000.00</u>
Issued, Subscribed and Paid - up		
49,05,78,400 Equity Shares of Rs 10 each fully paid up	<u>490.58</u>	<u>490.58</u>
	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 2014		As at 31 st March 2013	
Equity Shares of ₹10 each fully paid	No.	%	No.	%
Government of India	441520560	90.00	479000500	97.64

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

		As at 31 st March 2014	₹ Crore As at 31 st March 2013
NOTE : 3 RESERVES AND SURPLUS			
Capital Reserve			
As per last Balance Sheet		2.51	2.51
	A	<u>2.51</u>	<u>2.51</u>
General Reserve			
As per last Balance Sheet		322.79	322.79
	B	<u>322.79</u>	<u>322.79</u>
Debenture Redemption Reserve			
As per last Balance Sheet		25.10	25.10
	C	<u>25.10</u>	<u>25.10</u>
Corporate Social Responsibility (CSR) Reserve			
As per last Balance Sheet		-	-
Add: Transferred from statement of Profit and Loss (Refer Note 47)	D	<u>5.48</u>	<u>-</u>
		<u>5.48</u>	<u>-</u>
Surplus in Statement of Profit & Loss			
As per last Balance Sheet		742.72	913.45
Less: Transfer to CSR reserve (Refer Note 47)		<u>5.48</u>	<u>-</u>
		737.24	913.45
Add: Profit/(Loss) for the year transferred from Statement of Profit and Loss		(89.71)	(170.73)
Net Surplus	E	<u>647.53</u>	<u>742.72</u>
Total (A+B+C+D+E)		<u>1003.41</u>	<u>1093.12</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 st March 2014	₹ Crore As at 31 st March 2013
NOTE : 4 DEFERRED GOVERNMENT GRANT		
As per last Balance Sheet	2445.17	-
Add: Addition/Adjustment during the year *	1269.41	2449.52
Less : Depreciation on Fixed Assets against Govt Grant adjusted	177.85	4.35
	<u>3536.73</u>	<u>2445.17</u>

"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. 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 2014

	As at 31 st March 2014	₹ Crore As at 31 st March 2013
NOTE : 5 LONG TERMS BORROWINGS		
Bonds/Debentures (Secured)		
9.42% Secured Redeemable Non - Convertible Bonds of ₹10,00,000/- each	70.28	100.40
Term Loans		
Rupee Loans from Banks (Secured)	2310.00	2681.00
Foreign Currency Loans - External Commercial Borrowing from Banks (Secured)	251.53	274.20
Foreign Currency Term Loans - Buyers Credit from Banks (Unsecured)	-	31.77
	2631.81	3087.37

- 1004 (Previous Year 1004) 9.42% Secured Redeemable Non-Convertible Bonds 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.
- Rupee loan from Banks for Ammonia Feedstock Conversion Projects as referred above 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 varied between 11.20%-11.50% p.a.
- Foreign Currency External Commercial Borrowing (ECB) loan from Banks, referred above 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 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 rate of interest is 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility. Repayment of ECB loan will fall due for ₹ 51.52 crore in FY 2014-15, ₹ 55.16 crore in FY 2015-16, ₹ 55.16 crore in FY 2016-17, ₹ 55.16 crore in FY 2017-18, ₹ 55.15 crore in FY 2018-19 and ₹ 30.90 crore in FY 2019-20.
- Foreign Currency Term loans - Buyers Credit from Banks, total drawn amount USD 5.79 million (Previous Year USD 15.68 million) for energy saving and urea capacity augmentation projects at Vijaipur. The rate of interest is 6 months USD LIBOR plus margin of 1.50%p.a. and upfront fee of 1.10% p.a.

	As at 31 st March 2014	₹ Crore As at 31 st March 2013
NOTE : 6 OTHER LONG-TERM LIABILITIES		
Security Deposits	21.86	36.01
Others	26.46	8.35
	48.32	44.36

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

NOTE : 7 LONG TERM PROVISIONS

Provision for employee benefits*
(refer Note No.40.1 for disclosure under AS-15)

* Item wise breakup of Provisions for employee benefits

Earned Leave
Half Pay Leave
Post Retirement Medical Benefits
Post Retirement Settlement Benefits
Long Service Award
Social Security Benefits
Employees' Family Economic Rehabilitation Scheme

As at 31 st March 2014	As at 31 st March 2013
166.55	179.88
<u>166.55</u>	<u>179.88</u>
60.55	61.55
45.62	46.52
47.82	58.68
0.95	1.02
0.49	0.53
4.99	6.30
6.13	5.28
<u>166.55</u>	<u>179.88</u>

NOTE : 8 SHORT TERM BORROWINGS

Cash credit from Banks (Secured)
Short Term loans from Banks (Secured)
Short Term loans from Banks (Unsecured)

As at 31 st March 2014	₹ Crore As at 31 st March 2013
849.13	411.10
2915.48	1000.00
275.06	292.19
<u>4039.67</u>	<u>1703.29</u>

- 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.

NOTE : 9 TRADE PAYABLES

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

As at 31 st March 2014	₹ Crore As at 31 st March 2013
1.04	0.96
361.94	336.51
<u>362.98</u>	<u>337.47</u>

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

	As at 31 st March 2014	As at 31 st March 2013
NOTE : 10 OTHER CURRENT LIABILITIES		
Current maturities of long term borrowings *		
Bonds Secured	30.12	-
FROM BANKS		
Secured		
Foreign currency loans	51.52	-
Rupee Term Loans	770.00	770.00
Unsecured		
Foreign Currency Loans	35.12	54.22
Security Deposits	72.31	60.02
Interest accrued but not due on borrowings	3.13	5.63
Advances from customers	23.91	21.53
Creditors for Capital Works	321.88	583.97
Unclaimed dividend	0.05	0.05
Statutory Dues	70.26	76.07
Liability for employee benefits / remuneration	22.29	50.82
Others	22.92	27.53
	1423.51	1649.84

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

₹ Crore

	As at 31 st March 2014	As at 31 st March 2013
NOTE : 11 SHORT TERM PROVISIONS		
Provisions for employee benefits* (refer Note No.40.1 for disclosure under AS-15)	48.56	43.06
Provision for Wealth Tax	0.13	0.09
	48.69	43.15
*Item wise breakup of provisions for employee benefits:		
Gratuity	16.02	18.97
Earned Leave	18.45	15.25
Half Pay Leave	7.09	5.02
Post Retirement Medical Benefits	3.93	1.15
Post Retirement Settlement Benefits	0.14	0.10
Long Service Award	0.10	0.13
Social Security Benefits	1.03	1.17
Employees' Family Economic Rehabilitation Scheme	1.80	1.27
	48.56	43.06

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTE: 12 TANGIBLE ASSETS

₹ Crore

DESCRIPTION	Gross Block				Depreciation/Amortization				Net Block	
	As at 1 st April, 2013	Additions	Deductions/ Adjustments	As at 31 st March, 2014	As at 1 st April, 2013	For the year	On Deductions/ Adjustments	Upto 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
LAND										
- Freehold	11.92	-	-	11.92	-	-	-	-	11.92	11.92
- Leasehold	12.71	-	-	12.71	5.95	0.24	-	6.19	6.52	6.76
BUILDINGS										
- on Freehold Land	139.95	36.72	-	176.67	45.31	4.19	-	49.50	127.17	94.64
- on Leasehold Land	86.04	0.09	-	86.13	39.23	1.70	-	40.93	45.20	46.81
Leasehold Buildings	1.36	-	-	1.36	0.83	0.05	-	0.88	0.48	0.53
Plant and Machinery #	5287.17	1440.02	45.90	6681.29	1998.74	288.46	23.16	2264.04	4417.25	3288.43
Furniture and Fixtures	12.91	0.13	0.07	12.97	11.51	0.50	0.03	11.98	0.99	1.40
Vehicles	3.07	0.39	0.13	3.33	1.96	0.18	0.12	2.02	1.31	1.11
Office Equipment's	6.34	0.20	0.44	6.10	3.87	0.25	0.29	3.83	2.27	2.47
Others :										
Electrical Installations	71.51	0.91	-	72.42	54.18	2.30	-	56.48	15.94	17.33
Railway Sidings	12.73	-	-	12.73	12.19	0.10	-	12.29	0.44	0.54
EDP Equipment's	12.17	0.48	0.13	12.52	9.38	1.02	0.11	10.29	2.23	2.79
Other Equipment's	32.61	2.40	0.11	34.90	16.99	1.45	0.20	18.24	16.66	15.62
As at 31st March, 2014	5690.49	1481.34	46.78	7125.05	2200.14	300.44	23.91	2476.67	4648.38	3490.35
As at 31st March, 2013	2940.40	3078.17	328.08	5690.49	2392.05	120.81	312.72	2200.14	3490.35	548.35

Includes ₹ 9.73 crores in Plant and Machinery which has been transferred to Intangible Assets (Licence and Know-How) (Refer Note 13)

- 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 Land /Building at Bhopal (₹0.38 crore) are pending execution.
- 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 17th July 2013 respectively. Accordingly, Fixed assets (Gross) include assets amounting to ₹3718.93 crore (Previous Year ₹2449.52) represented by capital grant as disclosed in Note: 4 Deferred Government Grant.
- Addition to Fixed Assets during the year included expenditure during construction period (refer Note No.15)
- Buildings includes office premises given on operating lease. The details of such leased premises are as under:

	₹Crore	
	Current Year	Previous year
Original Cost	2.58	4.23
Accumulated depreciation upto 31 st March 2014	1.00	1.39
Net Written Down Value as at 31 st March 2014	1.58	2.84
Depreciation recognized in Statement of Profit and Loss	0.05	0.08
Impairment losses recognized in Statement of Profit and Loss	-	-
Impairment losses reversed in Statement of Profit and Loss	-	-
f. In terms of notification No. G.S.R 914(E) dated 29 th 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 ₹37.88 crore (Previous Year ₹7.92 crore) has been included in the addition to Fixed Assets/Capital Work in Progress as on 31 st March, 2014. The unamortized amount of exchange difference as on 31.03.2014 is ₹42.83 crore (Previous Year ₹ 7.57 crore).		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTE: 13 INTANGIBLE ASSETS

₹ Crore

DESCRIPTION	Gross Block				Amortization				Net Block	
	As at 1 st April, 2013	Additions	Deductions/ Adjustments	As at 31 st March, 2014	As at 1 st April, 2013	For the year	On Deductions/ Adjustments	Upto 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
Computer Software	2.33	0.06	0.06	2.33	1.54	0.43	0.06	1.91	0.42	0.79
Licence and Know-how #	24.35	20.51	(9.73)	54.59	14.97	6.16	(0.02)	21.15	33.44	9.38
As at 31st March, 2014	26.68	20.57	(9.67)	56.92	16.51	6.59	0.04	23.06	33.86	10.17
As at 31st March, 2013	16.47	10.21	-	26.68	15.20	1.31	-	16.51	10.17	1.27

* Refer Note-12

NOTE : 14 CAPITAL WORK-IN-PROGRESS

Buildings
Plant and Machinery
Capital Stores
Expenditure during Construction period pending allocation

	As at 31 st March 2014	As at 31 st March 2013
	-	0.07
	10.60	1121.73
	3.28	91.69
	-	144.96
	13.88	1358.45

NOTE : 15 EXPENDITURE DURING CONSTRUCTION PERIOD

Opening Balance (A)
Add: Expenditure during the year:
Employees' Remuneration & Benefits
Power & fuel
Project Management fee
Other Expenses
Depreciation
Start-up Expenses (net)
Price Reduction on AFPP
Finance cost
Total (B)
Total Expenditure (A+B)
Less: Transfer to Fixed Assets
Closing balance carried over

	As at 31 st March 2014	As at 31 st March 2013
	144.96	130.44
	0.77	6.68
	9.20	27.70
	0.78	5.83
	0.07	0.38
	0.01	0.10
	(87.41)	69.38
	(2.35)	(61.96)
	39.05	271.70
	(39.88)	319.81
	105.08	450.25
	105.08	305.29
	-	144.96

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

	As at 31 st March 2014	As at 31 st March 2013
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	0.18	0.18
Provision for diminution in value of investments	(0.15)	(0.15)
	<u>0.03</u>	<u>0.03</u>
b) Investment in Co-operative Societies		
1250 shares with face value of ₹10 each fully paid up in NFL Employees' Consumer co-operative stores	*	*
100 shares with face value of ₹50 each fully paid up in NFL Employees' Consumer co-operative stores	*	*
	<u>*</u>	<u>*</u>
Aggregate amount of unquoted investments	0.18	0.18
Aggregate provision for diminution in value of investments	(0.15)	(0.15)
	<u>0.03</u>	<u>0.03</u>

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	
		31.03.2014	31.03.2013
Urvarak Videsh Limited	India	33.33	33.33

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.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

	As at 31 st March 2014	As at 31 st March 2013
NOTE: 17 DEFERRED TAX ASSETS (NET)		
Deferred tax assets (A)	84.24	57.99
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	94.67	44.10
Unabsorbed depreciation	49.00	39.86
(A)	<u>227.91</u>	<u>141.95</u>
Deferred tax liability (B)		
Fixed assets: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/amortization charged in Statement of Profit and Loss.	167.56	153.12
(B)	<u>167.56</u>	<u>153.12</u>
Net deferred tax assets (A-B)	<u>60.35</u>	<u>(11.17)</u>

₹ Crore

	As at 31 st March 2014	As at 31 st March 2013
NOTE : 18 LONG TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Capital advances A	1.49	6.74
Loans to employees (including interest accrued)		
Secured, considered good B	15.12	16.67
Security Deposits C	10.44	12.63
Advances		
Employees	2.63	3.69
Others	17.02	16.21
D	19.65	19.90
Total (A+B+C+D)	<u>46.70</u>	<u>55.94</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

	As at 31 st March 2014	As at 31 st March 2013
NOTE : 19 OTHER NON-CURRENT ASSETS		
Capital Grant Recoverable from Government of India (GOI)#	2252.21	1941.62
Unamortized premium on foreign currency forward contracts	-	0.28
	<u>2252.21</u>	<u>1941.90</u>

Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' as stated in Note: 4 Deferred Government Grant.

₹ Crore

	As at 31 st March 2014	As at 31 st March 2013
NOTE : 20 INVENTORIES		
Raw materials	2.61	0.06
Add: In transit	<u>0.57</u> 3.18	<u>-</u> 0.06
Packing Materials	7.17	4.61
Add: In transit	0.81	0.82
Less: Provision for Obsolescence	<u>0.03</u> 7.95	<u>0.04</u> 5.39
Stores and spares	232.19	167.34
Add: In transit	1.85	3.36
Less: Provision for Obsolescence	<u>1.84</u> 232.20	<u>1.32</u> 169.38
Semi-finished goods	31.70	26.73
Finished goods	51.05	119.98
Add: In transit	<u>92.17</u> <u>143.22</u>	<u>96.07</u> <u>216.05</u>
	<u>418.25</u>	<u>417.61</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)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 st March 2014		₹ Crore As at 31 st March 2013	
NOTE : 21 TRADE RECEIVABLES				
Debts outstanding for a period more than six months from the date they are due for payment				
Subsidy (Government of India)	16.61		-	
Others	<u>11.78</u>	28.39	<u>12.20</u>	12.20
Other debts				
Subsidy (Government of India)	4521.06		3038.52	
Others	<u>91.37</u>	4612.43	<u>107.11</u>	3145.63
Provision for doubtful receivables		(11.51)		(11.66)
Total		<u>4629.31</u>		<u>3146.17</u>
Aggregate of trade receivables:				
Unsecured, considered good (including debts backed by bank guarantees ₹ 0.41 crore, previous year ₹ 0.51 crore)		4629.31		3146.17
Unsecured, considered doubtful		11.51		11.66
Provision for doubtful receivables		(11.51)		(11.66)
		<u>4629.31</u>		<u>3146.17</u>

	As at 31 st March 2014	₹ Crore As at 31 st March 2013
NOTE : 22 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents		
Cash on hand	0.08	0.12
Cheques in hand/remittances in transit	2.24	3.64
Balances with banks		
Current accounts	0.38	0.45
Unclaimed dividend account	0.05	0.05
Other Bank balances		
Deposits with original maturity of more than 3 Months but less than 12 Months (Kept as Margin Money against Bank Guaranties).	1.70	1.78
	<u>4.45</u>	<u>6.04</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

		As at 31 st March 2014	₹ Crore As at 31 st March 2013
NOTE : 23 SHORT TERM LOANS AND ADVANCES			
Unsecured, considered good unless otherwise stated			
Loans to employees (including interest accrued)			
Secured, considered good	A	3.31	3.32
Security Deposits			
	B	5.20	3.30
Advances			
Contractors		0.31	0.33
Suppliers #		140.05	146.34
Employees*		2.77	3.01
Claims recoverable		2.40	10.16
Balances with customs and excise authorities		0.56	0.96
Tax refunds		89.97	76.16
Tax (net of provision)		1.44	8.43
Fixed deposit as case property**		1.32	1.32
Others		20.14	10.89
		258.96	257.60
Unsecured, considered good from above		121.35	120.40
Unsecured, considered doubtful from above		137.61	137.20
Provision for doubtful advances		(7.97)	(7.56)
Provision for doubtful advances appropriated from reserve		(129.64)	(129.64)
	C	121.35	120.40
Total (A+B+C)		129.86	127.02
*Includes amount due from Director		-	₹ 23,900/-
Maximum amount due at any time during the year from Director		₹ 23,900/-	₹ 1,42,500/-

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 st March 2014	₹ Crore As at 31 st March 2013
NOTE: 24 OTHER CURRENT ASSETS		
Capital Grant recoverable from Government of India (GOI)*	1264.14	507.90
Interest Subsidy recoverable from Government of India	234.90	9.27
Unamortized premium on foreign currency forward contracts	0.28	0.55
Assets held for disposal**	15.65	14.00
	<u>1514.97</u>	<u>531.72</u>

* 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 ₹13.98 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

	As at 31 st March 2014	As at 31 st March 2013
NOTE : 25 REVENUE FROM OPERATIONS		
Sale of products		
Finished goods	1962.06	1697.05
Traded goods	32.78	30.08
(a)	<u>1994.84</u>	<u>1727.13</u>
Other operating revenue		
Subsidy from Government of India:		
Finished goods (Urea)		
Price subsidy*	5716.69	4753.83
Freight subsidy	331.23	265.77
Total subsidy \$	(b) <u>6047.92</u>	<u>5019.60</u>
Revenue from operations (gross) (a)+(b)	8042.76	6746.73
Less: Excise duty	25.73	26.50
Revenue from operations (net) #	<u>8017.03</u>	<u>6720.23</u>
Details of products sold (including subsidy)		
Finished goods		
Urea	7930.83	6594.52
Sulphur	-	10.73
Others	53.42	84.90
	<u>7984.25</u>	<u>6690.15</u>
Traded goods		
Seeds	26.59	25.97
Others	6.19	4.11
	<u>32.78</u>	<u>30.08</u>
	<u>8017.03</u>	<u>6720.23</u>
<p>* During the year Vijaipur Unit of the Company has achieved the qualifying level of production entitling it for Subsidy under New Investment Policy for Urea 2008. Considering the same an amount of ₹473.87 crore (Previous year ₹89.91crore) has been recognised as subsidy income.</p> <p>\$ Subsidy includes differential amount for the earlier years notified during the current year</p>		
Price Subsidy (Urea)	3.30	1.88
Freight Subsidy (Urea)	4.10	(0.01)
	<u>7.40</u>	<u>1.87</u>
# Sales (including subsidy) net of excise duty not included above and adjusted to expenditure during construction period	<u>540.65</u>	<u>637.50</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

NOTE : 26 OTHER INCOME

Interest income

Term Deposits	1.94	0.15
Loan to employees	1.31	1.60
Others	8.81	3.03
(A)	<u>12.06</u>	<u>4.78</u>

Other non-operating income

Rent	15.75	15.69
Sale of Scrap	9.44	6.94
Miscellaneous income	8.04	9.21
(B)	<u>33.23</u>	<u>31.84</u>

(A+B) 45.29 36.62

₹ Crore

NOTE: 27 COST OF MATERIAL CONSUMED

Raw Material (A)

Inventory at the beginning of the year	0.05	177.14
Purchases	4207.50	3992.16
	<u>4207.55</u>	<u>4169.30</u>
Less : Inventory at the end of the year	3.17	0.05
Cost of raw material consumed	<u>4204.38</u>	<u>4169.25</u>

Packing material (B)

	121.17	89.62
--	--------	-------

Stores and spares (C)

	32.84	87.52
--	-------	-------

Cost of material consumed (A+B+C)

4358.39 4346.39

Itemwise break up of raw material consumed

LSHS	0.06	1775.59
Fuel Oil	-	735.65
Natural Gas	4172.64	1629.42
Others	31.68	28.59
	<u>4204.38</u>	<u>4169.25</u>

Expenses not included above and charged to expenditure during construction period 283.92 499.05

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

NOTE 28 PURCHASE OF TRADED GOODS

Traded goods purchased

Seeds
Others

As at 31 st March 2014	As at 31 st March 2013
25.37	24.70
5.38	3.66
<u>30.75</u>	<u>28.36</u>

NOTE: 29 (INCREASE)/DECREASE IN INVENTORIES

Opening inventories

Semi-Finished
Finished goods

Closing inventories

Semi-Finished
Finished goods

(Increase)/decrease in inventories

Less: Excise duty included in change in inventories

Net (Increase)/decrease in inventories

As at 31 st March 2014	As at 31 st March 2013
26.73	18.04
216.05	124.36
<u>242.78</u>	<u>142.40</u>
31.70	26.73
143.22	216.05
<u>174.92</u>	<u>242.78</u>
67.86	(100.38)
0.13	(0.35)
<u>67.73</u>	<u>(100.03)</u>

NOTE: 30 EMPLOYEE BENEFITS EXPENSE

Salaries, Wages and Bonus
Contribution to Provident and Other Funds
Contribution to Gratuity Fund
Welfare expenses

Expenses not included above and charged to expenditure during construction period

As at 31 st March 2014	As at 31 st March 2013
363.84	347.30
37.74	33.32
(2.73)	11.54
18.57	25.73
<u>417.42</u>	<u>417.89</u>
0.78	6.68

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

NOTE : 31 POWER AND FUEL

	As at 31 st March 2014	As at 31 st March 2013
Purchased power	103.23	151.14
Coal	487.85	514.91
Fuel oil	-	474.43
Natural gas	1814.07	303.77
Others	18.62	23.85
	<u>2423.77</u>	<u>1468.10</u>
Expenses not included above and charged to expenditure during construction period	177.95	234.65

₹ Crore

NOTE : 32 REPAIR AND MAINTENANCE

	As at 31 st March 2014	As at 31 st March 2013
Plant and machinery	55.23	77.46
Buildings	5.52	6.39
Others	6.30	6.53
	<u>67.05</u>	<u>90.38</u>

₹ Crore

NOTE : 33 FINANCE COSTS

INTEREST :

	As at 31 st March 2014	As at 31 st March 2013
Cash credit	119.52	89.91
Short term loans	46.05	17.90
Rupee Term Loan	348.35	9.27
Less: Interest Subsidy recoverable/received from Government of India*	<u>348.35</u>	<u>9.27</u>
	-	-
Others	36.64	18.99
Other borrowing cost	1.68	0.69
Exchange difference to the extent considered as adjustment to borrowing cost	-	2.93
	<u>203.89</u>	<u>130.42</u>
Finance costs not included above and charged to: Expenditure during construction period	39.05	271.70

*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 2014

₹ Crore

NOTE : 34 DEPRECIATION AND AMORTIZATION EXPENSE

	As at 31 st March 2014	As at 31 st March 2013
Depreciation / Amortization on tangible assets	300.43	120.71
Amortization of intangible assets	<u>6.59</u>	<u>1.31</u>
	307.02	122.02
Less : Depreciation on fixed assets against Govt Grant adjusted (Refer Note: 4)	<u>177.85</u>	<u>4.35</u>
	129.17	117.67
Depreciation not included above and charged to expenditure during construction period	0.01	0.10

₹ Crore

NOTE : 35 OTHER EXPENSES

	As at 31 st March 2014	As at 31 st March 2013
Rent	4.57	3.42
Rates and taxes	2.94	3.09
Insurance	9.65	9.14
Auditors' remuneration:		
Audit Fee	0.17	0.15
Tax Audit Fee	0.05	0.05
Certification and other fee	0.07	0.07
Out of pocket expenses	<u>0.03</u>	<u>0.04</u>
	0.32	0.31
Cost Audit Fee	0.03	0.03
Security Expenses	35.57	31.58
Printing and Stationery	1.25	1.51
Advertisement, Publicity and Sales Promotion	1.81	2.39
Directors' Fees	0.05	0.02
Telephone and Postage	1.21	1.20
Travelling	14.07	14.25
Water Charges	15.61	14.16
Provision for:		
Doubtful Advances	0.44	0.10
Others	<u>0.24</u>	<u>0.09</u>
	0.68	0.19
Write Off:		
Stores and spares	3.07	3.91
Others	<u>0.39</u>	<u>0.46</u>
	3.46	4.37
Legal Expenses	1.12	1.72
Bank Charges	2.92	2.08
Demurrage and Wharfage	2.56	2.59
Loss on Sale of Assets (net)	0.13	0.02
Exchange rate variation (net)	7.75	2.23
Cash Discount	5.27	2.21
Retailer Margin	15.57	-
Miscellaneous expenses	<u>20.85</u>	<u>28.84</u>
	147.39	125.35
Other Expenses not included and charged to expenditure during construction period	0.85	7.09

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 st March 2014	₹ Crore As at 31 st March 2013
NOTE : 36 EARNING PER EQUITY SHARE:		
Profit/(Loss) after Tax (₹ Crore)	(89.71)	(170.73)
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	(1.83)	(3.48)

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

	As at 31 st March 2014	₹ Crore As at 31 st March 2013
NOTE : 37 CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debts		
a. Pending Appellate/Judicial decisions:		
Income tax	272.61	277.57
Purchase tax	1.30	1.30
Excise, customs and service tax	174.74	6.56
Value Added Tax	0.53	0.30
Land compensation/development claims	6.00	3.90
Arbitration and civil cases	48.18	45.61
b. Other claims	0.91	0.62
c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable		
	<u>504.27</u>	<u>335.86</u>

NOTE : 38 Exceptional item Nil (Previous Year ₹ 57.41 crore) represent purchase tax liability for the past period September, 2001 to March, 2006, provided on dismissal of review petition in the Honorable Supreme Court on 1st November, 2012

NOTE : 39 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, 2014 includes Project contracts relating to changeover of feedstock from Fuel oil to natural gas at Nangal, Panipat and Bathinda unit ₹ 20.09 crore (As at 31st March 2013 ₹ 351.83 crore) and Purge Gas recovery Project at Vijaipur ₹ 1.29 crore (As at 31st March 2013 ₹ 6.79 crore relates to Energy Saving & Capacity Enhancement Project).

(ii) Unutilized amount of Letter of Credit

19.02

20.84

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

40.1 AS-15 (REVISED): EMPLOYEE BENEFITS

40.1.1 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)	Mediclaim 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.

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

₹ Crore

Gratuity		EL		HPL		PRMB		PRSB		LSA	
13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13

(i) Reconciliation of present value of defined benefit obligations and plan assets:

1 Present value of projected benefit obligations at beginning of the year	188.25	178.73	76.79	62.05	51.54	45.76	59.84	61.07	1.11	1.03	0.66	0.69
2 Service Cost	4.87	6.77	3.04	2.73	2.06	1.89	1.80	2.09	0.04	0.04	0.03	0.03
3 Past Service Cost	-	-	-	-	-	-	0.12	0.11	-	-	-	-
4 Interest Cost	14.15	14.40	5.53	5.07	3.92	3.75	4.76	5.99	0.09	0.08	0.05	0.05
5 Actuarial (Gains) / Losses	(7.42)	5.94	26.63	31.79	(0.07)	3.87	(13.45)	(8.04)	(0.04)	0.04	0.03	0.06
6 Benefits Paid	(20.54)	(17.59)	(32.99)	(24.85)	(4.74)	(3.73)	(1.31)	(1.38)	(0.12)	(0.08)	(0.18)	(0.17)
7 Present value of projected benefit obligations at close of the year [1 to 6]	179.31	188.25	79.00	76.79	52.71	51.54	51.76	59.84	1.08	1.11	0.59	0.66
8 Fair Value of Plan assets at close of the year	(163.29)	(169.28)	-	-	-	-	-	-	-	-	-	-
9 Net Liability recognized in Balance Sheet at close of the year [7-8]	16.02	18.97	79.00	76.79	52.71	51.54	51.76	59.84	1.08	1.11	0.59	0.66

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

Gratuity		EL		HPL		PRMB		PRSB		LSA	
13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13

(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	169.28	171.01	-	-	-	-	-	-	-	-
2	Acquisition adjustment	-	-	-	-	-	-	-	-	-	-
3	Expected Return on plan assets	14.60	15.57	-	-	-	-	-	-	-	-
4	Actual Company's contribution	-	-	-	-	-	-	-	-	-	-
5	Actuarial Gains/(Losses)	-	-	-	-	-	-	-	-	-	-
6	Benefits Payments	(20.54)	(17.30)	-	-	-	-	-	-	-	-
7	Fair value of plan assets at close of the year	163.34	169.28	-	-	-	-	-	-	-	-
8	Present value of defined benefit obligation	179.31	188.25	-	-	-	-	-	-	-	-
9	Net liability recognized in the Balance Sheet at close of the year [8-7]	15.97	18.97	-	-	-	-	-	-	-	-

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

1	Service Cost	4.87	6.77	3.04	2.73	2.06	1.89	1.80	2.09	0.04	0.04	0.03	0.03
2	Past Service Cost	-	-	-	-	-	-	0.12	0.11	-	-	-	-
3	Interest Cost	14.15	14.40	5.53	5.07	3.92	3.75	4.76	5.99	0.09	0.08	0.05	0.05
4	Actuarial (Gains) / Losses	(7.42)	5.94	26.63	31.79	(0.07)	3.87	(13.45)	(8.04)	(0.04)	0.04	0.03	0.06
5	Expected return on Plan Assets	(14.60)	(15.57)	-	-	-	-	-	-	-	-	-	-
6	Total charged to P&L Account	(3.00)	11.54	35.20	39.59	5.91	9.51	(6.77)	0.15	0.09	0.16	0.11	0.14

(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	
		13-14	12-13	13-14	12-13
1	Increase/(Decrease) on aggregate service and interest cost of post retirement medical benefits	0.91	1.19	(0.74)	(0.96)
2	Increase/(Decrease) in present value of closing defined benefit obligations	8.61	9.86	(6.99)	(8.07)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

	As at 31 st March 2014	As at 31 st March 2013
(v) Actuarial assumptions:		
1 Method used	Projected Unit credit	Projected Unit credit
2 Discount Rate (per annum)	9.15%	8.00%
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 (1994-96) 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)	9.15%	8.00%
7 Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	5.50%	5.50%

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 ₹ 16.02 crore (Previous year ₹ 18.97 crore) is unfunded as on 31st March, 2014. Other defined benefit obligations are unfunded.

40.1.3 Other Employee Benefit Schemes:

Provision of ₹ 1.69 crore (Previous year ₹ 2.15 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 ₹ 13.95 crore (Previous year ₹ 14.03 crore) has been recognized in the Balance Sheet as at 31st March 2014 on account of these schemes.

- Provident Fund:** 12% of Basic Pay plus Dearness allowance contributed to the Provident Trust of the Company. The Company does not anticipate any further obligation in the near foreseeable future having regard to the amount of the fund and return on investment as confirmed by the actuary.

Note 41 AS-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.

41.1.1 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 2014

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

	Year ended	
	31 st March 2014	31 st March 2014
₹ Crore		
<u>SEGMENT REVENUE (NET SALES)</u>		
Urea	7930.83	6594.52
Other Products	92.89	131.62
Less: Inter Segment Revenue	6.69	5.91
Total Segment Revenue	8017.03	6720.23
<u>SEGMENT RESULTS</u>		
Urea	87.04	(98.68)
Other Products	(19.55)	26.00
Total Segment Results	67.49	(72.68)
Less: Unallocable Expenses (Net of Unallocable Income)	24.76	27.52
Less : Interest expenses	203.89	130.42
Profit Before Tax	(161.16)	(230.62)
Provision for Tax	(71.45)	(59.89)
Profit After Tax	(89.71)	(170.73)
<u>SEGMENT ASSETS</u>		
Urea	13396.52	9586.31
Other Products	143.42	17.31
Unallocable	212.31	1470.61
Segment Assets	13752.25	11074.23
<u>SEGMENT LIABILITIES</u>		
Urea	6377.97	3495.06
Other Products	17.64	18.82
Unallocable	5862.65	5976.65
Segment Liabilities	12258.26	9490.53
<u>CAPITAL EXPENDITURE</u>		
Urea	1376.26	3088.14
Other Products	125.56	-
Unallocable	0.11	0.24
Capital Expenditure	1501.93	3088.38
<u>DEPRECIATION AND AMORTIZATION</u>		
Urea	121.95	115.56
Other Products	5.74	0.54
Unallocable	1.48	1.57
Depreciation and Amortization	129.17	117.67
<u>NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTIZATION</u>		
Urea	4.04	4.42
Other Products	-	-
Unallocable	7.98	2.39
Non-cash expenses	12.02	6.81

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Note 42 AS-18: Related Party Disclosures

A) Nature of Relationship

Joint Venture

Name of the Related Party

Urvarak Videsh Limited

B) Nature of Relationship

Key Management Personnel

Name of the Related Party

- (i) Shri R. G. Rajan
Chairman & Managing Director (C&MD) upto 22nd August, 2013.
- (ii) Ms. Neeru Abrol,
Director (Finance) w.e.f. 10th May, 2013 and additional Charge of the post of Chairman & Managing Director w. e. f. 22nd August, 2013.
- (iii) Capt. P.K. Kaul,
Director (Marketing)
- (iv) Shri C.M.T. Britto,
Director (Technical) w.e.f. 06th May, 2013 to 31st October, 2013
- (v) Shri M. Sagar Mathew,
Director (Technical) w.e.f. 1st November, 2013

C) Transactions with Related parties:

- (i) There is no transaction with related party at A) above during the year (previous year Nil).
- (ii) Remuneration to Key Management Personnel at B) above is ₹ 0.66 crore (Previous year ₹ 0.70 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

Note 43: 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 44: 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 ₹ 0.15 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, ₹ 3.58 crore (Previous year ₹ 3.08 crore) are shown in Rent (other expenses Note: 35).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

₹ Crore

Note 45 Disclosure regarding prior period items (AS-5)

Depreciation
Other Expenses

Year ended	
31 st March 2014	31 st March 2014
0.39	-
-	2.99
<u>0.39</u>	<u>2.99</u>

Note 46 (a) Expenditure incurred in Foreign currency

(on accrual basis)
Consultancy & professional charges
Interest
Others

Current year	Previous year
13.12	5.98
13.60	10.92
0.05	0.10
<u>26.77</u>	<u>17.00</u>

(b) Value of import

(calculated on CIF basis)

Capital goods
Components and spare parts

Current Year	Previous year
29.77	186.31
8.45	23.88
<u>38.22</u>	<u>210.19</u>

(c) Value of raw material consumed

Imported
Indigenous

Current year		Previous year	
₹ Crore	%	₹ Crore	%
-	-	-	-
4204.38	100	4169.25	100

(d) Value of stores and spares consumed

Imported
Indigenous

6.55	13.21	4.91	8.27
43.05	86.79	54.45	91.73
<u>49.60</u>	<u>100.00</u>	<u>59.36</u>	<u>100.00</u>

Note 47 During the year, against unspent budget amount of ₹ 6.24 crore, the company has incurred an amount of ₹ 0.76 Crore (Previous Year ₹ 1.60 Crore) towards Corporate Social Responsibility Activities. For Unspent amount of ₹ 5.48 Crore as on 31-03-2014, CSR reserve has been created (Refer Note -3) during the year out of earlier year's profits.

Note 48 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 49 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	-	97
b) Number of ordinary shares held by them	-	90004
c) Amount of Dividend (₹ in Crore)	-	0.01

- Note 50** (a) 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 51 Figures of previous year/period have been re-arranged / regrouped / re-cast, wherever necessary.

For and on behalf of the Board of Directors

SUNIL BHATIA GM (F&A)	TEK CHAND COMPANY SECRETARY A-23022	CAPT. PAVAN KUMAR KAUL DIRECTOR (MARKETING) DIN: 03438497	NEERU ABROL CHAIRMAN & MANAGING DIRECTOR DIN: 01279485
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These are the Notes referred to in Balance Sheet and Statement of Profit & Loss

For PREM GUPTA & CO.
CHARTERED ACCOUNTANTS
FIRM REGD. No. 000425N

SHAKUN GUPTA
PARTNER
MEMBERSHIP No. 506838

For DSP & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGD. No. 006791N

SANJAY JAIN
PARTNER
MEMBERSHIP No. 84906

Place: New Delhi
Date: 28th May, 2014

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, 1956.

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 at the rates specified under Schedule XIV of the Companies Act, 1956 on straight line method on historical cost in respect of plant and machinery and computer systems by retaining residual value of five percent in respect of plant and machinery and rupee one in respect of capital spares and other fixed assets.

Leasehold land and buildings are amortized over the lease period. Buildings constructed over leasehold land are depreciated at the rates specified under Schedule XIV of the Companies Act, 1956, 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.

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

Payments to Defined Contribution Schemes are charged as expense on accrual basis.

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

Revenues 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. 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.

Sale of scrap/ waste materials is recognized on disposal.

1.13 Accounting for Government Grants:

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.

Auditors' Report

PREM GUPTA AND COMPANY
CHARTERED ACCOUNTANTS
4, SHIVAJI MARG
NAJAFGARH ROAD
NEAR CAMPA COLA
NEW DELHI - 110015

DSP & ASSOCIATES
CHARTERED ACCOUNTANTS
783, DESH BANDHU GUPTA ROAD
NEAR FAIZ ROAD CROSSING
KAROL BAGH,
NEW DELHI - 110005

INDEPENDENT AUDITORS' REPORT

To the Members of
National Fertilizers Limited

Revised Independent Auditors' Report

This revised report is issued in supersession of our earlier Independent Auditors' Report dated 28th May, 2014. Revised report is issued in accordance with amendment announced on 07th Feb, 2014 to the Paragraph on "Auditors Responsibility" issued by the Institute of Chartered Accountants of India. Further, we confirm that there is no change in our opinion on true and fair view of financial statements as expressed earlier and also none of the figures have undergone any change in the financial statements of the Company as at March, 31 2014.

Report on the Financial Statements

We have audited the accompanying financial statements of National Fertilizers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e. Central Government has directed vide notification number G.S.R. 829 (E) dated 21st October 2003 that clause (g) of sub section (1) of section 274 of the Act is not applicable to Government Company.

Forming an Opinion and Reporting on Financial Statements

For PREM GUPTA & CO.
CHARTERED ACCOUNTANTS
FIRM REGD. No. 000425N

SHAKUN GUPTA
PARTNER
MEMBERSHIP No. 506838

For DSP & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGD. No. 006791N

SANJAY JAIN
PARTNER
MEMBERSHIP No. 84906

Place: New Delhi
Date: 24th June, 2014

PREM GUPTA AND COMPANY
CHARTERED ACCOUNTANTS
4, SHIVAJI MARG
NAJAFGARH ROAD
NEAR CAMPA COLA
NEW DELHI - 110015

DSP & ASSOCIATES
CHARTERED ACCOUNTANTS
783, DESH BANDHU GUPTA ROAD
NEAR FAIZ ROAD CROSSING
KAROL BAGH,
NEW DELHI - 110005

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- (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) In our opinion, the company has not disposed off substantial part of its fixed assets during the year.
- (ii) a) 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. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
- (iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, Clauses 4(iii)(b), (c) and (d) of the Order are not applicable to the Company.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, Clauses 4(iii)(f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods & services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) According to the information and explanations given to us, the Company has no contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956. Therefore, Clause 4 (v) (b) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (vi) The Company has not accepted any deposit from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder.
- (vii) *In our opinion, internal audit system of the Company needs to be further strengthened with respect to scope of audit and its effectiveness to make it commensurate with the size of the company and nature of its business.*

- (viii) We have broadly reviewed the Cost Records maintained by the Company pursuant to the Companies (Cost Accounting Record) Rules, 2011 prescribed by Central Government under Section 209(1)(d) of the Companies Act, 1956 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.
- (ix) (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, Investor Education and Protection 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, 2014 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 31.03.2014 which have not been deposited on account of matters pending in appeal before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Amount Involved (₹ Crore)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	25.68	AY 2006-07 to AY 2009-10	Income Tax Appellate Tribunal , New Delhi
		59.27	AY 2006-07, AY 2010-11 & AY 2011-12	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise Duty	1.04	FY 1997-98 to FY 1999-00	Central Excise Service Tax Appellate Tribunal
Punjab VAT Act, 2005	VAT	0.53	FY 2006-07 to FY 2009-10	Dy. Excise and Taxation Commissioner (Appeal), Patiala
Punjab Municipal Act	Property Tax	1.19	FY 2007-08 to FY 2009-10 & FY 2013-14	Municipal Council, Nangal
MP Commercial Tax Act, 1994	Purchase Tax	1.30	FY 2001-02	Commercial Tax Appellate Board, Bhopal
Haryana Local Area Development Tax Act, 2000	Entry Tax	6.72	FY 2000-01 to FY 2002-03	Joint Excise Taxation Comm. Rohtak
Total		95.73		

- (x) The company has incurred cash losses during the year as well as in the immediately preceding financial year. The Company does not have accumulated losses as at the end of the financial year.
- (xi) 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. There were no dues to financial institutions.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statutes applicable to a chit fund/nidhi/mutual benefit fund/society are not applicable to the company.
- (xiv) Accordingly to information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) 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.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, in our opinion, no funds raised on short term basis have been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to any parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) 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.

Forming an Opinion and Reporting on Financial Statements

For PREM GUPTA & CO.
CHARTERED ACCOUNTANTS
FIRM REGD. No. 000425N

SHAKUN GUPTA
PARTNER
MEMBERSHIP No. 506838

For DSP & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGD. No. 006791N

SANJAY JAIN
PARTNER
MEMBERSHIP No. 84906

Place: New Delhi
Date: 24th June, 2014

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of National Fertilizers Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards of Auditing prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of the National Fertilizers Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor 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 the Statutory Auditor's Report under 619(4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller and Auditor General of India**


28/7/2014

**(V A Patwardhan)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi**

**Place : New Delhi
Date : 28.07.2014**

Corporate Governance Report

In accordance with Clause 49 of the Listing Agreement with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and Department of Public Enterprises Guidelines (DPE Guidelines), 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 two Whole-time Functional 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 and Ethics of Board and Senior Management Personnel.
- Code of Insider Trading.
- Health, Safety and Environment 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 Companies Act as the President of India holds 90% of the Paid-up Share Capital. The strength of the Board Members shall not be less than 3 Directors or more than 12 Directors. These Directors include Whole Time Directors, Government Nominee Directors (Promoters Director) and Independent Directors.

2.2 Composition of the Board

The Board of Directors as on 31st March 2014 comprised of Nine Directors out of whom three were Whole Time Functional Directors, including Chairman & Managing Director, Director (Marketing) and Director (Technical) and two Government of India nominees and four Independent Directors. Brief profile of the Directors is set-out elsewhere in the Annual Report.

The Listing Agreement with the stock exchanges 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 he 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 Listing Agreement, as may be observed from the details given below:-

Period		Composition of the Board		
From	to	Total	Independent	Others
1.4.2013	1.5.2013	5	1	4
2.5.2013	5.5.2013	6	1	5
6.5.2013	6.5.2013	8	3	5
7.5.2013	20.8.2013	9	3	6
21.8.2013	20.2.2014	8	3	5
21.2.2014	31.3.2014	9	4	5

Company has been regularly taking up the matter with the Government of India to initiate necessary steps for appointment of adequate number of Independent Directors to ensure compliance with the Listing Agreement.

As required under Clause 49 of the Listing Agreement, 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 other material or pecuniary relationship or transactions with the Company, its promoters or management apart from receiving sitting fees, which may affect independence of judgement of the Directors.

2.3 Tenure of Directors

The age limit 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 further instructions from 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 on the recommendations of 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 and Shareholders Grievance Committee as per SEBI's Corporate Governance Code) 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.	R.G.Rajan	CMD	6.1.2013	21.8.2013	5	-	-
02.	Ms. Neeru Abrol, Director (Finance) Chairman & Managing Director	ED	02.05.2013 15.5.2014	14.5.2014 continuing	-	-	-
03.	Capt. Pavan Kumar Kaul, Director (Marketing)	ED	07.02.2011	Continuing	1	-	-
04.	C.M.T. Britto Director (Technical)	ED	07.05.2013	31.10.2013	1	-	-
05.	M. Sagar Mathews, Director (Technical)	ED	1.11.2013	Continuing	-	-	-
06.	Satish Chandra	NED-Govt. Nominee	27.10.2008	30.6.2014	4	-	-
07.	Suresh Chandra Gupta	NED-Govt. Nominee	12.09.2011	22.5.2014	2	1	-
08.	Munikoti Niranjana Rao	NEID	06.05.2011	5.5.2014	-	-	-
09.	M. Raman	NEID	06.05.2013	Continuing	3	-	-
10.	Vikram Srivastava	NEID	06.05.2013	Continuing	1	-	-
11.	Gurinderjit Singh Sandhu	NIED	21.02.2014	Continuing	-	-	-
12.	Rajiv Yadav Addl. Secretary & Financial Advisor	NED-Govt. Nominee	17.07.2014	Continuing	-	-	-

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

Notes:

- Ms. Neeru Abrol, Director (Finance) was reinstated on 2nd May, 2013 and she was also holding the additional charge of the position of C&MD from 22nd August, 2013 to 14th May, 2014.
- Directors' Profile is given separately.

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 meetings and Audit Committee help with their wide-ranging experience in the field of Management, Governance, Finance, Audit, etc.

2.7 Board Meetings, Agenda & Minutes

The Company holds at least four Board meetings in a year, one in each quarter to review the financial results and other items of importance and the gap between the two meetings does not exceed three calendar months. 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 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, 10 meetings of the Board were held on: 2nd April, 2013, 6th May, 2013, 29th May, 2013 1st July, 2013, 12th August, 2013, 24th October, 2013, 11th November, 2013, 17th December, 2013, 12th February, 2014 and 21st February, 2014. The Annual General Meeting was held on 17th September 2013. 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	
R.G.Rajan	Chairman & Managing Director	05	05	NA
Ms. Neeru Abrol	ED	08	08	Present
Capt. Pavan Kumar Kaul	ED	10	10	Present
CMT Britto	ED	04	04	Present
M. Sagar Mathews	ED	04	04	NA
Satish Chandra	NED-Govt. Nominee	10	08	No
Suresh Chandra Gupta	NED-Govt. Nominee	10	08	No
Munikoti Niranjana Rao	NEID	10	08	Present
Vikram Srivastava	NEID	09	07	No
M.Raman	NEID	09	05	No
Gurinderjit Singh Sandhu	NEID	01	01	NA

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

Notes:

- Shri R.G.Rajan ceased to be Chairman & Managing Director w.e.f. 21.08.2013
- Shri C.M.T. Britto, Director (Technical) RCF Limited who was holding the additional Charge as Director (Technical) ceased to be Director on 1.11.2013
- Shri M.Sagar Mathews joined as Director (Technical) w.e.f. 1.11.2013

4. Shri Gurinderjit Singh Sandhu, joined as Director w.e.f. 21.2.2014
5. Ms. Neeru Abrol, Director (Finance) was reappointed on 02.05.2013 and she was also holding the additional charge of the position of C&MD from 22.08.2013 to 14.05.2014. She has been appointed C&MD w.e.f. 15.05.2014.

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 Results of the Company
- Annual Accounts, 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 goodwill, brand equity, or intellectual property.
- Sale of material nature, of investments, satisfactory assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- Review of Whistleblower Policy of the Company

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 Committees of Directors including Audit Committee, Shareholders'/Investors' Grievance Committee, Remuneration Committee, Share Transfer Committee, Investment Committee, Committee on Corporate Social Responsibility & Sustainable Development, Health & Safety Committee, Business Development & Strategic Planning 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 Companies Act, 1956, provisions of Listing Agreement and guidelines on Corporate Governance as issued by Department of Public Enterprises. The scope of Audit Committee inter-alia includes the following:-

- Periodical review of the accounting policies and practices, financial statements of the Company and reports of the Auditors.
- Periodical discussions with the Auditors and to deliberate upon their findings, suggestions and review of adequacy of Internal Control System, Scope of Audit, Auditors' observations and other related matters besides compliance with Accounting Standards.
- Approval of Internal Audit Programmes and monitoring of their execution.
- Review of annual financial statements before submission to the Board for approval including matters required to be included in the Directors Responsibility Statement in terms of Clause 2AA of Section 217 of Companies Act, 1956, Accounting Policies and changes therein, audit reports & related party transactions disclosures, compliance with listing and other legal requirements relating to financial statements.
- Reviewing with the Management performance of statutory and internal auditors, the adequacy of internal control systems and suggestions for improvement including the structure of the Internal Audit Department, coverage, frequency of internal audit, significant observations, etc.
- Provide an avenue of communication between Internal Auditor, Statutory Auditor and Board of Directors.
- Review of outstandings and risks faced by the Company.
- Review of fee payable to Statutory Auditors.
- Review of Foreign Exchange Risk.
- Review of appointment/reappointment of Cost Auditors, Internal Auditors, Tax Auditors and their remuneration.

COMPOSITION & ATTENDANCE AT THE MEETINGS

During the year 2013-14, the Audit Committee met on 5 times i.e. 29th May, 2013, 12th August, 2013, 24th October, 2013, 11th November, 2013 and 11th February, 2014. In terms of requirement of the listing agreement, two third members of the Audit Committee are to be independent. As per Section 292A of the Companies Act, 1956, the Audit Committee shall have minimum three members and 2/3rd of those shall be other than Managing Director or Whole Time Directors.

In the absence of appointment of adequate number of Independent Directors during the whole year, the constitution of the Committee was not as per the requirements of Listing Agreement and Companies Act, 1956. The composition of

the Audit Committee during 2013-14 & afterwards and attendance at the meetings during the year 2013-14 was as follows:-

S. No	Name of Director (S/Shri)	Status	Tenure		Meetings during respective tenure	
			From	To	Held	Attended
01.	Munikoti Niranjan Rao	Chairman	11.05.2011	5.5.2014	5	5
02.	C.M.T.Britto	Member	29.5.2013	31.10.2013	2	2
03.	Capt. Pavan Kumar Kaul	Member	4.12.2012	29.05.2013	1	1
04.	Suresh Chandra Gupta	Member	24.10.2011	29.05.2013	1	1
05.	M. Raman	Member Chairman	29.05.2013 12.05.2014	11.05.2014 Continuing	3 NA	3 NA
06.	M.Sagar Mathews	Member	01.11.2013	Continuing	2	2
07.	Gurinderjit Singh Sandhu	Member	21.02.2014	Continuing	NA	NA
08.	Vikram Srivastava	Member	26.05.2014	Continuing	NA	NA

Notes:

The Committee was :-

1. Reconstituted on 29th May, 2013 when Shri C.M.T. Britto, Director (Tech.) was inducted as Member.
2. Reconstituted on 21st Feb, 2014 when Shri G.S. Sandhu was appointed as Member.
3. Reconstituted on 1st November, 2013 on joining of Shri M Sagar Mathews as Director (Technical).
4. Reconstituted on 12th May, 2014, when Shri M. Raman was appointed as Chairman.
5. Reconstituted on 26th May, 2014, when Shri Vikram Srivastava was inducted as Member.

Statutory Auditors attend the Audit Committee meetings. The Cost Auditors also attend these meetings when Cost Audit Report and related matters 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 Shareholders/Investors Grievance Committee

Scope:

The scope of the Shareholders'/Investors' Grievance Committee inter-alia includes redressal of investors grievances especially transfer/transmission of shares, dividends, dematerialization, replacement of lost/stolen/mutilated share certificates, splitting, conversion and other related issues and strengthening of investor relations. The Company Secretary being the Compliance Officer is specifically entrusted with responsibility for redressal of shareholders and investors complaints and report the same to the Committee.

Composition

The composition of the Committee during the year 2013-14 and thereafter is as follows:-

S.No.	Name of Director (S/Shri)	Status	Tenure	
			From	to
01.	Munikoti Niranjan Rao	Chairman	31.1.2013	29.5.2013
02.	Shri Vikram Srivastava	Chairman	29.5.2013	Continuing
03.	Ms. Neeru Abrol	Member	29.5.2013	14.5.2014
04.	Satish Chandra	Member	4.12.2012	30.6.2014
05.	Capt. Pavan Kumar Kaul	Member	4.12.2012	29.5.2013
06.	Suresh Chandra Gupta	Member	29.5.2013	12.5.2014

Summarized information on complaints

Number of shareholders complaints received and resolved during the period 1st April, 2013 to 31st March, 2014 were as detailed below:-

Quarter ended	Complaints Received	Complaints Resolved	Complaints Pending
0.06.2013	221	221	NIL
30.09.2013	203	203	NIL
31.12.2013	510	510	NIL
31.03.2014	102	101	01
Total	1036	1035	01

The pending complaint at the end of year pertained to lost share certificates, which has since been resolved to the satisfaction of the shareholder.

3.3 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 on behalf of the Hon'ble President of India. Independent Directors are paid sitting fees for attending the Board/Committee Meetings within the ceiling fixed under Companies Act, 1956.

Remuneration of employees consisting of basic pay, perquisites, performance Incentives, retirement benefits is regulated by Department of Public Enterprise, Government of India guidelines issued from time to time. Within the frame work of 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.

In terms of the guidelines of the Department of Public Enterprises, Government of India, every Central Public Sector Undertaking is required to constitute a 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 Remuneration Committee and the constitution of the Committee for the year 2013-14 and thereafter is as follows:-

S.No.	Name of Director (S/Shri)	Status	Tenure	
			From	To
01.	Munikoti Niranjana Rao	Chairman	11.5.2011	5.5.2014
02.	Gurinderjit Singh Sandhu	Member Chairman	21.02.2014 12.05.2014	11.5.2014 Continuing
03.	Satish Chandra	Member	25..2011	29.5.2013
04.	Capt. Pavan Kumar Kaul	Member	31.1.2013	29.5.2013
05.	M. Raman	Member	29.5.2013	Continuing
06.	Vikram Srivastava	Member	29.5.2013	Continuing

3.4. Committee on Corporate Social Responsibility and Sustainable Development.

Committee on Corporate Social Responsibility and Sustainable Development was 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 social responsibilities. Committee's constitution and terms of reference meet with the requirements of the Companies Act,. The present

constitution of the Committee is as below:-

1.	Shri Gurinderjit Singh Sandhu	Chairman
2.	Shri Vikram Srivastava	Member
3.	Capt. Pavan Kumar Kaul	Member

3.5. Health & Safety Committee

Composition of the Committee

1.	Shri Vikram Srivastava	Chairman
2.	Shri M. Raman	Member
3.	Shri M.Sagar Mathews	Member

Health and Safety Committee is primarily responsible to monitor and ensure the highest standards of environment, health and safety. Committee also review compliance of applicable safety systems, procedures, rules and regulations on safety, occupational health and environmental protection and safety audit in various departments/ units.

3.6. Committee on Business Development & Strategic Planning

Composition of the Committee

1.	Shri M. Raman	Chairman
2.	Shri Vikram Srivastava	Member
3.	Shri Gurinderjit Singh Sandhu	Member
4.	Shri M.Sagar Mathews	Member

Business Development and Strategic Planning Committee has been put in place to evolve the growth strategy of the Company. Committee is responsible to make recommendations in all matters relating to strategic planning, strategic alliances, joint ventures, diversifications and new business areas

4. Remuneration and Sitting Fee paid to Directors during 2013-14

4.1 Remuneration to Executive Directors

(Amount in ₹)

Name of the Director (S/Shri)	Salary including perks	Retirement Benefits	Total
Ms. Neeru Abrol	2358643	208453	2567096
Capt. Pavan Kumar Kaul	2838754	220184	3058938
Shri M.Sagar Mathews	915000	84825	999825
Total	6112397	513462	6625859

No sitting fee is payable to Government Nominee and Executive Directors.

4.2. Sitting Fee to Independent Directors

The Non-executive Independent Directors are paid sitting fee of ₹10,000 for attending each meeting of the Board and/or Committee thereof. Sitting fee paid to Independent Directors during 2013-2014 is as follows:-

(Amount in ₹)

Name of the Independent Director	Board Meetings	Audit Committee and other Meetings	Total
Shri Munikoti Niranjana Rao	80000	90000	170000
Shri Vikram Srivastava	70000	60000	130000
Shri M.Raman	50000	80000	130000
Shri Gurinderjit Singh Sandhu	10000	-	10000
Total	210000	230000	440000

4.3 Stock Options

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

5. General Body Meetings:

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

Type of Meeting	Date of Meeting	Time	Place	Details of Special Resolution(s) passed, if any
YEAR 2010-11				
Annual General Meeting	12.09.2011	11.30 AM	Air Force Auditorium, Subroto Park, New Delhi - 110010	Nil
YEAR 2011-12				
Annual General Meeting	11.9.2012	11.30 AM	Air Force Auditorium, Subroto Park, New Delhi – 110010	A Special Resolution as Item No.7 was passed to alter the Articles of Association by insertion of Article 37AA providing for buyback of shares. The modification was subject to approval of President of India. As the approval could not be received within 30 days of passing of Special Resolution, same got elapsed.
YEAR 2012-13				
Annual General Meeting	17.9.2013	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.

5.2 None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

5.3 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 the requirements of regulatory authorities on matters related to capital markets and no penalties / strictures have been imposed against the Company during the last three years.
- The Company has complied with all the mandatory requirements except for appointment of requisite number of Independent Directors on the Board and adopted part of the non-mandatory requirements.

7. 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.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures were imposed by the Stock Exchanges or SEBI or any other statutory authority.

8. Compliance Officer

Shri Tek Chand, Company Secretary is the Compliance Officer.

9. Means of Communication

- Quarterly (unaudited but reviewed) 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 2013-2014 were published in prominent newspapers as below: -

Quarter ended	Date of publication	News Paper
30 th June, 2013	13 th August, 2013	Indian Express, Jansatta (Hindi), The Financial Express
30 th September, 2013	12 th November, 2013	Indian Express, Jansatta (Hindi), The Financial Express, Business Standard (Hindi)
31 st December, 2013	13 th February, 2014	Times of India, Economic Times, Navbharat Times
31 st March, 2014	29 th May, 2014	Indian Express, Jansatta (Hindi) and The Financial Express

- Shareholding pattern at the end of each quarter is also conveyed to the Stock Exchanges.
- The quarterly/annual financial results and Shareholding Pattern are also made available at the website of the Company.
- Stock Exchanges are kept posted with the changes in composition of Board of Directors.
- All official Press Releases are posted on the Company website.
- Company has designated exclusive email ID investor@nfl.co.in for the investors.

10. 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) Annual General Body Meeting

Date: **5th September, 2014 at 10.30 AM**

Venue : **Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010.**

(iii) Address for Communication:-

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

(iv) Website

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

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: Shri Tek Chand	0120-2412322	0120-2411132

v) Financial Calendar for FY 2014-15

Particulars	Date
Accounting Period	1 st April, 2014 to 31 st March, 2015
Un-audited Financial Results for the first three quarters	Within a period of 45 days from the end of each quarter
Fourth Quarter Results	Audited Results on or before 31 st May 2015
AGM (Next Year)	September, 2015 (Tentative)

vi) Book Closure

The Register of Members and Share Transfer Books will remain closed on 1st August, 2014.

vii) e-Voting

Members will be provided facility to exercise their right to vote at the 40th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). The e-voting facility will be available from 30th August, 2014 (from 10.00 AM) to 1st September, 2014 (upto 5.00 PM).

viii) Payment of Dividend

Board of Directors have not recommended any Dividend.

ix) Listing on Stock Exchanges

Equity Shares

Company's equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Ltd.

Bombay Stock Exchange Limited

Scrip Code:	NSE : NFL	BSE : 523630
Demat ISIN No. in NSDL and CDSL	INE870D01012	

Debt Securities

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

Debenture Trustees

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

x) Market Price Data

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

Monthly High & Low Share Price at BSE

Month	Stock Prices of the Company		Corresponding BSE SENSEX share price index	
	High (₹)	Low (₹)	High	Low
April, 2013	52.10	44.00	19622.68	18144.22
May, 2013	53.45	42.65	20443.62	19451.26
June, 2013	47.50	33.00	19860.19	18467.16
July, 2013	35.80	25.25	20351.06	19126.82
August, 2013	27.80	17.80	19569.2	17448.71
September, 2013	22.20	18.25	20739.69	18166.17
October, 2013	23.70	19.65	21205.44	19264.72
November, 2013	26.45	21.10	21321.53	20137.67
December, 2013	26.95	23.05	21483.74	20568.70
January, 2014	26.25	21.80	21409.66	20343.78
February, 2014	24.80	22.00	21140.51	19963.12
March, 2014	24.75	22.80	22467.21	20920.98

Monthly High & Low Share Price at NSE

Month	Stock Prices of the Company		Corresponding NSE share price index	
	High (₹)	Low (₹)	High	Low
April, 2013	51.30	44.00	5962.30	5534.70
May, 2013	53.70	42.65	6229.45	5910.95
June, 2013	47.65	32.55	6011.00	5630.95

Month	Stock Prices of the Company		Corresponding NSE share price index	
	High (₹)	Low (₹)	High	Low
July, 2013	35.90	25.10	6093.35	5675.75
August, 2013	29.00	17.70	5808.50	5118.85
September, 2013	22.20	18.15	6130.95	5318.90
October, 2013	23.80	19.75	6309.05	5700.95
November, 2013	26.45	21.00	6342.95	5972.45
December, 2013	26.85	23.25	6362.25	6129.95
January, 2014	26.45	21.85	6355.60	6027.25
February, 2014	25.00	22.10	6017.80	5933.30
March, 2014	24.90	22.75	6730.05	6212.25

Face Value per Share is ₹10

xi) 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

xii) Distribution of Shareholding

Shares held by different type of shareholders as on 31st March, 2014 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	34231	94.420	1808250	0.369
501 to 1000	1083	2.987	912860	0.186
1001 to 2000	435	1.200	669612	0.137
2001 to 3000	151	0.417	382508	0.078
3001 to 4000	81	0.223	290983	0.059
4001 to 5000	59	0.163	280702	0.057
5001 to 10000	114	0.314	851030	0.173
10001 & above	100	0.276	485382455	98.941
Total	36254	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	441520560	90.00
II	Foreign	-	-
	Sub Total	441520560	90.00
(B)	Public shareholding Institutions		
I	Institutions	38181807	7.78
II	Non-institutions	10876033	2.22
	Sub Total	49057840	10.00
	GRAND TOTAL	490578400	100.00

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

Company has not issued any such securities.

(xiv) Dematerialization of shares as on 31st March, 2014

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 dematerialised and physical form as on 31st March, 2014 is as below:-

Mode of Holding	Number of Shares	%age
NSDL	46115383	9.40
CDSL	444273650	90.56
Physical	189367	0.04
Total	490578400	100.00

(xv) 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 Clause 47(c) of the Listing Agreement and same is filed with the stock exchanges.

Name and addresses of the Depositories:-

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.

(xvi) 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

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 Clause 49 of the Listing Agreement. 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 Clause 41 of the Listing Agreement. The Annual Certificate given by the Chairman & Managing Director and the Chief Financial Officer is 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

Board is apprised 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 whistleblower mechanism, hence no meeting of the Committee

was held.

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 Conduct and Ethics

The Company has adopted “Code of Conduct and Ethics” for the Directors and Senior Executives 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 and Ethics as on 31st March, 2014.

Declaration as required under Clause 49 of the Listing Agreement

This is to certify that in line with the requirements of Clause 49 of the Listing Agreement, 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, 2014.

Registered Office:

Scope Complex, Core 3, 7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 22nd July, 2014

(Neeru Abrol)
Chairperson & Managing Director
DIN: 01279485

Code of Insider Trading

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board 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 (Officers 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.

Compliance Certificate of the Auditors

Certificate from the Company’s Auditors M/s. Prem Gupta & Co. and M/s. DSP & Associates, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the Directors Report forming part of the Annual Report.

Certification by Chief Executive Officer and Chief Financial Officer of the Company

We, Neeru Abrol, Chairperson & Managing Director and Sunil Bhatia, General Manager (F&A) I/c of National Fertilizers Limited, to the best of our knowledge and belief certify that:-

1. We have reviewed the Balance Sheet and Statement of Profit and Loss and all its schedules and notes on accounts, as well as the Cash Flow Statement of the Company for the year ended 31st March, 2014. To the best of our knowledge and information:-
 - a. these statements do not contain any materially untrue statement or omit to state a material fact or contain statement that might be misleading;
 - b. 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.

2. We also certify that based on our knowledge and the information provided to us, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's code of conduct.
3. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls for financial reporting and procedures for the Company and we have evaluated the effectiveness of the Company's internal controls and procedures pertaining to financial reporting.
4. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and through them to the Audit Committee of the Company's Board of Directors:-
 - a. All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
 - b. Significant changes in internal control over financial reporting during the year;
 - c. Any fraud, which we have become aware of and that involves management or other employees who have a significant role in the Company's internal control system over financial reporting.
 - d. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the accounts.

(Sunil Bhatia)
General Manager (F&A) I/c

(Neeru Abrol)
CHAIRPERSON & MANAGING DIRECTOR
DIN: 01279485

Registered Office:
Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003
Date : 22nd July, 2014

Directors' Profile

Ms. Neeru Abrol (DIN 01279485)

Ms Neeru Abrol, Director (Finance) aged about 59 years has taken over the additional charge of C&MD of National Fertilizers Limited w.e.f. 22nd August, 2013. She is a Chartered Accountant by profession and has 34 years of rich experience in Manufacturing Industry. Prior to joining NFL on 1st October, 2007, she was with M/s Steel Authority of India (SAIL) as General Manager (Finance). She also handled Financial & Business restructuring of SAIL, merger of IISCO/ VISL with SAIL etc.

She embodies an extensive experience in the field of Financial Management. During her tenure as Finance Director in NFL, various flagship projects of the Company including conversion of three fuel oil based units to Gas were initiated and completed successfully. She was responsible for formulating financial strategies and plans of the Company

She has taken over the charge of the Company when the Company is going through a critical stage of stabilizing the operation of the plants post conversion to Gas. Company is also facing shortage of funds for working capital requirement due to non receipt of subsidy from Government.

Ms Abrol, a visionary humble dynamic finance professional, has all along been a trendsetter in the field of finance. She has always been a pioneer in bringing innovation and up gradation from time to time to cater to changing global scenario in terms of application and requirements.

During her tenure as Director (Finance), NFL has consistently won awards for excellence in Cost Management by Institute of Cost of Works Accountants of India for Vijaipur Unit in 2007, Nangal Unit in 2008 and Bathinda Unit in 2009 and for the Company as a whole in 2010. The Company continued to achieve Excellent MOU ratings from Govt. of India. During 2007-08 to 2011-12, NFL has achieved excellent rating. Clean reports from Statutory and Government auditors on the accounts of the Company have been received during her tenure.

She has been awarded "Business Achiever" in Woman category by the Institute of Chartered Accountants of India in December 2011. The evaluation of the award was done by a jury panel of eminent persons with Mr. N.R. Narayana Muthy, Chief Mentor, Infosys Ltd. as the Chairman.

She has also been awarded on 31st January 2012 as "Outstanding Woman Manager" in PSEs for 2009-10 by the SCOPE by the Hon'ble Prime Minister. The evaluation of the award instituted for the first time was done by a jury under the Chairmanship of Justice P.N. Bhagwati.

She has been awarded "Best PSU Person of the year 2012" by Bureaucracy Today – Star PSU Excellence Awards 2012 by Mr. Oscar Fernandes on 25th May 2012. The evaluation of the award was finalized by an eminent jury headed by Mr. T.K.A. Nair, Advisor to Prime Minister of India.

Capt. Pavan Kumar Kaul (DIN 03438497)

Capt. Pavan Kumar Kaul, took over as Director (Marketing) of National Fertilizers Limited (NFL) on 7th February, 2011. Prior to joining NFL, Capt. Kaul was Executive Director, Container Corporation of India (CONCOR). Earlier to CONCOR, he has worked with The Shipping Corporation of India.

Capt. Kaul is a Master Mariner, a Post Graduate in Public Administration and a Diploma in Logistics Management. He is 57 years of age. He has brought with him rich experience of Marketing Commercial, Business Development, Strategic Planning, Logistics, Project Management, Infrastructure & Cold Chain Development, Shipping, Multi-modal Transportation and Marine technology. He has been a member of the Administrative Staff College of India, Institute of Rail Transport and was a member of the CII National Exports Committee. Capt. Kaul is widely travelled. He is also Chairman of Urvarak Videsh Limited, a joint venture company of NFL, RCF and KRIBHCO. Mr. Kaul is also Member of Committee on Corporate Social Responsibility & Sustainable Development of the Company.

Shri M. Sagar Mathews (DIN 02820429)

Aged about 58 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, Shri Madras Fertilizers Limited, Shri Mathews was credited for turnaround of the organization 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, Health & Safety Committee and Business Development and Strategic Planning Committee of the Company.

Shri Vikram Srivastava (DIN 06541689)

Aged about 62 years, Shri Vikram Srivastava is a 1973 batch IPS Officer (Retd.). During his career, he has held various important positions with the Central and State Government including ex-Director General, Bureau of Police Research & Development (BPRD), CRPF, ITBP. He has big experience in building of new institutions of public importance. He has been appointed as Independent Director of the Company w.e.f. 6th May, 2013.

He is also a Member of Audit Committee and Remuneration Committee. He is also the Chairman of the Shareholders'/Investors' Grievance Committee on Corporate Social Responsibility & Sustainable Development, Business Development & Strategic Planning Committee of the Company. Besides, he is also Chairman of Health & Safety Committee of the Company.

Shri M. Raman (DIN 01226770)

Aged about 63 years, a 1976 Batch IAS Officer and retired as Secretary in the GOI in the Ministry of Chemicals & Petrochemicals in April, 2011. During his 35 years in the service, he had held various important positions both in Central and State Governments. He has indepth practical experience of more than two decades in policy formulation, monitoring and implementation of matters related to industrial development and infrastructure sector.

He is also Chairman of the Audit Committee and Committee on Business Development and Strategic Planning and Member of Remuneration Committee and Health & Safety Committee of the Company.

Shri Gurinderjit Singh Sandhu (DIN 01790828)

Aged about 61 years, Shri Sandhu is a retired IAS Officer. 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 Remuneration Committee. His also a Member of the Audit Committee, Committee on Corporate Social Responsibility and Sustainable Development Committee on Business Development and Strategic Planning and Committee on Health & Safety.

Shri Rajiv Yadav (DIN 00322778)

Shri Rajiv Yadav, aged about 56 years is an senior IAS Officer and is presently the Additional Secretary and Financial Advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

Shri Yadav is a holding B.E. Degree from IIT, Roorkee and M.Tech. from IIT, Delhi. Shri Yadav is also an MBA (U.K.) in Business Administration from the University of HULL. Shri Yadav has held many senior positions with the Central and State Governments. Presently, he is also a Director on the Board of Madras Fertilizers Limited and Hindustan Organics and Chemicals Ltd.

**M/s. Prem Gupta & Co.
Chartered Accountants
4, Shivaji Marg, Near Campa Cola,
Najafgarh Road, New Delhi – 110015.**

**DSP & Associates,
Chartered Accountants
783, D.B. Gupta Road,
Near Faiz Road Crossing,
Karol Bagh, New Delhi-110005.**

CERTIFICATE

To,
The Members of
National Fertilizers Limited

We have examined the compliance of the conditions of 'Corporate Governance' by National Fertilizers Limited for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said company with the various stock exchanges.

The compliance of conditions of 'Corporate Governance' is the responsibility of the Company's management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of the 'Corporate Governance' as stipulated in the said clause. 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, we certify that the company has complied with the conditions of 'Corporate Governance' as stipulated in the above mentioned 'Listing Agreement' subject to the following:

During the year ended 31st March 2014, Company did not have requisite number of Independent Directors on its Board of Directors as required under Clause 49 (I)(A) of the Listing Agreement. Further, the Audit Committee was constituted with requisite number of independent directors except for one meeting and the formation of quorum with minimum number of such independent directors was present except in two meetings as required under 49 (II) (A) and 49(II) (B) of the Listing Agreement.

We state that as on 31st March 2014, one investor grievance is pending for a period exceeding one month against the company, as per the certificate received from the 'Registrar and Share Transfer Agent' of the company.

We further state that such compliance 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 Prem Gupta & Co.
Chartered Accountants
Firm Regn. No. 000425N**

**Shakun Gupta
(Partner)
M. No.506838**

**Place: New Delhi
Date: 22nd July, 2014**

**For DSP & Associates,
Chartered Accountants
Firm Regn. No. 006791N**

**Sanjay Jain
(Partner)
M. No.84906**

FORM -A

Annexure -V

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY (Annexure to Directors' Report)

		2013-14	2012-13
A. POWER & FUEL CONSUMPTION			
1. ELECTRICITY			
a) Purchased			
Unit	Mwh	186609	240024
Total amount	₹ in Lakh	13926	15293
Average rate/Unit	₹/Mwh	7463	6371
b) Own Generation			
i) Through diesel generator Unit			
Unit	Mwh	3.918	2.081
Unit per ltrs. of diesel oil	Mwh/ltrs	0.001	0.001
Cost/Unit	₹/Mwh	34039	53462
ii) Through Steam Turbine/Gas Turbine			
Unit	Mwh	566117	438314
Coal/unit of Power	MT/Mwh	1.050	0.916
Oil/unit of Power	MT/Mwh	0.000	0.045
Gas/unit of Power	000sm ³ /Mwh	0.299	0.184
Cost per Unit	₹/Mwh	5496	4059
iii) From Waste Steam	Mwh		
COAL(Specify quality & where used)			
(Slack coal used for operating boilers)			
Quantity	MT	767921	1055658
Total cost	₹ in Lakh	37956	45276
Average rate	₹/MT	4943	4289
FURNACE OIL/LSHS			
Quantity	MT	663	84596
Total cost	₹ in Lakh	332	44506
Average rate	₹/MT	50050	52610
OTHER/INTERNAL GENERATION			
Natural Gas			
Quantity 000M3	000sm ³	227339	178577
Total cost(Rs/Lakhs)	₹ in Lakh	51487	24076
Rate/Unit(Rs)	₹/000sm ³	22648	13482
Naphtha			
Quantity (MT)	MT	0	0
Total cost(Rs/Lakhs)	₹ in Lakh	0	0
Rate/Unit(Rs)	₹/MT	0	0
CONSUMPTION PER UNIT OF PRODUCTION			
i) Electricity	Mwh	0.190	0.214
ii) Fuel Oil	MT	0.000	0.075
iii) Coal	MT	0.524	0.932
iv) Gas	000M ³	0.063	0.092
iv) Naphtha	MT	0.000	0.000

FORM -B

Disclosure of Particulars with respect to Conservation of Energy & Technology Absorption (Annexure to Director's Report)

1. Technology Absorption

- The coal based boilers at Panipat, Bathinda & Nangal have been revamped for use of cleaner Natural Gas as support fuel in place of Fuel oil. This has eliminated use of costly Fuel Oil, as well as improved reliability and emissions. Further trial operation is being carried out at Panipat for improving efficiency of boilers by using coal additives. This will improve combustion and reduce consumption of coal.
- A study is being conducted for checking the feasibility of using the old Gasifiers and other equipment's discarded at Nangal post revamp of Ammonia plant, for gasification of cheap Petro coke from Refinery for economic production of industrial products.
- Study is also being done to find alternate utilization the old NMP I plant at Nangal for production of Methanol/ alternate chemicals.

2. Future Action Plan:

- Joint venture with M/s. EIL for setting up mega Ammonia-Urea project at Ramagundam.
- Large scale production of liquid bio-fertilizers at NFL, Vijaipur.

3. Energy Conservation Measures

- Successful commissioning and sustained operation after Revamp of F.O based units at Panipat, Bathinda and Nangal for changeover of feedstock for Ammonia plant from Fuel Oil/LSHS to NG/RLNG. Post revamp, Panipat & Bathinda plants are able to achieve energy consumption level of 7.3 to 7.4 GCal/MT Urea respectively and Nangal unit to a level of around 7.0 Gcal/MT Urea on day-to-day basis from earlier level of 9.5-9.6 Gcal/MT.
- The energy consumption at Vijaipur II is one of the best in the industry. In order to further reduce the energy consumption at Vijaipur II, action has been initiated for installation of a Purge Gas Recovery plant in Ammonia plant.
- Preventive maintenance practices have been adopted for reducing the downtime leading to improved energy consumption. Bathinda Unit achieved an ever best on stream efficiency of 96.6% in 2013-14.

4. Industrial Safety, Ecology and Pollution Control:

- Company remained focused towards achieving sustained energy efficient operation of its manufacturing facilities while maintaining pollution free environment and process safety by adopting a sustainable development policy.
- As a first step in this direction, NFL has initiated schemes for use of non-conventional green energy,. Under this, installation of 90 KW Solar Power Plant at Bathinda unit is being considered. Similarly procurement action has been initiated for installation of a roof top Solar power unit of 100 KW capacity at Corporate Office in Noida.
- Afforestation has been adopted at all units for a cleaner and greener environment. A total of 15540 trees were planted in & around the units.
- All the units are under the process of installation of Rain Water Harvesting system towards conservation of water.
- All the Units are ISO-9001-2008 certified for Quality Management System and ISO-14001-2004 certified for Environment Management System.
- All the units have received OHSAS-18001 certification for Occupational Health & Safety Management System.

- Modern compliance systems such as 'International Sustainable Rating System', 'Total Quality Management' and 'Hazard & Operability Study' are being implemented to improve Process Safety.
- Collection and disposal of fly ash from ESP hoppers using dense phase pneumatic conveying system continues to be in operation at Nangal, Panipat and Bathinda Units. This system has reduced the quantity of ash slurry disposal and the ecological problem associated in its disposal, has resulted in saving in electrical energy used for pumping the ash slurry.

5. Foreign Exchange earnings & Outgo

(₹ in crore)

Particulars	For the year ended	
	31.03.2014	31.03.2013
Foreign Exchange used:-		
(a) CIF Value of import	38.22	210.19
(b) Other expenditure in foreign currency including Consultancy and Professional charges	26.77	17.00

There was no earnings of foreign exchange during the year.

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 upliftment 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. Employees.

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.

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' are being implemented 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.

Efficiency of Coal fired Boilers in Nangal, Bhatinda and Panipat units is being improved by using various techniques such as use of Coal additives.

Afforestation has been adopted in all the units to improve the environment surrounding the units. A total of 15540 tree saplings were planted in and around various units leaving a cleaner and greener earth for future generation.

To increase the sub soil water level, all the units are under process of installation of Rain Water Harvesting system. This would help in conservation of water 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. Bhatinda unit is under process of installation of 90 KW Solar Power Plant and similarly Corporate Office, Noida shall be installing 100 KW Solar Power Plant to serve a part of its total power requirement. Installation of high capacity Solar Power Plant at Vijaipur and Panipat units is under active consideration of the Company.

Development of Sustainable Products:

Neem Coated Urea: NFL is a pioneer in the manufacturing of environment friendly products such as neem coated urea. During 2013-14, the total production of neem coated urea was 12.64 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, Azectobactor and PSB. To increase the shelf life of Bio Fertilizers, NFL is gradually shifting from Powder Bio Fertilizers to Liquid Bio Fertilizers. This has resulted in less use of Lignite, which is used as a carrier for Powder Bio Fertilizer. This has also resulted in lesser use of Natural resources. During 2013-14, the sale of Liquid Bio Fertilizers is 110.24 KL and that of Powder Bio Fertilizers is 98 MT.

Company is currently considering increasing the product variant of Bio Fertilizer by launching Potash Soluble strains in addition to the existing strains.

Report on Corporate Social Responsibility for 2013-14

With the belief in the philosophy of responsible corporate, NFL considers social institution building as one of its main objectives. Company has a Committee of Directors headed by an Independent Director to conceptualise, plan and monitor the CSR activities. Furthering its commitment, Company has built up a comprehensive community development programme to support initiatives in the field of health, education, infrastructure development, environment, assistance to those hit by natural calamities.

The company has incurred an expenditure of ₹76 lakh towards CSR initiatives during 2013-14. The CSR initiatives undertaken during the year were as under:

a) Education

Company provided school furniture, water cooler, ceiling fans & swings etc. in a Govt. Primary School at village Raghavnagar, District U.S Nagar Uttarakhand.

Village Gill Patti, District Bathinda was arranged 86 benches and 1 RO system for safe drinking water supply in a secondary school.

Company also assisted in construction of Auditorium cum gallery classroom in Betnoti College Betnoti, and a science laboratory at Badshahi College in Mayurbhanj a backward district Odisha.

Through Gramin Vikas Trust, assistance was also given in construction of classrooms at B.C High School Kasafal, Balasore and Girls Hostel at Aurobindo College, district Mayurbhanj, Odisha.

Company provided computer & Computer training to school children/Youth of village Torni, in district Khandwa, Madhya Pradesh.

b) Women empowerment

Empowering women is an indispensable tool to growth and reduce poverty. An empowered women contributes to the health and productivity of the whole family and community and thus improves the prospects for the next generation. Under its women empowerment initiatives, Company constructed a multipurpose Mahila Mandal Bhawan in village Bella Dhyani, Nangal.

A skill development training Program for 30 girls on cutting, stitching and embroidery in 3 nearby villages of Nangal unit was conducted in association with M/s NITCON, Chandigarh.

Company also conducted a stitching training program for 30 women of village Gilpatti, District Bathinda. These women were also provided with one sewing machine each. Similar training was also provided to 20 women of village Raghav Nagar of District U.S. Nagar of Uttarakhand.

Company also assisted in construction of a multipurpose community center and Mother Teresa club at block Betnoti district Mayurbhanj, Odisha.

c) Social welfare infrastructure

Company installed Solar street lights with new LED Lamps at various places in village Torni, District Khandwa, Madhya Pradesh. Company also installed solar water heating system and Solar lights at Prashanti Old age home at Srikakulam Andhra Pradesh.

10 nos. Solar Street lights were installed in village Gill Patti, Bathinda, Punjab and 20 nos. street lights in Nangal kheri, Garhi Besik, Goyla Khurd and Khoikipur villages of District Panipat, Haryana.

d) Relief to cloud burst and flood affected in Uttarakhand

A project for installation of 100 LED based Solar Street Lights in various remote villages of Uttarkashi, Chamoli and TehriGarhwal (Cloud burst, flood affected and backward districts) is being undertaken by NFL in Uttarakhand

through Uttarakhand Renewable Energy Development Agency (UREDA). TehriGarhwal and Chamoli districts were identified under Backward Regions Grant Fund (BRGF). TehriGarhwal and Uttarkashi have recently faced calamity disaster due to cloud burst and heavy floods which severely affected the supply of electricity in various villages. Most of these disaster affected areas fall under no grid zone of UPCL and had no other mode of providing electricity. Electrification of disaster affected areas was a challenging task and installation of off grid/isolated renewable energy projects was the best option to illuminate the houses of the calamity affected villages.

e) Rehabilitation activities in Phailin affected areas of Odisha

On October 2013 “Phailin” cyclone made havoc with wind speed of over 200 kmph in the coastal areas of Odisha and Andhra Pradesh resulting in large scale damage to persons, property, crops and livestock. Balasore and Mayurbhanj districts were badly affected and houses and other infrastructures were damaged. NFL contributed a sum of Rs. 3.37 lakhs towards relief fund for various rehabilitation activities done in Balasore district after ‘Phailen’ cyclone. NFL also provided infrastructural support in Betnoti block of Mayurbhanj district with the construction of two community centers in Raikama and Bachuripa and girls hostel building of Aurobindo School.

Information on persons belonging to Scheduled Castes / Scheduled Tribes / Other Backward Classes / Physically Disabled category

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer of appropriate status has been appointed at each Unit/Office to ensure due compliance of orders and instructions pertaining to reservation. The programmes on implementation of Presidential Directives are held at Units from time to time and SC/ST employees are deputed for such programmes conducted by external agencies. During 2013-14, 3517 man-days training (in-house as well as external training programmes) were imparted to SC/ST employees.

Details of representations of SC/ST/OBC/PH employees as on 31st March 2014 are as follows :-

REPRESENTATION OF SCs/STs AS ON 31.03.2014									
Group	Employees on Rolls	SC	%age	ST	%age	OBC	%age	PH	%age
A	1506	316	20.98	85	5.64	88	5.84	6	0.40
B	1818	503	27.67	134	7.37	108	5.94	20	1.10
C	626	149	23.80	35	5.59	102	16.29	17	2.72
D	44	22	50.00	2	4.55	6	13.64	2	4.55
D(Safai Sewak)	74	74	100.00	0	0.00	0	0.00	0	0.00
Total	4068	1064	26.16	256	6.29	304	7.47	45	1.11

RECRUITMENT OF SCs/STs DURING THE YEAR

Group	Employees Recruited	SC	%age	ST	%age	OBC	%age	PH	%age
A	0	0	0.00	0	0.00	0	0.00	0	0.00
B	0	0	0.00	0	0.00	0	0.00	0	0.00
C	9	0	0.00	0	0.00	4	0.00	0	40.00
D	0	0	0.00	0	0.00	0	0.00	0	0.00
D(Safai Sewak)	0	0	0.00	0	0.00	0	0.00	0	0.00
Total	9	0	0.00	0	0.00	4	0.00	0	40.00

PROMOTION OF SCs/STs DURING THE YEAR

Group	Employees Promoted	SC	%age	ST	%age	OBC	%age	PH	%age
A	291	72	24.74	15	5.15	0	0.00	0	0.00
B	169	43	25.44	12	7.10	0	0.00	0	0.00
C	143	47	32.87	13	9.09	0	0.00	3	2.10
D	2	1	50.00	0	0.00	0	0.00	0	0.00
D(Safai Sewak)	4	4	0.00	0	0.00	0	0.00	0	0.00
Total	609	167	27.42	40	6.57	0	0.00	3	0.49

The overall reservation percentage achieved for SC category employees is 26.16, which is more than the prescribed reservation. In case of STs, the percentage achieved is 6.29%. 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 reservation is 7.32%.

Annexure-IX

Procurement from Micro and Small Enterprises (MSEs) during 2013-14

Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006, mandates that at least 20% of the total annual procurement of goods and services shall be made by all Central Ministries / Departments / Central Public Sector Undertakings (CPSUs) from the Micro and Small Enterprises (MSEs). Within this mandated percentage, a sub-target of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs. CPSUs are required to set targets and disclose the achievements made thereon in their Annual Report.

NFL displays items for procurement from MSEs on Company website www.nationalfertilizers.com. All the other items which are being procured at Company units are also displayed on Company website for pre-qualification. Any party including MSEs, fulfilling the pre-requisite requirements, can submit their credentials to the Company for enlisting and pre-qualification for procurement. Company also participates in vendor development programmes for MSEs organised by various agencies.

The details of the procurements made by the Company during 2013-14 are as below:-

(Amount in ₹)

S.No.	Particulars	Target for the year 2013-14	Target achieved for the year 2013-14
I.	Annual procurement	12800	10217.45
II.	Goods and services procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	723	973.38
III.	Value of goods and services procured from MSEs owned by SC/ST entrepreneurs)	8.08	—*
IV	%age of procurement from MSEs of total procurement	5.6	9.52
V.	%age of procurement from only MSEs owned by SC/ST of total procurement	1.1	—*
VI.	Total number of vendor development programmes for MSEs	5	5

*None of the vendors have claimed as SC/ST entrepreneur, hence value of procurement from MSEs owned by SC/ST Entrepreneurs could not be ascertained.

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

NOTICE OF 40TH ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of the Members of National Fertilizers Limited will be held at 10.30 A.M. on Friday, the 5th September, 2014 at Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi – 110010, to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2014 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Directors' and the Auditors thereon.
2. To fix remuneration of Statutory Auditors for the Financial Year 2014-15 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(1) and other applicable provisions, if any, of the Companies Act, 1956, the Statutory Audit Fee for the financial year 2014-15 be and is hereby fixed at ₹17.00 lakhs plus Service Tax and reimbursement of actual TA and out of pocket expenses to the Auditors as per Company Rules."

AS SPECIAL BUSINESS

3. To appoint Shri Gurinderjit Singh Sandhu (DIN 01790828) as an Independent Director and in this regard to consider and thought fit, to pass with or without modification the following resolution as an ordinary resolution:-

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force and Clause 49 of the Listing Agreement, Shri Gurinderjit Singh Sandhu (DIN 01790828) who was appointed as an Additional Director and holds Office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 20th February, 2017.

4. To appoint Shri Vikram Srivastava (DIN 06541689) as an Independent Director and in this regard to consider and thought fit, to pass with or without modification the following resolution as an ordinary resolution:-

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force, Shri Vikram Srivastava (DIN 06541689), who was appointed as an Independent Director liable to retire by rotation at the previous Annual General Meeting of the Company in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 5th May, 2016.

5. To appoint Shri M. Raman (DIN 01226770) as an Independent Director in this regard to consider and thought fit, to pass with or without modification the following resolution as an ordinary resolution:-

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force, Shri M. Raman (DIN 01226770), who was appointed as an Independent Director liable to retire by rotation at the previous Annual General Meeting of the Company in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 5th May, 2016.

6. To appoint Shri Rajiv Yadav (DIN 00322778) as a Director liable to retire by rotation and in this regard to consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force, Shri Rajeev Yadav (DIN 00322778), who was appointed as an Additional Director and holds Office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as a part-time non-functional Director liable to retire by rotation.

7. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015 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 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the statement annexed to the Notice convening this meeting.”

“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.”

8. To approve to borrow money to the extent of ₹5000 crore from financial institutions and others for financing projects related to changeover of feedstock from fuel oil to gas at Panipat, Bathinda, Nangal Units and Energy Saving and Capital Enhancement Project of urea at Vijaipur-I and II and in this regard to consider and if thought fit to pass, with or without modification(s) the following resolution as a Special Resolution:-

“RESOLVED THAT to meet the capital requirements of the Company for change over of feed-stock from fuel-oil to gas at three FO based Units at Panipat, Bathinda & Nangal and augmentation of urea capacities at Vijaipur-I & II Units and other capital schemes likely to be undertaken during next five years, pursuant to Section 180(c) and other applicable provisions of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/moneys so borrowed by the Board shall not at any time exceed the limit of ₹5000 Crores.”

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 31st July, 2014

By Order of the Board of Directors

Tek Chand
Company Secretary
A-23022

NOTES:

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Business with respect to Item No.3,4,5,6,7 and 8 to be transacted at the meeting is annexed hereto.
2. **APPOINTMENT OF PROXY**

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. A blank form of proxy is enclosed herewith and, if intended to be used, it should be deposited duly completed at the registered office of the company not less than forty-eight hours before the commencement of the Meeting.

3. APPOINTMENT OF AUTHORISED REPRESENTATIVES

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. CLOSURE OF REGISTER OF SHAREHOLDERS

The Register of Members and Share Transfer Books of the Company will remain closed on 1st August, 2014 for the purpose of AGM and e-voting.

5. PAN DETAILS

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.

6. CHANGE OF ADDRESS

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 PIN CODE of their post offices, which is mandatory. Members holding shares in electronic form (demat), should inform the change of address to their depository participant.

7. IDENTIFICATION DETAILS

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.

8. GREEN INITIATIVE IN CORPORATE GOVERNANCE

Electronic copy of the Notice of the 40th Annual General Meeting 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 Participant(s) for communication purposes unless any member has requested for a hard copy of the same.

Copy of the Notice of AGM is being sent to other Members whose email IDs are not registered with the Company / Depository Participant(s) through permitted mode. Such Members are requested to inform their email address to Company's Registrar and Transfer Agent viz. "M/s MAS Services Limited" at their website www.masserv.com or to the Company at Email ID investor@nfl.co.in.

9. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 40th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services provided by Central Depository Services (India) Limited (CDSL) as detailed below:-

1. Date and time of commencement of e-voting	30th August, 2014 (10.00 AM)
2. Date and time of ending of voting	1 st September, 2014. The e-voting module will be disabled for voting after 5.00 PM.
3. The 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.cdslindia.com
5. Website for e-voting	individuals: www.evotingindia.com others: https://www.evotingindia.co.in

6. Contact details for grievances connected to e-voting	For any queries, shareholders can contact CDSL on helpdesk.evoting@cdslindia.com or toll free Number 1800 200 5533
7. The voting rights of the members shall be in proportion to the paid-up value of the shares in the equity capital of the Company as on the cut off date is 31st July, 2014	
8. Scrutinizer to scrutinize the e-voting process	Shri Sachin Agarwal, FCS (CP No. 5910) Practicing Company Secretary of M/s. Agarwal S. & Associates, New Delhi
9. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and will make Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the meeting.	
10. The results on resolution shall be declared at or after the Annual General Meeting of the Company and the resolution will be deemed to be passed on the Annual General Meeting date subject to receipt of requisite number of votes in favour of the resolution.	
11. The results declared alongwith the Scrutinizer's Report will be available on the website of the Company (www.nationalfertilizers.com and on the CDSL website www.evotingindia.com) within two days of passing of the resolutions and communication of the same to BSE Ltd. and National Stock Exchange of India Limited.	

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:
- (viii)

PAN*	For Members holding shares in Demat Form and Physical Form
	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL/ NSDL client id. For example: in case of name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234.
DOB*	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA), which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

7. CONSOLIDATION OF HOLDINGS

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.

8. UNCLAIMED DIVIDEND

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956 as amended, the dividend amounts which remain unclaimed or unpaid for a period of seven years are required to be transferred to the Investors' Education and Protection Fund (IEPF) of the Central Government. After that there remains no claim of the members whatsoever on the said amount. Accordingly, the dividend for the financial year ended 31st March, 2007, which remains unclaimed for a period of 7 years will be transferred to the said account.

Members who have not yet claimed their dividend are requested to make their claims to the Company before the expiry of the stipulated period of 7 years as stated above. For the dividend for 2006-07, the period expires on 15th September, 2014.

9. NOMINATION

Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.

10. COMPULSORY TRADING OF SHARES OF THE COMPANY IN DEMATERIALISED (DEMAT) FORM

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

11. INSPECTION OF REGISTERS AND DOCUMENTS

Relevant documents referred to in the accompanying notice, explanatory statement and the Register of Directors' shareholding and the Register of Contracts maintained under Sections 307 and 301 of the Companies Act, 1956 respectively are open for inspection at the registered office of the Company upto the date of Annual General Meeting. Register of Directors' shareholding shall be open for inspection upto 3 days after the Annual General Meeting.

12. Shareholders may kindly note that no gift/coupon will be distributed at the Annual General Meeting.

13. Shareholders are requested to bring their copy of Annual Report to the meeting.

14. SHAREHOLDER QUERIES

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.

15. ATTENDANCE SLIP-CUM ENTRY PASS

For the convenience of the shareholders, attendance slip-cum-entry pass is annexed to the Annual Report, Shareholders/Proxy holders/Authorized Representatives are requested to fill in and affix their signatures 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.

16. 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.

17. 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.

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 31st July, 2014

By Order of the Board of Directors

Tek Chand
Company Secretary
A-23022

ANNEXURE TO THE NOTICE : STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 (The Act)

Item No.3

Shri Gurinderjit Singh Sandhu, aged about 61 years, was appointed as Non Executive Independent Additional Director on 21st February, 2014 and shall be holding office till the Annual General Meeting. Shri Sandhu is a retired IAS Officer. 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.

Notice has been received under Section 160 of the said Act proposing the candidature of Shri Sandhu as an Independent Director. He will not be liable to retire by rotation.

Shri Sandhu is not disqualified from being appointed as a Director in terms of 164 of the Act and has given his consent to act as a Director. Company has received a declaration from Shri Sandhu that he meets with the criteria of independence as prescribed under the Act and Listing Agreement. Brief resume of Shri Sandhu, nature of his expertise are provided in the Corporate Governance Report forming part of the Annual Report.

The Board of Directors is of the opinion that Shri Sandhu fulfill the conditions of his appointment as Independent Director. Keeping in view his vast experience and knowledge, it will be in the interest of the Company to appoint Shri Sandhu as an Independent Director.

Save and accept Shri Sandhu 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.3 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.3 of the Notice for approval of the shareholders.

Item No.4

Shri Vikram Srivastava, aged about 62 years, was appointed as Non Executive Independent Director to retire by rotation at the last Annual General Meeting held 17th September, 2013 Shri Srivastava is a 1973 batch IPS Officer (Retd.). During his career, he has held various important positions with the Central and State Government including ex-Director General, Bureau of Police Research & Development (BPRD), CRPF, ITBP. He has big experience in building of new institutions of public importance.

He is also a Member of Audit Committee and Remuneration Committee. He is also the Chairman of the Shareholders'/Investors' Grievance Committee and a Member of the Remuneration Committee, Committee on Corporate Social Responsibility & Sustainable Development, Business Development & Strategic Planning Committee of the Company. Besides, he is also Chairman of Health & Safety Committee of the Company.

Notice has been received under Section 160 of the said Act proposing the candidature of Shri Srivastava as an Independent Director.

Shri Srivastava is not disqualified from being appointed as a Director in terms of 164 of the Act and has given his consent to act as a Director. Company has received a declaration from Shri Srivastava that he meets with the criteria of independence as prescribed under the Act and Listing Agreement. Brief resume of Shri Srivastava, nature of his expertise are provided in the Corporate Governance Report forming part of the Annual Report.

The Board of Directors is of the opinion that Shri Srivastava fulfills the conditions of his appointment as Independent Director. Keeping in view his vast experience and knowledge, it will be in the interest of the Company to appoint Shri Srivastava as an Independent Director.

Save and accept Shri Srivastava 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.4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval of the shareholders.

Item No.5

Shri M.Raman, aged about 63 years, was appointed as Non Executive Independent Director to retire by rotation at the last Annual General Meeting held 17th September, 2013 Shri Raman a 1976 Batch IAS Officer and retired as Secretary in the GOI in the Ministry of Chemicals & Petrochemicals in April, 2011. During his 35 years in the service, he had held various important positions both in Central and State Governments. He has indepth practical experience of more than two decades in policy formulation, monitoring and implementation of matters related to industrial development and infrastructure sector.

He is also Chairman of the Audit Committee and Committee on Business Development and Strategic Planning and Member of Remuneration Committee and Health & Safety Committee of the Company.

Notice has been received under Section 160 of the said Act proposing the candidature of Shri Raman as an Independent Director.

Shri Raman is not disqualified from being appointed as a Director in terms of 164 of the Act and has given his consent to act as a Director. Company has received a declaration from Shri Raman that he meets with the criteria of independence as prescribed under the Act and Listing Agreement. Brief resume of Shri Raman, nature of his expertise are provided in the Corporate Governance Report forming part of the Annual Report.

The Board of Directors is of the opinion that Shri Raman fulfills the conditions of his appointment as Independent Director. Keeping in view his vast experience and knowledge, it will be in the interest of the Company to appoint Shri Raman as an Independent Director.

Save and accept Shri Raman 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

Shri Rajiv Yadav, aged about 56 years, was appointed as Non Executive Additional Director on 17th July, 2014 and shall be holding office till the Annual General Meeting. Shri Yadav is an senior IAS Officer and is presently the Additional Secretary and Financial Advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers. Shri Yadav is a holding B.E. Degree from IIT, Roorkee and M.Tech. from IIT, Delhi. Shri Yadav is also an MBA (U.K.) in Business Administration from the University of HULL. Shri Yadav has held many senior positions with the Central and State Governments.

Notice has been received under Section 160 of the said Act proposing the candidature of Shri Yadav as an Independent Director. He will be liable to retire by rotation.

Shri Yadav is not disqualified from being appointed as a Director in terms of 164 of the Act and has given his consent to act as a Director. Brief resume of Shri Yadav, nature of his expertise are provided in the Corporate Governance Report forming part of the Annual Report.

The Board of Directors is of the opinion that keeping in view his vast experience and knowledge, it will be in the interest of the Company to appoint Shri Yadav as Director of the Company.

Save and accept Shri Yadav 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.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

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 as per the following details:-

S.No.	Unit	Name of Cost Auditor	Audit Fee (₹)
1.	Nangal	M/s V P Gupta & Co (3 rd year)	77000
2.	Vijaipur-I & II	M/s Ravi Sahni & Co (3 rd year)	77000
3.	Panipat	M/s KL Jai Singh & Co (1 st year)	66000
4.	Bathinda	M/s Jugal Kishore Puri (1 st year)	66000

Shri V.P. Gupta who has been appointed Lead Cost Auditor shall be paid an additional fee of ₹25,000 towards consolidation of Cost Audit Reports and certification of the compliance Report in addition to above fee. TA/DA, service tax and out of pocket expenses incurred by the Auditors during the course of the audit of the Units will be paid as per Company Rules.

In accordance with the provisions of Section 148 of the Companies Act, 2013, Central Government may direct that In respect of such class of companies engaged in the production of such goods or providing such services as may be prescribed, particulars relating to the utilization of material, labour or other items of cost as may be prescribed shall also be included in the books of accounts kept by that class of companies. Further, Clause 3 (xiii) of Draft Companies (Cost, Records & Cost Audit) Rules, 2013, which are yet to be notified, include fertilizers under Administered Price Mechanism (Urea) for maintenance of such records. Board was further informed that Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014, also provides that the Board shall appoint Cost Accountant in Practice or a firm of Cost Accountants in Practice as Cost Auditor on the recommendations of the Audit Committee, which shall also recommend remuneration for such Cost Auditor(s). The remuneration recommended by the Audit Committee shall be approved by the Board of Directors and ratified subsequently by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.5 of the Notice for ratification of the remuneration payable to the cost auditors for the financial year ending March 31, 2015.

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.7 of the Notice.

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

Item No.8

Shareholders in the Annual General Meeting (AGM) held on 11th September, 2009 through Ordinary Resolution u/s 293(1)(d) of the Companies Act, 1956 had authorized the Board to borrow upto ₹ 5000 crores for financing projects. Under the Companies Act, 2013, Section 180 pertaining to borrowing powers has replaced Section 293 of the Companies Act, 1956. Section 180(c) of the new Act provides that Board should obtain the consent of the Company by a Special Resolution to borrow money where the money to be borrow together with the money already borrowed will exceed aggregate of its paid-up share capital and free reserves.

General Circular No.04/2014 dated 25th March, 2014 issued by the Ministry of Corporate Affairs provides that the Resolution passed under Section 293 of the Companies Act, 1956 prior to 12th September, 2013 with reference to the borrowings (subject to the limits prescribed) and/or creation of security on assets of the Company will be regarded as sufficient compliance of requirements of Section 180 of the Companies Act, 2013 for a period of one year from the date of notification of Section 180 of the Act. Section 180 of the Companies Act, 2013 was notified on 12th September, 2013. Ordinary Resolution passed in the AGM held in September, 2009 u/s 293(1)(d) shall remain in force only upto 11th September, 2014.

Company had borrowed ₹3850 crores from a Consortium of Banks to fund the Changeover Feedstock Projects at

Bathinda, Panipat and Nangal (AFCP) and ₹440 crore for Energy Saving and Capacity Augmentation Projects at Vijaipur. ₹3519 crores long term borrowings were outstanding as on 31st March, 2014. Out of the outstandings as at 31st March, 2014, ₹3080 crore pertains AFCP Projects and ₹439 crore for projects at Vijaipur. The borrowings for AFCP shall be repaid over a period of five years effective June, 2013 onwards. The Company would be requiring long term borrowings to finance various other capital projects in the near future.

Paid-up share capital and free reserves of the Company stand at ₹1485.16 crore as on 31st March, 2014. Accordingly, consent of the members is sought for passing a Special Resolution as set out at Item No.6 of the Notice. This resolution enables the Board of Directors of the Company to meet the present and future capital requirements of 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.8 of the Notice.

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

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 31st July, 2014

By Order of the Board of Directors

Tek Chand
Company Secretary
A-23022

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

I/We _____ of _____ (Address) being the member(s) of National Fertilizers Limited hereby appoint Mr./Mrs. _____ of _____ or failing him/her _____ of _____ as my /our Proxy to attend and Vote (on a poll) for me/us and on my/our behalf at the 40th Annual General Meeting of the Company to be held on Friday 5th Sep. 2014 at 10.30 AM at Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010 and any adjournment thereof.

****I/We wish my above proxy to vote in the manner as indicated in the box below:-**

Ordinary		For	Against
1.	To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2014 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Directors' and the Auditors thereon.		
2.	Remuneration of the Statutory Auditors for the financial year ending 31 st March, 2015		
Special Business			
3.	Appointment of Shri G.S. Sandhu as an Independent Director		
4.	Appointment of Shri Vikram Srivastava as an Independent Director		
5.	Appointment of Shri M. Raman as an Independent Director		
6.	Appointment of Shri Rajeev Yadav as a Director who retires by rotation		
7.	Remuneration of the Cost Auditors for the financial year ending March 31, 2015		
8.	Approval of borrowings u/s 180(c) of the Companies Act, 2013 .		

Name of the Member(s)	e-mail:
DP ID No.*	Folio No./*Client ID No

*Applicable for investors holding shares in electronic form.

Signed this _____ day of _____ 2014.

Affix
Re.1/-
Revenue Stamp

Note:

Signature.....

- ☐ 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.
- ☐ A Proxy need not be a member of the Company.
- ☐ A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- ☐ **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.
- ☐ Appointing a proxy does not prevent a member from attending the meeting in person, if he so wishes.

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

ATTENDANCE SLIP

Please fill attendance slip and hand it over at the entrance of the meeting hall.

Name of Shareholder(s) _____

Address _____

DP ID No.	
-----------	--

Regd. Folio No.	
-----------------	--

Client ID No.	
---------------	--

No. of Share(s) held	
----------------------	--

I/We hereby record my/our presence at the 40th Annual General Meeting of the Company held on Friday, September 5, 2014 at 10.30 AM at Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi – 110 010.

.....
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.



Safety Awards



NFL Panipat Unit awarded with National Level Safety Award
“SHRESHTHA SURAKSHA PURASKAR” from National
Safety Council of India under the scheme NSCI Safety Awards-
2012



NFL Bathinda Unit awarded with the Punjab State
Safety Award by Shri Chunni Lal Bhagat, Hon'ble
Labour Minister, Government of Punjab



Ms. Neeru Abrol, C&MD, NFL receiving the National Safety Award
Runners Up for Panipat Unit for the year 2011 for outstanding performance
in Industrial Safety from Late Sh. Sis Ram Ola, Hon'ble Union Minister for
Labour & Employment, Govt. of India



NFL Bathinda Unit is being awarded with Prashansa
Patra from National Safety Council of India under
the scheme NSCI Safety Awards-2012

In the Service of Farmers



Field Day being organised by the Company



Soil samples are being analysed by NFL Mobile Soil Testing Lab



Product samples being distributed to farmers in Kisan Mela



Farmer interaction programme during Field Day organised by NFL

MoU Inked with Government of India



Ms. Neeru Abrol, C&MD & Sh. Shaktikanta Das, Secretary (Fertilizers) DoF,
Government of India exchanging MoU Documents



नेशनल फर्टिलाइजर्स लिमिटेड
एन. एफ. एल.
NATIONAL FERTILIZERS LIMITED

NATIONAL FERTILIZERS LIMITED

(A Govt. of India Undertaking)

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