



नेशनल फर्टिलाइजर्स लिमिटेड

(भारत सरकार का उपक्रम)

कॉरपोरेट कार्यालय : ए-11, सेक्टर-24, नोएडा - 201301

जिला गौतम बुद्ध नगर (उ.प्र.),

दूरभाष : 0120 2412294, 2412445, फ़ैक्स : 0120-2412397



NATIONAL FERTILIZERS LIMITED

(A Govt. Of India Undertaking)

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

Distt. Gautam Budh Nagar (U.P.)

Ph.: 0120-2412294, 2412445, Fax : 0120-2412397

No.NFL/SEC/SE/AGM/ 438

Dated: 10.10.2017

Manager, (Listing), National Stock Exchange of India Ltd., Registered Office (Exchange Plaza), C-1, Block-G, BandraKurla Complex, Bandra (E), Mumbai-400051.	General Manager, Department of Corporate Services, Bombay Stock Exchange Limited, Floor 25 th , Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001.
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Sub: Submission of Annual Report of the Company for the Financial Year 2016-17.

Dear Sir,

We are forwarding herewith soft copy of Annual Report of the Company for the Financial Year 2016-17 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by members in the 43rd Annual General Meeting of the company held on 27.09.2017.

This is submitted for your intimation and record.

Thanking you,

Yours faithfully,
For National Fertilizers Limited

R. Kumar

(Raj Kumar)
Company Secretary

Encl: As above.

43rd

Annual Report 2016-17



नेशनल फर्टिलाइजर्स लिमिटेड
National Fertilizers Limited

ध्येय

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

MISSION

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

दृष्टि

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

VISION

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





Sh. Ananth Kumar, Union Minister of Chemicals & Fertilizers and Parliamentary Affairs alongwith
Sh. Manohar Lal Khattar, Chief Minister, Haryana and Sh. Manoj Mishra, C&MD, NFL
on the occasion of Foundation Stone laying ceremony of Bentonite Sulphur Plant at Panipat

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Management Team

BOARD LEVEL

Shri Manoj Mishra
Chairman & Managing Director

Shri Rajiv Kumar Chandiok
Director (Finance)

Shri Devinder Singh Ahuja
Director (Technical)

CORPORATE HEADS (S/Shri)

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

UNIT HEADS (S/Shri)

Nirlep Singh Rai
GM I/c, Nangal Unit

Sunil Arora
GM I/c, Bathinda Unit

S.K. Jindal
ED, Panipat Unit

S.K. Shukla
GM I/c, Vijapur Unit

Raj Kumar
COMPANY SECRETARY
A -11914

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

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

BOARD OF DIRECTORS



Shri Manoj Mishra
Chairman & Managing Director



Shri Rajiv Kumar Chandiok
Director (Finance)



Shri Devinder Singh Ahuja
Director (Technical)
w.e.f. 06.02.2017



Smt. Meenakshi Gupta
Additional Secretary and
Financial Adviser, DoF
w.e.f. 11.01.2017



Shri Dharam Pal
Additional Secretary, DoF



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



Shri Anil Verma
Independent Director
w.e.f. 14.02.2017



Dr. Ramesh Kumar Agarwal
Independent Director
w.e.f. 14.02.2017



Dr. Kalpana Saini
Independent Director
w.e.f. 18.05.2017

Shri M. Raman
Independent Director
upto 05.05.2016

Shri Vikram Srivastava
Independent Director
upto 05.05.2016

Shri Vinod Kumar Thakral
Special Secretary
and Financial Adviser,
DoF
upto 31.07.2016

Shri Kuntal Sensarma
Economic Advisor, DoF
From 13.10.2016 to 08.12.2016

Shri M. Sagar Mathews
Director (Technical)
upto 30.12.2016

Shri Gurinderjit Singh Sandhu
Independent Director
upto 20.02.2017

Awards



NFL received First Prize for use of Hindi from Dept. of Fertilizers, Govt. of India. Sh. Manoj Mishra, C&MD received the award from Sh. Ananth Kumar, Hon'ble Union Minister of Chemicals & Fertilizers and Parliamentary Affairs in Bangalore on 01.07.2017



Sh. S. K. Jindal, ED (Panipat) receiving National Energy Conservation Award 2016 for Panipat Unit from Bureau of Energy Efficiency from Sh. Piyush Goyal, Hon'ble MoS Independent Charge for Power, Coal, New and Renewable Energy and Mines



Panipat Unit received Golden Peacock Award 2017 for Energy Efficiency from Institute of Directors.



Chairman's Message

Dear Shareholders,

It gives me immense pleasure to present to you the 43rd Annual Report for the year 2016-17.

Economic Environment & Fertilizer Industry

The country is set to witness economic growth a leap forward through various reforms / initiatives undertaken by the Indian government including Make in India, Goods and Services Tax (GST), Bankruptcy Code, Digital India, Skill India etc. Further, the De-Monetization decision of the Government during the year had resulted in ample liquidity in the system at reduced lending rates for investment in infrastructure.

Apart from above, increase in Foreign Direct Investment due to above reforms / initiatives of the Gol shall further boost the economic growth and employment in the country.

Regarding Agro economy, the foodgrain production in 2016- 17 has touched a new record of 273.4 million tonnes i.e. 8.7 per cent higher than last year. Further, waiver of loans of farmers and technological interventions like e-trading of agriculture produce by various state governments are likely to make favorable impact in the growth of agriculture economy.

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

The country as a whole achieved Urea production of 24.20 Million tons during 2016-17, marginally lower than record Urea production of 24.50 Million tons made during 2015-16. Under 'Make in India' initiative of the Government, all out efforts are being made to revive the closed Urea plants in the country in a time bound manner which shall not only reduce the dependence on imports but also make the country self-reliant in Urea.

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

During 2016-17, due to higher production and lower consumption of Neem Coated Urea, there has been a significant cut in Urea imports in the country by over 3 million tonnes i.e. 5.5 Million tons against 8.5 Million tons imports in 2015-16. Consequent to the favorable Urea policies notified by Gol during 2015-16, the availability position of Urea in the market remained quite comfortable and probably no shortage of Urea was felt by the farmers during 2016-17.

Implementation of Direct Benefit Transfer of subsidy in Fertilizers sector by Government of India through POS devices is in full swing. After the pilot projects in 16 districts, it is now being rolled out across the whole country. This would ensure to reduced leakage of subsidized fertilizers and there by reduce government's subsidy burden, releasing resources to plough back into agriculture in a way that can help a greater number of poor and marginal farmers.

Performance Highlights

Maintaining the growth momentum, your Company has performed exceedingly well during the year 2016-17. The Company has achieved the ever highest Urea production of 38.10 LMT with an overall capacity utilization of 118% during 2016-17 surpassing the previous best production of 37.99 LMT achieved during 2015-16. Your company is second largest domestic producer of Urea with market share of 15.5%.

On the sales front, the company achieved ever best sale of Fertilizers of 39.75 LMT including record sale of 37.58 LMT of Urea, 2.14 LMT of imported DAP (ever best) and 0.03 LMT of Bentonite Sulphur against previous best of 36.91 LMT during 2015-16 which included 36.41 LMT of Urea and 0.50 LMT of DAP.

During 2016-17, the company recorded ever best sale of Nitric Acid of 67949 MT surpassing previous best of 54559 MT during 2015-16. Besides this, 9293 MT of Ammonium Nitrate was also produced &

sold during 2016-17 after resumption of its production in April 2016 at Nangal Unit after a gap of around 2 years. The company sold 545 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹ 2.39 crore as against 530 MT of ₹ 3.01 crore during last year. There has been a surge in fertilizers import business of the company during 2016-17. The company imported and sold 214000 MT of DAP and 3000 MT of Bentonite Sulphur worth ₹ 660 crore during 2016-17 as against 52000 MT of imported and indigenous DAP & Bentonite Sulphur worth ₹ 173 crore during 2015-16.

During the year, Company achieved turnover of ₹ 7663.22 crore (including subsidy of ₹ 4958.15 crore) compared to ₹ 7793.91 crore of the CPLY (including subsidy of ₹ 5430.64 crore). Despite higher sale quantity of Urea by 1.17 LMT as compared to CPLY, the decrease in sales turnover is mainly due to lower subsidy on Urea by ₹ 660 crore mainly due to fall in gas price to USD 8.04 / MMBTU during the year as compared to USD 9.96 / MMBTU during CPLY i.e. decrease of 19.28%.

Company earned profit before tax of ₹ 324.88 crore (CPLY ₹ 288.42 crore) and profit after tax of ₹ 208.16 crore (CPLY ₹ 198.62 crore). The increase in profit is mainly attributed to increase in contribution from sale of Urea beyond re-assessed capacity, increase in profit from traded goods, decrease in finance cost, increase in contribution from Industrial products, decrease in energy consumption, decrease in depreciation charges etc. There has been an adverse impact on the profitability of the company during the year mainly due to increase in marketing expenses due to oversupply situation in the market.

The financial results of 2016-17 are the first financial statements of the company under Indian Accounting Standard (Ind AS), a transition from previous Generally Accepted Accounting Principles (GAAP) to Ind AS which has affected the company's financial position, financial performance and cash flows.

Owing of shift in strategy of the company, the composition of gross sale of the company has undergone visible change. Against the Urea (main product) contribution of 94.49% in the overall revenue of the company during 2015-16, Urea contribution has reduced to 88.31% while contribution of non-Urea business including production & sale of industrial Products & certified seeds, sale of imported fertilizers and trading of certified seeds, agro chemicals etc. under single widow concept has increased to 11.69% during 2016-17.

Agriculture Extension Services

NFL is organizing Agriculture Extension Services with the objective to educate farmers on judicious use of fertilizers along with technical knowhow on improved and scientific methods of cultivation, enhancing farmers' knowledge about latest developments in farming sector thus helping them to increase productivity. It is essential to educate the farmers on issues related to soil testing, soil health, balanced fertilization etc. to optimize farmer's crop yield and farm income. 84 farmer training programmes were organized during 2016-17 and more than 5000 farmers benefited. During the year 2016-17, 87 and 85 demonstrations of Bio Fertilizers and City Compost respectively, were carried out at farmers field to demonstrate the effect of Bio Fertilizers and City Compost on crop growth and yield as compared to farmers' own practices. Under the Government of India's initiative, Company has opened 100 Kisan Suvidha Kendras (KSKs) in various locations in its marketing

territory. The company has also upgraded its Soil Testing Labs at Barabanki and Nangal by installation of Atomic Absorption Spectrophotometer (AAS) for micronutrient analysis. The company also undertook analysis of more than 27000 soil samples for Macro and Micro Nutrients to enable farmers for balanced fertilization.

Human Resource

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

The Company had a manpower strength of 3517 employees as on 31-03-2017, which comprises of 1663 Executives and 1854 Non-Executives. The company promotes the employment of women and at present 202 women employees are on its roll, which is 5.74% of the total work force. The detailed analysis with regard to human resource including training, incentives and development programmes has been made in the Management Discussion and Analysis Report.

To improve skills and instil behavioural and personality development traits in all supervisory staff and managerial cadre, NFL organised number of training programmes (in-house as well as external) on contemporary subjects during the year. The training programmes were identified through Performance Management System by synchronizing organizational needs with individual needs. The Company also organized specially designed training programmes for developing women employees in various areas of expertise. In these diverse programmes, 11180 man-days training was imparted to employees and 569 man-days training to women employees.

The industrial relations at all Units / Offices of NFL remained cordial.

CSR Activities

The Company continues to involve in meaningful welfare driven initiatives through Corporate Social Responsibility that distinctively impact the quality of life in society. During the year 2016-17, the Company incurred an expenditure of ₹ 261.77 Lakh towards CSR activities. The company has undertaken projects in the area of Health & sanitation, cancer awareness, distribution of artificial limbs, aids & appliances, skill development especially for women & youth and provision of ambulances in remote areas of Arunachal Pradesh etc.

In addition to above, under company's flagship CSR programme, 10 villages, 5 each in Haryana and M.P have been adopted to demonstrate and encourage the use of city compost which is an organic fertilizer.

Safety, Environment and Sustainable Development

During the year, the Company has undertaken various initiatives for adopting best practices for health, safety, environment management and sustainable development.

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

All the units are having their "Disaster Management Quick Response Team" to address the incidents that may occur outside the factory area for transportation of Liquid Ammonia and Chlorine Gas.

Efficiency of Coal fired Boilers at Nangal, Bathinda and Panipat Units is being improved by using various techniques such as use of Coal additives. This will help to reduce consumption of fossil fuel. Afforestation has been adopted in all the Units to improve the environment surrounding the Units. A total of about 20,000 tree saplings were planted in and around various Units leaving a cleaner and greener earth for future generation. The cumulative plantation since commencement is about 8 lakhs for all the units.

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

Awards and Accolades

I am happy to share with you that during 2016-17, your company has received number of prestigious awards in different spheres which inter alia include good performance award for excellence in Cost Management from institute of Cost Accountants of India (ICAI), Safety awards from Ministry of Labour & Employment and National Safety Council to Panipat Unit for 2014 and 2016 respectively, best technical innovation award and Environment Protection Award for 2016 to Vijaipur Unit from FAI, National Energy Conservation Award 2016 for Panipat Unit from Bureau of Energy Efficiency. In addition, our Company also received Rashtriya Rajbhasha Award from Hindi Advisory Committee, Ministry of Chemicals & Fertilizers and Government of India.

Growth Drivers

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

- Maximization of Urea production in energy efficient manner.
- Production of new products like Bentonite Sulphur etc.
- Maximization of production of Industrial Products including Ammonium Nitrate.
- Production and sale of quality & certified seeds in own brand name through seeds multiplication programme.
- Domestic trading of Agro products like pesticides, compost, Bentonite Sulphur etc.
- Import and sale of fertilizers like Urea, DAP, MoP and complex fertilizers.
- Revival of other closed plants in the country through Joint venture mode.
- Setting up of Di-nitro Tetroxide (N₂O₄) plant at Vijaipur Unit for M/s ISRO on Built, Own, Operate & Supply (BOOS) basis.
- Exploring setting up a DAP and Phosphoric Acid Plant in Algeria in a Joint Venture mode and under buy-back arrangement.

Status of New Projects

In order to meet the demand of Bentonite Sulphur and to improve the

top & bottom line, company is in the process of setting up a Bentonite Sulphur plant of 25000 MTPA capacity at Panipat Unit. The job on LSTK basis was awarded in July 2016 with a scheduled completion period of 14 months. The project is in progress and expected to be commissioned within scheduled time i.e. by September 2017.

The company is also exploring to establish a plant for production of Murate of Potash (MoP) from salt in the Little Rann of Kutch (LRK) region with technical support from M/s CSMCRI, Bhavnagar and project consultancy from M/s PDIL. However, production of 100 MT of MoP from pilot plant of CSMCRI is being undertaken before initiating further action to set up MoP plant on commercial scale.

Corporate Governance

The company is committed to the best practices in the area of Corporate Governance, in letter and in spirit and believes that good corporate governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and enables company to maintain a high level of business ethics and to optimize the value for all its stakeholders. Report on Corporate Governance has been brought out separately as an annexure to the Director's Report. All Directors and Senior Management officials have affirmed compliance to Code of Conduct.

I welcome Smt. Meenakshi Gupta, Additional Secretary and Financial Advisor, Department of Fertilizers, Shri D S Ahuja, Director (Technical), Shri Anil Verma, Independent Director, Dr. Ramesh Kumar Agarwal, Independent Director, Dr. Kalpana Saini, Independent Director on joining the Board of the Company and hope that the Company will benefit greatly from their rich experience.

I will also like to place on record deep appreciation for the valuable guidance and significant contributions made by outgoing Directors, Shri Gurinderjit Singh Sandhu and Shri M. Sagar Mathews.

Acknowledgments

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

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

I sincerely thank the employees of NFL at all levels and would like to place on record that without their contribution and dedication, the results achieved would not have been possible. I expect the same determination and spirit to continue in future to further improve the performance of the company.

Registered Office:

Scope Complex, Core3,
7, Institutional Area, Lodhi Road, New Delhi-110003
Date : 10th August, 2017

(Manoj Mishra)

Chairman and Managing Director
DIN: 06408953

Performance at a Glance

Financial Highlights

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Re-Assessed Capacity (RAC) (Lakh MT)	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31
Installed Capacity (Lakh MT)	35.68	35.68	35.68	35.68	34.92	32.31	32.31	32.31	32.31	32.31
Production (Urea) (Lakh MT)	38.10	37.99	36.39	36.36	32.11	34.01	33.80	33.30	33.44	32.68
Capacity Utilisation (Urea) (%) of RAC	117.9	117.6	112.6	112.5	99.4	105.3	104.6	103.1	103.5	101.1
Sales (Urea) (Lakh MT)	37.58	36.41	36.79	36.87	31.62	33.89	33.59	33.78	33.77	32.38
Sales (Traded Goods)										
Di - Ammonium Phosphate (MT)	213871	50747	-	-	-	-	-	-	-	-
Bentonite Sulphur (MT)	3356	1481	866	1931	381	436	1481	1481	-	55
Zinc Sulphate (MT)	-	-	-	249	-	-	-	-	-	-
Compost (MT)	2660	-	-	-	9594	1144	646	630	936	-
Seeds (Quintal)	43754	60912	44062	76706	112493	109837	55014	34682	16323	20688
(₹ in Crores)										
Sales - Finished Goods (Urea, Industrial Products & Bio Fertilizers) (a)	2236	2129	2044	1936	1670	1919	1841	1662	1680	1616
Sales - Traded Goods (b)	469	235	15	33	30	23	32	33	3	7
Subsidy (c)	4958	5430	6461	6048	5020	5363	3918	3396	3444	2518
TURNOVER (Net) (incl. Subsidy) (d=a+b+c)	7663	7794	8520	8017	6720	7305	5791	5091	5127	4141
Other Income (e)	45	47	37	26	27	37	44	57	80	65
Total Expenses (f)	7108	7237	8138	7871	6730	7000	5533	4783	4914	3944
Earnings before interest tax, depreciation & amortization (EBIDTA) (g=d+e-f)	600	604	419	172	17	342	302	365	293	262
Interest and Finance Charges (h)	190	228	301	204	130	67	9	11	41	17
Depreciation (i)	85	87	73	129	118	91	89	94	96	89
Profit/(Loss) before Tax (j=g-h-i)	325	289	45	-161	-231	184	204	260	156	156
Tax Expenses (k)	117	90	19	-71	-60	57	65	88	58	47
Profit/(Loss) after Tax (l=j-k)	208	199	26	-90	-171	127	139	172	98	109
Other Comprehensive Income (m)	(1)	(7)	-	-	-	-	-	-	-	-
Total Comprehensive Income (Net of tax) (l+m)	207	192	-	-	-	-	-	-	-	-
Gross Block	7389	7287	7227	7182	5717	2958	2930	2924	2906	2925
Net Fixed Assets	4109	4291	4487	4682	3501	550	599	666	734	809
Current Assets, Loans and Advances	5794	6810	7241	6743	4285	3206	2244	2082	1524	1443
Current Liabilities and Provisions	4353	5323	5888	6041	1430	1600	998	794	885	816
Working Capital	1441	1487	1353	702	2855	1606	1246	1288	639	627
Long Term Borrowings	981	1828	2643	3518	3912	1601	191	-	-	-
Short Term Borrowings	3154	4296	5002	4040	1703	1384	422	403	265	525
Net Worth (Paid up Capital* + Reserve & Surplus)	1827	1691	1509	1494	1584	1754	1672	1582	1471	1408
Capital Employed (Net Fixed Assets + Working Capital-Deferred Govt. Grant)	2537	2585	2467	1847	3911	2156	1845	1954	1373	1436

Key Indicators

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
EBITDA/ Turnover (%)	7.83	7.75	4.91	2.15	0.25	4.68	5.21	7.17	5.71	6.33
Receivable (in days)	203	225	215	211	171	121	101	66	66	68
Inventory (in days) - Finished Goods	17	15	3	7	12	6	4	2	7	7
Return on Net Worth (%)	11.35	11.37	1.77	-	-	7.24	8.31	10.87	6.66	7.74
Return on Capital Employed (%)	8.17	7.44	1.07	-	-	5.88	7.51	8.78	7.10	7.56
Earning per Share of ₹10 (₹)	4.24	4.05	0.53	-	-	2.58	2.82	3.50	1.99	2.21
Debt/Equity Ratio	#2.26 : 1	#3.62 : 1	#5.07 : 1	#5.06 : 1	#3.55 : 1	1.70 : 1	0.37 : 1	0.25 : 1	0.18 : 1	0.37 : 1
Current Ratio	1.33 : 1	1.28 : 1	1.27 : 1	1.12 : 1	3.00 : 1	2.00 : 1	2.25 : 1	2.62 : 1	1.72 : 1	1.76 : 1
Value Added per Employee (₹. In Lakhs)	70	55	39	32	24	26	23	23	20	19
Dividend (₹. In Crores)	-	59.36	8.34	-	-	38.27	41.70	51.51	29.43	32.60
Dividend as % of Net Worth	-	3.51	0.56	-	-	2.18	2.49	3.26	2.00	2.32
Dividend as % of Profit after tax (PAT)	-	30.87	31.78	-	-	30.20	30.11	30.03	30.20	30.00
Profit (PAT) per employees (₹. In Lakhs)	5.90	5.35	0.69	(2.21)	(3.99)	2.81	2.96	3.61	2.01	2.22
Interest Coverage Ratio (No. of Times)	3.16	2.65	1.39	0.84	0.13	5.10	33.56	33.18	7.15	15.41
Debt Service Coverage Ratio (No. of Times)	2.26	2.13	0.94	0.66	0.62	4.72	36.40	2.31	0.00	0.00
Book Value per share (₹)	37.23	34.46	30.19	30.45	32.28	35.76	34.09	32.25	29.98	28.69
Price Earning Ratio **	18.08	6.99	67.97	-	-	30.27	40.86	25.51	23.76	31.20
Employees (Nos.) at the end of Financial Year	3517	3595	3798	4068	4291	4515	4699	4760	4868	4910

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

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

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

Board's Report

To,

Dear Members,

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 43rd Annual Report on the business and operations of the Company together with the Audited Financial Statements including Consolidated Audited Financial Statements of the Company for the Financial Year 2016-2017 and the Auditors' Reports and comments on the accounts by the Comptroller & Auditor General of India (C&AG).

During the year 2016-17, Company achieved a turnover of ₹ 7663.22 crore as against ₹ 7793.91 crore achieved during the previous year. The turnover was lower by ₹ 130.69 crore mainly due to fall in gas price to USD 8.04/MMBTU during the year as compared to USD 9.96/MMBTU during Corresponding Period of Last Year (CPLY) i.e. decrease of 19.28%.

During 2016-17, Company has achieved highest Profit Before Tax of ₹ 324.88 crore and Profit After Tax of ₹ 207.33 crore during the previous ten years.

During the financial year 2016-17, the Company has achieved the ever best production of urea (38.10 LMT) with an overall capacity utilization of 118% surpassing the previous best performance of 37.99 LMT during financial year 2015-16. The urea production during 2016-17 includes ever best annual production of 5.68 lakh MT at Bathinda and 10.58 lakh MT at Vijaipur-I corresponding to a capacity utilization of 111.1% and 122.4% respectively.

Further, all the Units of the Company achieved ever lowest energy consumption except marginally higher at Vijaipur-I in 2016-17 due to consistent and optimum operation of the plants.

The energy consumption per MT of Urea at NFL plants during 2016-17 is as follows:

Gcal/MT/Urea

Units	Pre-set Norms (w.e.f. 1.06.2015)	Actual Energy	
		2016-17	2015-16
Nangal	7.095	7.012	7.012
Panipat	7.614	7.112	7.259
Bathinda	7.479	6.925	7.003
Vijaipur I	5.904	5.783	5.750
Vijaipur II	5.569	5.364	5.410

Financial Highlights

Your Company's key financial parameters during the year 2016-17 and important financial highlights are as under:-

₹ Crore

Particulars	2016-17	2015-16
Sale of urea in (LMT)	37.58	36.41
Sale quantity of DAP (LMT)	2.14	0.51
Sale of urea (Net of Excise Duty)	2045.73	1983.21
Subsidy on urea	4721.39	5381.20
Net Sales of urea	6767.12	7364.41
Sale of other products including subsidy on imported DAP (Net of Excise Duty)	896.10	429.50
Net Sales	7663.22	7793.91
Other Income	44.59	46.53
Total Income	7707.81	7840.44
Total Expenses	7108.01	7236.94
Earnings Before Interest, Depreciation and Taxes (EBIDTA)	599.80	603.50
Interest	189.75	228.42
Depreciation	85.17	86.66
Profit Before Tax (PBT)	324.88	288.42
Provision for tax	116.72	89.80
Profit After Tax (PAT) (Total Comprehensive Income)	207.33	192.20

RESERVES

Capital Reserve

The balance as at 31st March 2017 amounted to ₹ 2.51 crore, which is at the same level as was in the previous year.

Debenture Redemption Reserve

The debenture redemption reserve stood at Nil as on 31.03.2017 as compared to ₹ 10.04 crore as on 31.03.2016. The reduction of ₹ 10.04 crore during the year was on account of redemption of 3rd instalment of non-convertible bonds.

Corporate Social Responsibility Reserve

CSR Reserve stood at ₹ 2.50 crore as on 31.03.2017 as compared to ₹ 4.01 crore on 31.03.2016. The reduction of ₹ 1.51 crore (net) during the year is on account of amount utilized for CSR expenditure.

General Reserve

No amount was transferred during the year to General Reserve from the surplus. Further, an amount of ₹ 10.04 crore was transferred to General Reserve from the Debenture Redemption Reserve. The General Reserve as on 31.03.2017 stood at ₹ 332.89 crore as compared to ₹ 322.85 crore as on 31.03.2016.

Surplus

The balance retained in the surplus as at 31st March 2017 is ₹ 790.83 crore as compared to ₹ 668.56 crore for the previous year. No provision was made for dividend and Dividend Distribution Tax during the year.

Dividend

Board has not recommended payment of dividend for the year 2016-17 considering the various capex requirements in line with the guidelines on Capital Restructuring of CPSEs issued by Department of Investment and Public Asset Management (DIPAM).

Foreign Exchange Earnings/Outgo

The foreign exchange earnings by way of trade margins during the year was 'NIL'. The foreign exchange outgo by way of imports and other expenses amounted to ₹ 519.12 crore.

BORROWINGS

Long Term Loans

Long term loan as on 31st March, 2017 was ₹ 980.88 crore. The outstanding Rupee Term Loan and External Commercial Borrowings stood at ₹ 769.85 crore, USD 32.15 million respectively.

Short Term Loans

Short Term borrowings of ₹ 3153.73 crore (previous year ₹ 4295.32 crore) as on 31st March, 2017 were outstanding.

Debt Equity Ratio

Debt equity ratio as on 31st March, 2017 has reduced to 2.26:1 as compared to 3.62:1 of previous year due to repayment of long term loans.

State of affairs of the Company

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

Production

During the year, your Company achieved ever highest Urea production of 38.10 LMT with an overall capacity utilization of 118% surpassing the previous best production of 37.99 LMT achieved during 2015-16. The Urea production during 2016-17 included ever best production from Bathinda and Vijapur-I.

Sales Performance

During the year, your Company achieved Urea sale of 37.58 LMT as compared to 36.41 LMT of the previous year, higher by 1.17 LMT (3%). Gross sale value of Urea including subsidy was ₹ 6767.12 crore as compared to ₹ 7364.41 crore of the previous year mainly due to fall in gas price during the year.

The company recorded ever best sale of Nitric Acid of 66783 MT during 2016-17 surpassing previous best of 55195 MT achieved during CPLY. Besides this, 9293 MT of Ammonium Nitrate was also produced and sold during 2016-17 after re-commencement of its production in April, 2016 at Nangal Unit after a gap of around 2 years. The turnover of industrial products increased to ₹ 190.67 crore during 2016-17 as compared to ₹ 145.32 crore during CPLY primarily due Ammonium Nitrate and increase in sale of Nitric Acid.

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

Sale value of traded products during 2016-17 was ₹ 705.43 crore as against ₹ 284.18 crore achieved during CPLY. The higher sale of traded products was mainly on account of higher purchase and sale of 2.14 LMT of imported DAP and Bentonite Sulphur (by ₹ 269.54 crore) as compared to 0.52 LMT. Sale of seeds during the year was ₹ 14.92 crore as against ₹ 16.80 crore achieved during CPLY. The Company also registered a turnover of ₹ 1.09 crore from sale of compost and ₹ 0.5 crore from sale of industrial chemicals during the year.

Agri-Extension Services

NFL is organizing Agriculture Extension Services with the objective to educate farmers on judicious use of fertilizers along with technical knowhow on improved and scientific methods of cultivation, enhancing farmers' knowledge about latest developments in farming sector thus helping them to increase productivity.

Dealers/Retailers are important link between company and farmers and key change agents in motivating the farmers to use fertilizers in a balanced manner and adopting Integrated Nutrient management. 36 Dealers'/Retailers' Orientation Programmes were conducted during the year and more than 2500 dealers/retailers were facilitated by upgrading their knowledge regarding fertilizer/Agro products and improved farm practices so that latest information can be disseminated to farmers at point of sale to the farmers.

It is essential to educate the farmers on issues related to soil testing, soil health, balanced fertilization etc. to optimize farmer's crop yield and farm income. 84 farmer training programmes were organized during 2016-17 and more than 5000 farmers benefited. During these educational programmes, farmers were sensitized towards soil fertility status including deficiency of various nutrients their remedy to increase fertilizer use efficiency and maximize yields.

During the year 2016-17, 87 and 85 demonstrations of Biofertilizers and City Compost respectively, were carried out at farmers field to demonstrate the effect of Bio fertilizers and City Compost on crop growth and yield as compared to farmers' own practices. These demonstrations are being carried out on long term basis.

During the year 2016-17, under the initiative of Government of India Company has opened 100 Kisan Suvidha Kendras (KSKs) at various locations in its marketing territory.

During the year 2016-17, Company has adopted 10 villages (5 each in Haryana and Madhya Pradesh) for promotion of city compost under CSR, 974 MT of city compost was supplied in these villages for conducting the demonstrations on wheat & mustard crops. These demonstrations on long term basis have been laid out in 10 adopted villages followed by Soil Testing, farmer education programmes and field days to educate the farmers on use and advantage of City Compost.

NFL is making all efforts in rendering advisory services to the farmers by conducting Soil testing. It helps to identify problematic soils, their nutritional status, texture and structure thus helps in identification of soil and crop specific solutions. Based on the analysis, farmers are advised on soil fertility management through rational use of manure, fertilizers and other inputs to make agriculture more productive and sustainable. During the year, more



than 30,000 soil samples were analyzed for major and micro nutrients and recommendations given through six static and four mobile soil testing laboratories. NFL has also upgraded its Soil Testing Labs at Barabanki and Nangal by installation of Atomic Absorption Spectrophotometer (AAS) for micronutrient analysis.

Agricultural Exhibitions and Krishi Melas aim to bring stakeholders from all disciplines of Agriculture like farming, livestock, dairy, import and export, poultry and horticulture sectors under one roof and provide opportunity to demonstrate their products, exchange their views and share ideas for the growth, sustainability and development of these vital sectors of our economy. Participation in agro exhibitions and university Kisan melas is very effective way to communicate directly with the farmers and also to interact with scientists and experts from various agricultural fields. During the year 2016-17, NFL participated in 51 Krishi Melas/agriculture exhibitions organized by leading agriculture universities, agriculture department in Punjab, Haryana, UP, Uttarakhand, MP and Rajasthan wherein more than one lakh dealers/farmers participated.

During the year 2016-17, under farm forestry programme, 16,790 no. of saplings of fruit and commercially valuable plants like Neem, Eucalyptus etc. were planted nearby farmer fields and in common areas in the adopted villages.

Projects

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

Management Discussion & Analysis Report

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

Business Responsibility Report

As required under Regulation 34 of SEBI (LODR) Regulations, 2015, the Business Responsibility Report of the Company for the Financial year ended March 31, 2017 is appended as **Annexure-2** to this report. Business Responsibility Policy is available on the website of the company at www.nationalfertilizers.com.

Corporate Governance

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

There are no significant and material orders passed by the regulators or Courts or tribunals impacting the going concern status and Company's operation in future.

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

The Right to Information Act, 2005

In consonance with the spirit of Right to Information Act, 2005 the Company has created necessary mechanism as required under the Act. The Public Information Officers and the Appellate Authorities are effectively responding to the requests and appeals of the applicants. The names of all PIOs/Appellate Authorities/Transparency Officers are displayed on the Company's website. During the year, 291 applications were received and the information was provided to the applicants within the prescribed time limit.

Vigil Mechanism

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

Whistle Blower Policy

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

Integrity Pact

With the commitment to maintain the highest standard of transparency and governance, your Company has entered into an integrity Pact with

Transparency International and has also appointed Independent External Monitors, persons of impeccable integrity, to oversee the implementation and effectiveness of the integrity Pact to bring more transparency in the contracting and procurement operations.

Vigilance

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

Promotion of good governance remains the core area of vigilance. Apart from streamlining the systems and providing flexibility to the units to perform better, efforts were made to build confidence across the organization to facilitate faster decision making. Awareness is an important cornerstone for good governance. An enlightened employee contributes in achieving the organizational goal as well as in system improvements.

Efforts have been initiated to shift the working of the Vigilance wing of NFL from routine works approach to a proactive, initiative taking approach. The roles and responsibilities and delivery of vigilance officers at CO and in the field have been reviewed for the purpose of improving the quality and focused output.

Quality of scrutiny of contracts and purchase orders needs to improve so as to help in suggesting and effecting required systematic improvements and enforcement in the company. Contracts and Purchase Orders awarded in 2016-17 by Limited Tender Enquiry approach and also through open tenders are being scrutinized to understand the trends and practices vis-à-vis provisions in the Purchase and Marketing manuals so as to suggest and effect improvements in quality of tenders in NFL.

Vigilance Awareness Week was observed during October, 2016 by giving special emphasis on theme of the year 'Preventive Vigilance as a tool of Good Governance' given by CVC. As desired by CVC, debate competitions were organized involving youth and college students to ensure that vigilance becomes a point of discussion among the youth.

MoU

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

NFL has received "Very Good" rating under MoU for the year 2015-16. Company signed MoU for 2016-17 with DoF on 30.06.2016 which is the 26th year of the Company under MoU system.

Awards & Accolades received during 2016-17

- First prize "National Safety Award for the year 2014" to Panipat Unit from Ministry of Labour & Employment for lowest average accident frequency rate.
- First prize "National Energy Conservation Award-2016" to Panipat Unit in Fertilizer sector from Bureau of Energy Efficiency (BEE), Ministry of Power (Gol).
- "Best Technical Innovation Award -2016" to Vijaipur Unit in fertilizer industry from FAI.
- "Environment Protection Award-2016" to Vijaipur Unit from FAI.
- "Good Performance Award for Excellence in Cost Management – 2015" to NFL under the category of Public-Manufacturing (Large) Sector from Institute of Cost Accountants of India (ICAI).
- First Prize in the category of Best House Journal for its magazine "VANI" by Standing Conference of Public Enterprises (SCOPE) in a ceremony held.
- Corporate Office, Noida received award (Shield & Certificate) for effective implementation of Official Language from Town Official Language Implementation Committee, Noida.
- National Safety Council of India has announced to award NFL Panipat Unit with Golden trophy- "Sarvashreshtha Suraksha Puraskar for the year 2016."
- 4th "Governance Now PSU Award- 2016" for "Value Growth".

Corporate Social Responsibility

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

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

During the year 2016-17, the Company incurred an expenditure of ₹ 2.62 crore towards CSR initiatives. Company has undertaken various activities such as construction of toilets, AAS equipment for soil testing, installation of solar lights, cancer awareness, employment enhancing and vocational training programmes, distribution of limbs and aids to persons of special ability, training programme for women in beauty culture & cutting and stitching, etc. A detailed report on the Corporate Social Responsibility is given in the **Annexure-5** to the report.

Research and Development

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

Further, in order to promote research in the field of fertilizers, Department of fertilizers, in assistance with Fertilizers PSUs has set up a research institution viz. Indian Council for Fertilizers and Nutrient Research (ICFNR) which would be exclusively devoted to promotion of research in fertilizers. The office of ICFNR has been housed in the premises of NFL's corporate office at Noida. To start with NFL, RCF and FAGMIL would contribute ₹5 crore towards seed money required for ICFNR.

ICFNR Shall be working on R&D in the areas of fertilizers manufacturing technology, use of raw materials and innovation in fertilizer products through partnership and collaboration with various research institutes, fertilizers industry and other stakeholders.

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

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

Safety, Environment and Sustainable Development

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

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

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

Joint Venture /Associates Companies

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

Related Party Disclosures

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

Risk Management

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

Adequacy of Internal Financial Controls

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

Particulars of Employees

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

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

Public Procurement Policy of Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 which stipulates that 20% of total annual procurement of goods and services shall be made by all Central Ministries/ Departments/CPSUs from Micro & Small Enterprises (MSEs.) Within this percentage, a subtotal of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs. This Policy has become mandatory w.e.f.01.04.2015. Requisite information for the year 2016-17 is annexed as Annexure-11 to this report.

Human Resource Management

The Company has a manpower strength of 3517 employees as on 31.3.2017, which comprises of 1659 Executives and 1858 Non-Executives. Company promotes the employment of women and at present 207 women employees are on its roll, which is 5.89% of the total work force. The detailed analysis with regard to human resource including training and executive development programme have been made in the Management Discussion and Analysis Report.

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

Pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Rules issued thereunder, your Company confirms that no complaint/case has been filed/pending with the Company during the year 2016-17.

Internal Complaint Committees have been formed and functioning at Units and Corporate Office, Noida to assess complaints regarding Sexual Harassment at Work place. Training programmes / workshop to bring awareness among employees with regard to sexual harassment at work place, gender sensitization and women empowerment programmes are held in Units/ Offices.

International Women's day was celebrated on 8th March 2017 in all Units and Corporate Office, Noida.

Official Language

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

To promote Official Language 'Hindi' 35 Hindi workshops were organized during the year in which 834 employees had actively participated. Hindi Pakhwada was organized in all the Units/Offices of the Company to mark the Rajbhasha Diwas. During the year, 47 Programmes/Competitions were held in order to promote Rajbhasha and 1119 employees participated in them. 36 employees were awarded cash prizes under the 'Cash Incentive Scheme' for doing their official work in Hindi.

During the year 2016-17 Corporate Office, Noida has been awarded with Consolation Prize, Rajbhasha Shield and Citation Certificate by Town Official Language Implementation Committee, Noida for doing excellent work in Hindi. Zonal Office, Chandigarh has been awarded First Prize, Rajbhasha Shield and Citation Certificate by Official Language Implementation Committee, Chandigarh for exceptional work in Hindi.

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is already functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. A Liaison Officer of appropriate status has been appointed in each Unit/Office and Chief Liaison Officer at CO, Noida to ensure due compliance of orders and instructions pertaining to reservation for SCs and STs and other concessions admissible to them. Meetings were periodically held at Unit level as well as at Corporate level with the SC/ST Employees Welfare Associations by the Management for redressal of grievances of SC/ST employees. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for such programmes conducted by external agencies. During 2016-17, 1785 man-days training (in-house as well as external training programmes) was imparted to SC/ST employees. A statement showing representation of employees belonging to Scheduled Caste / Scheduled Tribes / Other Backward Classes / Persons with disabilities is appended as Annexure-12 to this report.

Information Technology

NFL has always tried to be in line with the latest digital technologies in its day-to-day activities. Almost all the business applications are running in on-line mode. By hosting & implementing web-based Marketing Management & Information System module across the marketing network, company had brought all field level activities like rake receipt/disposal, warehousing, sales & all kinds of accounting activities on digital platform. This has brought in greater transparency in all kinds of marketing and accounting transactions & has cut down the lead time to a great extent thereby reducing delays in closing of accounts.

Company has also adopted initiatives taken by Deptt. of Fertilizers (DoF) for monitoring movement and sales of the fertilizers from fertilizer manufacturer/importers to fertilizer wholesalers and from wholesalers to retailers across the country.

The company has adopted IT in various aspects of its working. The materials department of our organisation has adopted e-procurement and e-tendering for procurement process. The company has also taken initiatives in inculcating e-payments in tendering procedures and has adopted the system of Online test for recruitment wherever the recruitment is based on All India Test.

NFL has also setup Video Conferencing Facility at all its Plants, Zonal Offices & Corporate Office. Thereby we are conducting digital meetings at Plants & with vendors / stake holders which helps in cutting cost and time. It has also been planned to introduce video conferencing based seminars from single point for employees.

In order to have optimum utilization of MPLS VPN bandwidth & ILL bandwidth, Link Load balancers are under installation at all locations of the company. In order to mitigate cyber threats, intrusion prevention & ransom ware attacks UTM based security appliances are already under installation.

Central Data Center of the company is also being upgraded to a Tier-II data center to provide multiple redundancies for 99.98% uptime of business applications.

Statutory Auditors & Statutory Auditors Report

The Statutory Audit of your Company was conducted by Chartered Accountants firms M/s. HDSG & Associates and M/s. Chandio & Guliani, Joint Auditors appointed by Comptroller & Auditor General of India (C&AG). Auditors' Report on the Financial Statements including consolidated financial statements of the Company for the financial year 2016-17 is attached.

Comments of C&AG

The review of Financial Statements including consolidated financial statements for the year ended 31st March, 2017 carried out by the Comptroller and Auditor General of India (C&AG) under Section 143(5) of the Companies Act, 2013 forms part of this report. C&AG has not given any comments.

Cost Audit

As prescribed under Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, the cost accounting records are being maintained by all the Units of the Company. Cost Audit for 2016-17 was carried out by Cost Auditors as prescribed under the Companies Act, 2013 and Rules framed thereunder. Consolidated Cost Audit Report for the financial year 2015-16 was filed with MCA on 26.09.2016.

Internal Audit

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

Secretarial Audit

Your Company has appointed M/s. Agarwal S. & Associates as Secretarial Auditors for the year 2016-17. Secretarial Audit Report for the year 2016-17 and Management's explanation to Secretarial Auditors observations are annexed as Annexure-13 to this Report.

Audit Committee

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

Nomination & Remuneration Committee and Remuneration Policy

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

Policy for determining Material Subsidiary

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

Board Meetings

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

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

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

Financial Accounting

Vide notification dated February 16, 2015, the Ministry of Corporate Affairs notified the Indian Accounting Standards ("Ind AS") to be applicable to certain class of companies including listed companies, for the accounting periods beginning on or after April 1, 2016, with comparatives to be provided for the period ending on March 31, 2016. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013. The standalone and consolidated financial statements for the financial year ended March 31, 2017, forming part of this Annual

Report, have been prepared in accordance with Ind AS with a transition date of April 1, 2015. Explanations capturing areas of differences and reconciliations from Indian GAAP to Ind AS have been provided in the notes to accounts to the standalone and consolidated financial statements.

Sweat Equity

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

Disinvestment of GOI Equity

To comply with SEBI norms, disinvestment of 15 % Govt. of India equity was carried out on 26th & 27th July, 2017 through Offer for Sale route thereby reducing GoI shareholding to 74.71%.

Investor Education and Protection Fund

During the year 2016-17, Rs.80,085.00 have been transferred to Investor Education and Protection Fund on account of unpaid/unclaimed dividend on 02.11.2016.

Listing

Company's equity Shares are listed at National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). As required under SEBI (LODR) Regulations, 2015. Company has entered into new Listing Agreement with NSE and BSE. Other disclosures regarding listing regulations have been made in Corporate Governance Report.

Listing Fee

Company has paid requisite listing fee to the stock exchanges during the year 2016-17.

Code of Conduct

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

Key Managerial Personnel (KMP)

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

Shri Manoj Mishra, C&MD is acting as CEO and continuing as KMP.

Shri Rajiv Kumar Chandiok, Director (Finance) is acting as CFO and is continuing as KMP.

Shri Devinder Singh Ahuja, Director (Technical) has been appointed KMP w.e.f 14.02.2017.

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

Shri M Sagar Mathews, Director (Tech.) remained KMP upto 30.12.2016.

Board of Directors

Changes in composition

1. Ms. Bhavnaben Kardambhai Dave (DIN: 07557056) was appointed as Part-time Non-official Independent Director at the 42nd AGM held on 27.09.2016.
2. Shri Kuntal Sensarma (DIN:07626530),Economic Advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India held the office of Government Nominee Director on the Board of the Company from 13.10.2016 to 08.12.2016.
3. Shri M. Sagar Mathews, Director (Technical), National Fertilizers Limited ceased to be Director with effect from 30.12.2016 on being relieved from the services of the Company on attaining the age of superannuation.
4. Ms. Meenakshi Gupta (DIN: 07686646), Additional Secretary & Financial Adviser, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India has been appointed as a Part-time Government Nominee Additional Director with effect from 11.01.2017 and shall hold office till the ensuing AGM.
5. Shri Devinder Singh Ahuja (DIN: 07687173), has assumed the charge as Director (Technical) with effect from 06.02.2017 and shall hold office till the ensuing AGM.
6. Shri Anil Verma (DIN: 02544789), has been appointed as a Part-time Non-official Independent Additional Director on the Board of the Company with effect from 14.02.2017 and shall hold office till the ensuing AGM.
7. Dr. Ramesh Kumar Agarwal (DIN: 00601353) has been appointed as a part-time Non-official Independent Additional Director on the Board of the Company with effect from 14.02.2017 and shall hold office till the ensuing AGM.

8. Shri Gurinderjit Singh Sandhu (DIN: 01790828) Part-time Non-official Independent Director ceased to be Director of the Company w.e.f. 20.02.2017 on completion of his tenure of directorship.
9. Dr. Kalpana Saini (DIN: 07820260) has been appointed as a Part-time Non-official Independent Additional Director on the Board of the Company with effect from 18.05.2017 and shall hold office till the ensuing AGM.

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

Re-appointment and appointment of Directors at the AGM

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Dharam Pal, Government Nominee Director will retire by rotation at the ensuing AGM and being eligible has offered himself for re-appointment.

Notice has been received u/s 160 of the Companies Act, 2013 for appointment of Ms. Meenakshi Gupta, Shri Devinder Singh Ahuja, Shri Anil Verma, Dr. Ramesh Kumar Agarwal and Dr. Kalpana Saini as Directors at the ensuing Annual General Meeting. Brief resume of all directors is placed as **Annexure-15** to the report.

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

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

Re-appointment of Independent Directors

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

Disqualifications of Directors

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

Performance evaluation of Board and Directors

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

However, as per notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Government Companies are exempted from complying with provisions of Section 134(3)(p) of the Companies Act, 2013. Your Company is a Government Company and the appointment, tenure, performance evaluation, etc. of Directors is done by Government of India, therefore, such particulars have not been included as part of Directors' Report. Remuneration of C&MD, Whole-time Directors and its employees is determined by Government of India.

NFL is a government company where the directors are appointed either by the Government of India or on the recommendation of the Government. The remuneration, etc. of Directors are decided as per DPE Guidelines. The tenure of the directors is also decided by the Government. In compliance of Section 178(1) of the Companies Act, 2013, Company has constituted a Nomination and Remuneration Committee. Section 134(3)(e) requires the Company to disclose the policy on directors' appointment and remuneration including criteria for determining qualification, positive attributes, independence of a director and other matters provided under section 178(3) of the Act. Section 134(3)(p) of the Act read with requires the Company to disclose the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors. NFL being a government company, is exempted from the provisions of section 134(3)(e) & (p) and section 178(2) & (3) of the Companies Act. SEBI (LODR) Regulation, 2015.

Directors' Responsibility Statement

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

- a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departure has been made therefrom by the Company;
- b) the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2016-17 and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 and with applicable powers for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the Annual Accounts on a going concern basis.

- e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

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

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

The Board would like to place on record its appreciation to the hard work, commitment and unstinting efforts put in by the employees at all levels.

Registered Office:

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

Date : 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Management Discussion & Analysis Report

State of Indian Economy, Agriculture Sector & Manufacturing Industry:

The country's economic growth is projected to be 7.6 per cent for the current fiscal year 2017-18 due to better prospects for the agriculture sector on account of normal monsoon being expected during current year. Recent estimates show that foodgrain production in 2016-17 has touched a new record of 273.4 million tonnes or 8.7 per cent higher as compared to last year. Further, waiver of loans of farmers and technological interventions like e-trading of agriculture produce by various state governments are likely to make favorable impact in the growth of agriculture economy.

Moody's (Rating Agency) has affirmed the Government of India's Baa3 rating with a positive outlook stating that the various reforms by the Indian government including Goods and Services Tax and reform of the bankruptcy code will enable the country perform better compared to its peers over the medium term.

Foreign Direct Investment is on the rise in the country due to various government initiatives like "Make in India", Goods & Service tax, Digital India etc.. The Government of India, under the "Make in India" initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 percent of the GDP from the current 17 per cent.

Besides above, there is ample liquidity in the system for investment in infrastructure, and bank lending rates have come down post demonetization.

Fertilizer Industry Structure & Developments

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

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

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

The country as a whole achieved Urea production of 24.20 Million tons during 2016-17, marginally lower than record Urea production of 24.50 Million tons made during 2015-16. Under 'Make in India' initiative of the Government, all out efforts are being made to revive the closed Urea plants in the country in a time bound manner which shall not only reduce the dependence on imports but also make the country self-reliant in Urea.

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

During 2016-17, due to higher production and lower consumption of Neem Coated Urea, there has been a significant cut in Urea imports in the country by over 3 million tonnes i.e. 5.5 Million tons against 8.5 Million tons made in 2015-16. Consequent to the favorable Urea policies notified by Gol during 2015-16, the availability position of Urea in the market remained quite comfortable and probably no shortage of Urea was felt by the farmers during 2016-17.

Implementation of Direct Benefit Transfer of subsidy in Fertilizers sector is in full swing. After successful implementation of 16 pilot projects on DBT, it is now being rolled out across the whole country. This would ensure timely and adequate supply of fertilizers to the farmers, reduce leakage and also reduce the government's subsidy burden, releasing resources to plough back into agriculture in a way that can help a greater number of poor farmers. Under DBT scheme, subsidy on Fertilizers would be transferred directly to the manufacturers on sale of fertilizers through Point of Sale Machines at retailers' level in first phase.

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

Many challenges being faced by Fertilizer Industry which need to be addressed include delay in payment of subsidy due to inadequate subsidy budget of the Gol for Fertilizers, over regulations and procedural delays, unviable investment by Industry on energy saving schemes to meet the stiff energy norms fixed under New Urea Policy

(NUP-2015) applicable w.e.f. 01-04-2018 without any dispensation from Gol, Implementation of DBT shall further aggravate the problem of working capital due to change of subsidy payment from receipt to sale. Lack of availability of domestic gas, increasing trend in the price of RLNG and lower price of Urea in international market is also adversely impacting the profitability of the Urea manufactures.

The fertilizer industry is highly vulnerable to the adverse climatic conditions as year 2015-16 had witnessed deficient rainfall during two consecutive seasons which badly impacted the fertilizer industry during 2016-17 due to carrying forward of higher inventory of fertilizers and selling expenses.

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

Opportunities & Threats

Opportunities

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

Threats

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

Segment wise or product wise performance

Urea

The Company has achieved the **ever highest Urea production of 38.10 LMT** with an overall capacity utilization of 118% during 2016-17 surpassing the previous best production of 37.99 LMT achieved during 2015-16.

On the sales front, the company achieved ever best sale of Fertilizers of **39.75 LMT** including record sale of 37.58 LMT of Urea, 2.14 LMT of imported DAP (ever best) and 0.03 LMT of Bentonite Sulphur against previous best of 36.91 LMT during 2015-16 which included 36.41 LMT of Urea and 0.50 LMT of DAP.

Industrial Products

During 2016-17, the company recorded ever best sale of Nitric Acid of 67949 MT surpassing previous best of 54559 MT achieved during 2015-16. Besides this, 9293 MT of Ammonium Nitrate was also produced & sold during 2016-17 after commencement of its production in April 2016 at Nangal Unit after a gap of around 2 years.

In terms of revenue generation from production and sale of Industrial products, the company achieved ever best sale of Industrial Products (IP) comprising of Nitric Acid, Sodium Nitrate & Sodium Nitrite to the tune of ₹188 crore during the year against previous best of ₹171 crore achieved during 2011-12 & CPLY of ₹ 142 crore.

Bio-fertilizers

The company sold 545 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹ 2.39 crore during the year as against 530 MT of ₹ 3.01 crore during CPLY.

Import & sale of Fertilizers

There has been a surge in fertilizers import business of the company during 2016-17. The company imported and sold 214000 MT of DAP and 3000 MT of Bentonite Sulphur worth ₹ 660 crore during 2016-17 as against 52000 MT of imported and Indigenous DAP & Bentonite Sulphur worth ₹ 173 crore during 2015-16.

Domestic Trading of Agro Products

The company has registered a total revenue of ₹16.51 crore towards trading of various agro products such as seeds, pesticides & compost during the year against ₹16.80 crore during CPLY.

Sale Composition

Item	% of total revenue		% Increase / (Decrease)
	2016-17	2015-16	
Urea	88.31	94.49	(6.54)
Non-Urea	11.69	5.51	112.16

Owing to shift in strategy of the company, the composition of gross sale of the company has undergone visible change. Against the Urea (main product) contribution of 94.49% in the overall revenue of the company during 2015-16, Urea contribution has reduced to 88.31% while contribution of non-Urea business has increased to 11.69% during 2016-17.

Projects completed / underway

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



NFL, in association with M/s EIL and M/s FCIL has formed a Joint Venture (JV) Company as Ramagundam Fertilizers & Chemicals Limited (RFCL) to revive the old FCIL plant at Ramagundam (Annual installed capacity-12.71 LMT of Urea) with a total

estimated project cost of Rs.5254 crore and equity participation of 26% each of NFL and EIL and 11% of FCIL. The foundation stone laying ceremony of the Ramagundam Plant was held on 07.08.2016 through the hands of Hon'ble Prime Minister. Construction work at the project site is in progress. For untied equity portion, Government of Telangana has already given in-principle approval for 11% equity and for balance equity, prospective partners are being explored through outside agency viz. M/s SBI Cap, The company shall be leveraging its existing marketing network to sell 100% Urea to be produced by this JV company and also looking forward to provide requisite trained manpower for operation and management of Ramagundam Plant. The project is expected to be completed by December 2018. M/s GITL is expected to lay the pipeline and supply the gas to the plant by September, 2018.

Bentonite Sulphur Plant at Panipat Unit

In order to meet the demand of Bentonite Sulphur to address the issue of Sulphur deficiency in soil and to improve the top & bottom line, company is in the process of setting up a Bentonite Sulphur plant of 25000 MTPY Capacity at Panipat Unit. The job on LSTK basis has been awarded in July 2016 with a scheduled completion period of 14 months. The project is in progress and expected to be commissioned by December 2017.

Murate of Potash plant in Little Rann of Kutch

To recover potash from salt in the Little Rann of Kutch (LRK) region, Central Salt and Marine Chemicals Institute (CSMCRI) had been engaged who has prepared the feasibility report to set up a plant for production of Murate of Potash (MoP) on commercial basis. Based on this report, the company has given the job of detailed engineering and Project Management Consultancy to PDIL which is underway.

CSMCRI, Bhavnagar and Hindustan Salt Limited are engaged for technical support and to make available raw material & land respectively. However, production of 100 MT of MoP from pilot plant of CSMCRI is being undertaken before initiating further action to set up MoP plant on commercial scale.

However the results of analysis of Mixed Salt collected are not encouraging for producing MOP. Samples from different locations are being extracted to produce Mixed Salt of Desired Quality.

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

Towards efforts of energy saving, the company has implemented the hooking up of the old Synthesis converter (S-200) which got rendered redundant after AFCP revamp in parallel with new Synthesis Converter (S-300) at Bathinda Unit during annual shutdown in March / April 2017. Similar hooking up was implemented at Panipat Unit in 2015-16.

Integrated Energy Saving Projects

In order to achieve stringent energy norms applicable w.e.f. 01-04-2018 under new Urea policy-2015, the company is in the process of setting up Gas Turbine Generators along with Heat Recovery Steam Generation (HRSG) Unit at Panipat, Bathinda & Nangal Units with a total estimated cost of ₹ 700 crore. The global NIT has been issued and LSTK job is likely to be awarded by August 2017.

In order to recover the investment required for implementation of these energy saving schemes, Gol has been requested for deferment of new energy norms applicable from 01-04-2018 and for retention of existing DFR norms in respect of Panipat, Bathinda & Nangal Units for a period of at least 5 years post implementation of the project.

NFL Board has also accorded in-principle approval for implementation of energy saving scheme at Vijaipur I & II Units with estimated cost of ₹ 220 crore and targeted energy reduction of 0.21 Gcal/MT and 0.09 Gcal/MT of Urea at Vijaipur I & II respectively.

Industrial Safety, Ecology & Pollution Control

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

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

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

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

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

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

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

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

Outlook

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

- ✓ Maximization of Urea production in energy efficient manner.
- ✓ Production of new products like Bentonite Sulphur, MoP, SSP etc.
- ✓ Maximization of production of Industrial Products including Ammonium Nitrate
- ✓ Production and sale of quality & certified seeds in own brand name through Seeds Multiplication Program.
- ✓ Domestic trading of Agro products like pesticides, seeds, compost, Bentonite Sulphur, etc.
- ✓ Import and sale of fertilizers like Urea, DAP, MoP and complex fertilizers.
- ✓ Sale of Ramagundam Urea on commission basis
- ✓ Providing of trained manpower for operations & management of Ramagundam Plant.
- ✓ Dividend from Ramagundam JV.
- ✓ Establishing global foot prints through setting up fertilizer plant in Joint venture mode and under buy back arrangement.

Risk & Concerns

The major risk & concerns of NFL are outlined below:

- ✓ Higher dependence on subsidy. Delay in receipt of subsidy leads to higher interest cost.
- ✓ Low operating margins in Urea due to tight regulations.
- ✓ Strict Energy Norms for all the plants applicable w.e.f 01-04-2018 under New Urea policy (NUP-2015). Dispensation sought from Govt against investment required to meet energy norms under NUP-2015 in 2018-19 to maintain profitability at all the plants.
- ✓ Lack of Internal resources (funds) for future investment.
- ✓ Bathinda, Nangal and Panipat being old plants consuming high energy.
- ✓ Small Prill size of Urea at Panipat & Bathinda Units leading to lower acceptability in the market.
- ✓ Dependence of Nangal Unit on external power.

Risk Management Policy

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

Internal Control Systems and their adequacy

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

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

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

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

Internal financial controls and its effectiveness

As per assessment done by an external auditor, internal controls over periodic financial reporting in the company for the year 2016-17 have been found effective in general except few deficiencies which are not likely to lead to any major misstatement in the annual financial statements. However, company is gearing up to integrate existing home grown on line applications in vogue for different business functions in a seamless way to gain greater benefits in terms of improved MIS, faster declaration of results and greater analysis of operational parameters which shall facilitate easier decision making and improved control on financial reporting.

Financial Performance

During the year, Company achieved turnover of ₹ 7663.22 crore (including subsidy of ₹ 4958.15 crore) compared to 7793.91 crore of the CPLY (including subsidy of ₹ 5430.64 crore). Despite higher sale quantity of Urea by 1.17 LMT as compared to CPLY, the decrease in sales turnover is mainly due to lower subsidy on Urea by ₹ 660 crore mainly due to fall in gas price to USD 8.04 / MMBTU during the year as compared to USD 9.96 / MMBTU during CPLY i.e. decrease of 19.28%.

Company earned profit before tax of ₹ 324.88 crore (CPLY ₹ 288.42 crore) and profit after tax of ₹ 208.16 crore (CPLY ₹ 198.62 crore). The increase in profit is mainly attributed to increase in contribution from sale of Urea beyond re-assessed capacity, increase in profit from traded goods, decrease in finance cost, increase in contribution from Industrial products, decrease in energy consumption, decrease in depreciation charges etc. There has been an adverse impact on the profitability of the company during the year mainly due to increase in marketing expenses due to oversupply situation in the market.

The financial results of 2016-17 are the first financial statements of the company under Ind AS, a transition from previous GAAP to Ind AS which has affected the company's financial position, financial performance and cash flows.

The short-term borrowings of the company as at 31st March, 2017, stood at ₹ 3153.73 crore including cash credit utilization, short-term loans, working capital demand loan etc. (₹ 4295.32 crore as at 31st March, 2016). The short-term borrowings are lower as compared to CPLY due to better realization of subsidy as compared to CPLY and decrease in working capital requirement due to fall in gas price.

For changeover of feed stock from LSHS/FO to Gas at Nangal, Panipat & Bathinda units, Rupee Term Loan of ₹ 3850 crore was arranged from consortium of 13 Banks with SBI as a lead Bank, of which, ₹ 3080 crore was paid up to 31st March, 2017. As on 31st March, 2017 long term loan of ₹ 770 crore was outstanding which is to be repaid in four equal quarterly installment of ₹ 192.50 crore up to March-2018.

For Energy Saving and Urea Capacity Augmentation Project at Vijaipur-I & II, and installation of Carbon-Dioxide Recovery (CDR), long term loan was raised by way of 9.42% Secured Redeemable Non-Convertible Taxable Bonds of ₹ 100.40 crore, which has been fully repaid by September 2016.

Further the Buyer's credit of USD 15.68 million also raised for the same project which has already been repaid up to 31st March, 2016 and External Commercial Borrowing (ECB) of USD 50 million out of which USD 13.05 million has been repaid up to 31st March, 2016. Balance ECB of USD 36.95 million (availed from SBI New York Branch) has been refinanced from DBS Bank Limited Singapore on 6th January 2016 at reduced interest cost and extended maturity. A saving of 1.04% has been achieved in all in cost.

Analysis of the Financial Performance of the Company:

(a) Turnover

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Sales Turnover (Gross)	7663.22	7793.91	(1.68)

The decrease in sales turnover is mainly due to lower subsidy on Urea by ₹ 660 crore due to fall in gas price to USD 8.04 / MMBTU during the year as compared to USD 9.96 / MMBTU during CPLY i.e. decrease of 19.28%.

(b) Consumption of Raw Materials

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Raw Materials Consumed	3015.06	3636.43	(17.08)

The decrease in raw material consumption expenditure by ₹621.37 crore as compared to CPLY is mainly due to fall in prices of gas (\$ 8.04 per mmbtu during current year from \$ 9.96 per mmbtu during CPLY) due to uniform pool gas pricing mechanism applicable w.e.f. June 2015 although there is increase in production as compared to FY 2015-16.

(c) Finance Cost

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Finance Cost	189.75	228.42	(16.93)

Reduction in finance cost by ₹ 38.67 crore is achieved due to lower interest rates, efficient borrowings and subsidy received at concessional interest rate of 1.75% per annum against Special Banking Arrangement (SBA). There was direct saving in interest cost of around ₹ 6.32 crore due to SBA vis-à-vis borrowing through commercial papers (CPs).

(d) Repairs & Maintenance

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Repairs and Maintenance	82.19	81.59	0.74

Plants at Nangal, Bathinda and Panipat are more than 30 years old. In view of their vintage, they require regular maintenance to run smoothly & efficiently. For regular maintenance, contracts are lined up in each Unit besides other unforeseen repairs of plants owing to breakdown / tripping, etc.

(e) Employees Benefits

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Employee Remuneration & Benefits	488.08	457.18	6.76

Employee cost has increased from ₹ 457.18 crore to ₹ 488.08 crore (by ₹ 30.90 crore) mainly due to consideration of 3rd Pay Revision Committee Report (₹ 25.20 crore on estimated basis), actuarial valuation considered on account of reduction in discounting rate which is based on rate of interest on government securities in respect of gratuity, leave encashment etc. (₹ 1.62 crore).

(f) Power and Fuel

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Power and Fuel	2213.12	2423.93	(8.70)

The decrease in power and fuel consumption expenditure by ₹210.81 crore is mainly due to fall in prices of gas as mentioned earlier due to uniform pool gas pricing mechanism applicable w.e.f. June 2015 although there is increase in production as compared to FY 2015-16.

(g) Freight and Handling

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Freight and Handling	544.79	435.81	25

Freight and handling expenditure has increased by ₹ 108.98 crore as compared to CPLY due to higher dispatches of DAP of 2.14 LMT as against 0.51 LMT during CPLY. Further, freight (mainly pass through) on Urea has increased due to higher dispatches (by 0.66 LMT), dispatches to distant destinations and change in system of re-imbursement of freight to dealers from per MT fixed to Per MT normative basis (as reimbursed by DoF).

(h) Other Expenses

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Other Expenses	192.03	147.54	30.15

Other expenses (₹192.03 crore) have increased by ₹44.49 crore as compared to CPLY (₹147.54 crore) mainly due to higher rent (₹9.96 crore), security expenses which are mainly due to 7th pay commission impact on CISF salaries (₹9.30 crore), sales promotion and publicity expenses (₹6.16 crore) and other administrative expenses (₹9.01 crore) mainly due to higher rebate to dealers as inventory carrying cost and adhoc payment for out of court settlement of contract labour etc.

(i) Interest Earned

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Loan to Employees, Term deposit etc.	15.48	10.75	44

Reason for Variation

Increase in interest income on term deposit etc.

(j) Other non-operating Income

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Other Income (Rent, profit on sale of assets, scrap, misc. income etc.)	29.11	35.78	(18.64)

Reason for Variation

Decrease due to decrease in rental income, sale of scrap and other miscellaneous income.

Financial Status

(a) Fixed Assets

(₹ in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Tangible Assets	4046.67	4239.44	(4.55)
Intangible Assets	11.86	19.16	(38.10)
Capital work in progress	50.57	32.62	55.03
Total	4109.10	4291.22	(4.26)

Reason for Variation:

Assets were reduced by ₹ 182.12 Cr. due to depreciation charge of ₹ 272.33 Cr., additions in assets of ₹ 84.35 Cr. and increase in capital work in progress of ₹ 17.95 Cr.

(b) Non-current Investment

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Investments (Net of Provisions)	125.47	15.47	711.05

Reason for Variation:

Increase due to increase in equity investment of Ramagundam Fertilizers & Chemicals Limited.

(c) Inventories

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Raw Materials	1.39	2.44	(43.03)
Stores and Spares (Incl. packing material)	186.92	145.95	28.07
Semi-finished / finished products	386.84	337.21	14.71
Total	575.15	485.60	18.44

Reason for Variation:

Stock of Urea has increased by 0.52 Lakh MT as compared to 31st March 2016 due to excess supply situation in the Market.

(d) Trade Receivables

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Gross Debtors – FICC	4044.92	4604.28	(12.15)
- Others	233.47	209.46	11.46
Less: Provision for Doubtful Debts	(10.96)	(10.97)	0.09
Net Debtors	4267.43	4802.77	(11.15)

Reason for Variation:

Subsidy receivable from FICC has decreased mainly due to higher receipt of Subsidy as compare to CPL. Trade receivable from market have increased due to higher sale of DAP and oversupply situation of fertilizers in market.

(e) Current Assets – Other Financial Assets

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Other Financial Assets	668.82	1222.36	(45.28)

Reason for Variation:

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

(f) Current Liabilities

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Short Term Borrowings	3153.73	4295.32	(26.58)
Trade Payables	400.70	306.80	30.61
Other Financial Liabilities	1088.20	1104.44	(1.47)
Provisions	109.71	78.87	39.10
Total	4752.34	5785.43	(17.86)

Reason for Variation:

Short Term Borrowings have decreased due to reduction in borrowing in view of reduction in gas prices. The increase in trade payables is mainly attributed to increase in gas supplies.

(g) Non-current Liabilities

(₹. in crore)

Particulars	FY 2016-17	FY 2015-16	Change (%)
Long Term Borrowings	172.35	985.99	(82.52)

Reason for Variation:

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

Human Resource Management

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

The Company has a manpower strength of 3517 employees as on 31-03-2017, which comprises of 1659 Executives and 1858 Non-Executives. The company promotes the employment of women and at present 207 women employees are on its roll, which is 5.89% of the total work force. The detailed analysis with regard to human resource and including training and executive development programme have been made in the Management Discussion and Analysis Report.



To improve skills and instil behavioural and personality development traits in all supervisory staff and managerial cadre, NFL organised number of training programmes (in-house as well as external) on contemporary subjects during the year. The training programmes were identified through Performance Management System by synchronizing organizational needs with individual needs. The Company also organized specially designed training programmes for developing women employees in various areas of expertise. In these diverse programmes, 11180 man-days training was imparted to employees and 569 man-days training to women employees.

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

NFL continues to make efforts for improving employees' health, well-being and welfare. For achieving these objectives, the Company has various welfare schemes such as school facility, medical, benevolent scheme, housing facility, Social Security Scheme, NFL Employees Family Economic & Social Rehabilitation Scheme, Defined Contribution Superannuation Pension Scheme. Company has introduced modified Post-Retirement Medical Scheme 2017-18 with increased insurance cover for Self & Spouse for IPD treatment.

The industrial relations at all Units/ Offices of NFL during 2016-17 remained cordial.

Cautionary Statement

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

Registered Office:

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

Date : 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

BUSINESS RESPONSIBILITY REPORT

Preamble

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

Section A

General Information about the Company

NFL was incorporated on 23rd August 1974 at New Delhi. It has an authorized share capital of ₹1000 crore and paid up and subscribed share capital of ₹490.58 crore out of which Government of India's share is 89.71% and 10.29% share is held by financial institutions, public & others as on 31.03.2017.

The Company has five gas based Urea plants viz. Nangal & Bathinda plants in Punjab, Panipat plant in Haryana and two plants at Vijaipur in Madhya Pradesh with a total annual capacity of 35.68 LMT (Reassessed Annual Capacity of 32.31 LMT) of Urea. The company also has a Bio-Fertilizers Plant at Vijaipur with annual capacity of 600 tonnes. It also manufactures other allied Industrial products like Nitric Acid, Ammonium Nitrate, Sodium Nitrate & Nitrite from its Nangal Unit and undertakes import & sale of other fertilizers like DAP, MoP, Bentonite Sulphur along with domestic trading of various agro-inputs like certified seeds, agrochemicals, Bentonite Sulphur, city compost through its existing vast dealer's network under single window concept. The company has recently commenced production of certified Seeds under Seed Multiplication Program(SMP).

Section B

Financial details of the Company as on 31.03.2017

1.	Authorized Capital	₹1000 crore
2.	Equity	₹490.58 crore
3.	Govt Share	89.71%*
4.	Net Worth	₹1827 crore
5.	Capital Employed	₹2537 crore
6.	Total Revenue	₹7708 crore
7.	Profit Before Interest (PBT)	₹325 crore
8.	Profit After Tax (PAT)	₹208 crore

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

Section C

Other Details

Participation of subsidiaries and business partners in BR initiatives:

NFL has no subsidiary however the details of its joint Venture Companies viz. Ramagundam Fertilizers & Chemicals Limited (RFCL) and Uravarak Videsh Limited are provided in the Annual Report of the company for FY 2016-17. Uravarak Videsh Limited has since been declared as a dormant company. The initiatives and programs on social and environment issues are decided and undertaken by the independent Board of the RFCL. Further, the company expects and encourages its suppliers / dealers to conduct their business in a responsible manner.

Section D:

Business Responsibility (BR) Information

Governance related to BR:

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

Name: Shri R. K. Gogia
Designation: General Manager (MS)
Email-id: rgogia@nfl.co.in

Business Responsibility head:

DIN: 06408953

Name: Shri Manoj Mishra

Designation: Chairman & Managing Director

Telephone Number: 0120-2412383

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

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

About the BR Report

(Business Responsibility Report) of the company, which is being published for the first time in the annual report of FY 2016-17 in accordance with SEBI requirements. A soft copy of this report is also being made available on the company's website www.nationalfertilizers.com under the link Investor desk/Policies and Codes.

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

Sr.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for (each Principle as stated in NVG)	Y	Y	Y	Y	Y	Y*	N	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Yes								
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	NFL's Business Responsibility Policy is based on National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business as released by Ministry of Corporate Affairs, Government of India.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	C&MD has approved / signed the policy as authorized by the Board.								
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes								
6.	Indicate the link for the policy to be viewed online.	http://nationalfertilizers.com/images/pdf/investorsdesk/final%20BRR%20policy%20for%20NFL%20website.pdf								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8.	Does the company have an in-house structure to implement the policy/policies?	Yes								
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Under evaluation by internal agency								

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

Section E:

Principle-wise Performance

Principle 1: (Practicing Good Corporate Governance)

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

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

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

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

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

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

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

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

- a) All the plants of NFL are certified under ISO-9001, ISO-14001 and OHSAS-18001 for compliance and maintenance of quality, environment and occupational health and safety management respectively which ensure that all the goods and services procured, manufactured and delivered by NFL comply with the principles of labor practices, human rights, ethics, occupational health, safety and environment..
- b) Carbon Di-oxide Recovery (CDR) plant established at Vijaipur Unit for recovery of CO₂ gas from flue stack leading to higher Urea production and lower carbon footprints.
- c) Purge Gas recovery System installed at Vijaipur Units to recycle the purge gas for production of additional ammonia.
- d) Nox emissions (gaseous effluent) from Nitric Acid plant at Nangal Unit being converted in to saleable products viz. Sodium Nitrate & Sodium Nitrite.
- e) Production of three strains of liquid and solid bio-fertilizers.
- e) Roof Solar Power plants of 100 KW set up at its Corporate Office, Noida and Bathinda Unit.
- f) All the Manufacturing Units have state of the art effluent treatment plants for treatment of solid, liquid and gaseous effluents. The treated liquid effluent is being recycled / reused for the horticulture purpose in the township.
- g) Composting of Bio-degradable waste being done at its Nangal & Vijaipur units.

Principle 3: (Employee Well Being)

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

Employee Strength

The Company had 3517 employees as at the end of FY 2016-17, of which 202 are female employees and 41 persons with disabilities. Adequate representation has been given to the employees belonging to SC/ST/OBC communities.

Employee Benefits

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

Freedom of Association

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

- National Fertilizers Employees Union (NFEU) for all the 4 Manufacturing Units, Corporate Office and Marketing division which are recognized under Industrial dispute Act (ID Act 1947)
- Confederation of all the above six recognized Unions (CCRU).
- Officers Associations at all the above six locations and Federation of these officers Associations (FOA).
- SC/ST Association at each Unit for periodical meetings with Management for redressal of the grievances of SC/ST employees.
- Coordination Committee of SC/ST associations at Corporate Office.
- Plant level Committees giving equal representation of the Employees Unions.

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

Human Rights

Recruitment policy of the Company does not permit any engagement of child labor, forced labor or involuntary labour. An independent internal complaint committee has been constituted at Corporate Office, Units and Marketing Offices and a contact coordinator is placed at Corporate Centre to promptly and appropriately handle complaints of sexual harassment at work places. The Company refrains from any discrimination on the basis of caste, creed, gender or religion and strives to ensure a healthy work-life balance for its employees. No complaints/cases has been filed/pending with the company during the year 2016-17.

Employee Training & Development

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

The relevance and the need for the courses are reviewed on a timely basis.

Training programs are aligned with current corporate priorities / requirements of Business Units

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

Some of the highlights of 2016-17:

- Total no. of training Man-days to all employees: 11180 man days
- Total no. of training man-days to women: 569 man days
- Total no. of training to SC / ST employees: 1785 man days.

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

Principle 4: (Stakeholder Engagement)

The company is a public sector undertaking and majority of its shareholding i.e. 89.71% is held by Government of India as on 31.03.2017 and remaining equity is maintained by Govt. Institutions, public and NFL employees. Therefore, the company is to fulfill its obligations and responsibilities to maximize the share value of the company so as to maintain and continue to enjoy the trust and confidence of the stake holders at large. The company acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behavior. The company communicates with the stakeholders through a variety of channels, such as e-mails, website, Press Meets, Advertising, one-on-one meeting and attendance at Annual General Meeting. The company seeks feedback through its customer-facing channels, listens to all shareholders' concerns and from its employees through specifically provided channels. The engagement with stakeholders is also done through social media like Facebook.

Principle 5: (Human Rights)

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

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

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

Principle 6: (Preservation of Environment)

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

- a) Revamp of old energy intensive Fuel Oil based plants located at Panipat, Bathinda & Nangal for feedstock change over from Fuel Oil to environmental friendly fuel i.e. natural gas during 2012-13 & 2013-14 resulting in significant reduction in energy consumption and carbon footprints. Boilers at these plants were also modified for change of support fuel from Fuel Oil to Natural gas.
- b) Reduction of CO₂/NO_x emission after installation of purge gas recovery plant at Vijaipur - II unit.
- c) Zero effluent discharge from the manufacturing Units and recycling of waste water after treating the liquid effluents for plantation in the township.
- d) Massive afforestation undertaken in and around plant and township areas.
- e) Composting of Bio-degradable waste at Vijaipur & Nangal Units.
- f) Rain water harvesting.
- g) Roof top solar plants of 100 KW set up at Corporate Office and Bathinda Unit.
- h) Disposal of Fly ash from local ash ponds at Panipat, Bathinda & Nangal through outside parties for land filling and cement industries.
- i) Replacement of conventional lighting with LED.
- j) Online monitoring system installed at all the 5 Units for liquid effluents and stack emissions
- k) Action underway to install Gas Turbine Generator (GTG) at its Nangal, Bathinda and Panipat Units replacing existing coal based power generation plants at Panipat and Bathinda Units which shall reduce the Energy Consumption and CO₂ emission.

Principle 7: (Responsible Advocacy)

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

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

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

Principle 8: (Inclusive Growth & Equitable Development)

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

- a) Organized Stitching, tailoring and beauty culture training programs for women from villages in Nangal, Punjab.
- b) A skill development program organized for rural area in outer Delhi to impart training to youths as Hardware Technicians in village Kirari Suleiman Nagar, Karan Vihar, New Delhi.
- c) Computer training program conducted for 80 youths in Bathinda (Punjab).
- d) Assistive aids & devices distributed to support physically disabled person's life and livelihood
- e) Sewing machines distributed to the women in villages to improve their earnings
- f) City compost provided in 10 villages of Haryana and M.P. to improve soil quality and crop productivity.

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

Principle 9: (Customer Value)

- a) The company accords utmost importance to its customers and consistently working on ensuring availability of maximum requirements of the farmers under one roof. Towards this endeavor, the company has included new products in its basket such as DAP, MoP, Bentonite Sulphur, seeds, 18 molecules of insecticides, compost etc.
- b) The Company discloses all information truthfully and factually as per Fertilizer Control Order (FCO), including the risks to the farmers from over / skewed use of the products (e.g. Recommend balanced use of Fertilizers), so that the customers could exercise their freedom to consume in a responsible manner. All the details such as Name of the product (Fertilizers), composition of nutrients, MRP, amount of subsidy, weight of the bag, customer care number etc. are printed on the bag itself.
- c) The company ensures compliance of specifications of the finished products as per FCO Specifications. Recently company promptly & successfully addressed a complaint received regarding inadequate Neem coating on Urea at its Bathinda & Nangal plants through strengthening of the Neem coating system at these plants ensuring adequate Neem coating of Urea.
- d) The company has a robust system to promptly register and resolve the customer complaints received from the market.
- e) The company undertakes various training programs for the farmers and dealers of the company to promote and efficient use of various fertilizers. In this regard, the company has conducted various training programs for the farmers / dealers to promote and efficient use of Neem Coated Urea, Bio-Fertilizers and Compost.

Registered Office:

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

Date : 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

CORPORATE GOVERNANCE REPORT (2016-17)

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

1. Company's Philosophy on code of Corporate 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 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 laws and regulations.

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

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

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

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

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

2. BOARD OF DIRECTORS

2.1 Size of the Board

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

2.2 Composition of the Board

The Board of Directors as on 31st March 2017 comprised of eight Directors out of whom three were Whole-time Functional Directors i.e. Chairman & Managing Director, Director (Technical), Director (Finance), two Government of India nominees and three Independent Directors. Brief profile of the Directors is set-out at Annexure - 15 in the Annual Report.

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

S. No.	Period		Composition of the Board		
	From	To	Total Directors	Independent Directors	Other Directors
01.	01.04.2016	05.05.2016	8	3	5
02.	06.05.2016	30.06.2016	6	1	5
03.	01.07.2016	31.07.2016	7	2	5
04.	01.08.2016	12.10.2016	6	2	4
05.	13.10.2016	07.12.2016	7	2	5
06.	08.12.2016	29.12.2016	6	2	4
07.	30.12.2016	10.01.2017	5	2	3
08.	11.01.2017	06.02.2017	6	2	4
09.	07.02.2017	13.02.2017	7	2	5
10.	14.02.2017	20.02.2017	9	4	5
11.	21.02.2017	31.03.2017	8	3	5

Company did not have any Woman Director on the Board till 30-06-2016. Thereafter, three women directors have been inducted on the Board i.e. Ms. Bhavnaben Kardambhai Dave, Ms. Meenakshi Gupta and Dr. Kalpana Saini on 01.07.2016, 11.01.2017 & 18.05.2017 respectively.

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

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

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

2.3 Tenure of Directors

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

2.4 Other details relating to the Board

Details regarding tenure, number of other Directorships/Committee Memberships viz. Audit Committee and Stakeholders Relationship Committee and Nomination and Remuneration Committee, held by Directors as on 31.03.2017 are tabulated below:-

S. No.	Director (S/Shri)	Category	Tenure		In other Boards/Committees		
			From	To	Directorship	Membership	Chairmanship
01.	Manoj Mishra	C&MD	03.06.2015	Continuing	-	-	-
02.	Rajiv Kumar Chandiok	ED	10.02.2015	Continuing	2	-	-
03.	Devinder Singh Ahuja	ED	06.02.2017	Continuing	1	-	-
04.	Dharam Pal	NED-Govt. Nominee	09.02.2016	Continuing	2	-	-
05.	Ms. Bhavnaben Kardambhai Dave	NEID	01.07.2016	Continuing	-	-	-
06.	Ms. Meenakshi Gupta	NED-Govt. Nominee	11.01.2017	Continuing	4	-	-
07.	Anil Verma	NEID	14.02.2017	Continuing	-	-	-
08.	Dr. Ramesh Kumar Agarwal	NEID	14.02.2017	Continuing	1	-	-
09.	Kuntal Sensarma	NED-Govt. Nominee	13.10.2016	08.12.2016	NA	NA	NA
10.	Vinod Kumar Thakral	NED-Govt. Nominee	09.02.2016	31.07.2016	NA	NA	NA
11.	M. Raman	NEID	06.05.2013	05.05.2016	NA	NA	NA
12.	Vikram Srivastava	NEID	06.05.2013	05.05.2016	NA	NA	NA
13.	M. Sagar Mathews	ED	01.11.2013	30.12.2016	NA	NA	NA
14.	Gurinderjit Singh Sandhu	NEID	21.02.2014	20.02.2017	NA	NA	NA

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

2.5 Responsibilities

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

2.6 Independent Directors

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

2.7 Board Meetings, Agenda & Minutes

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

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

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

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

2.8 Board Meetings held

During the year, Board met 9 times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	407	22.04.2016
02.	408	23.05.2016
03.	409	13.07.2016
04.	410	22.08.2016
05.	411	09.09.2016
06.	412	29.11.2016
07.	413	23.01.2017
08.	414	14.02.2017
09.	415	30.03.2017

The minimum and maximum interval between any two Board Meeting was 17 days and 80 days respectively.

2.9 Attendance at the Board Meetings and Annual General Meeting

The Annual General Meeting was held on 27th September 2016. Details of attendance of the Directors at the Board Meetings and at the last Annual General Meeting are as follows:-

(in Nos.)

S. No.	Name of the Director (S/Shri)	Category	Board Meetings held during 2016-17 and Attendance there at of Directors		Attendance at last Annual General Meeting
			Held	Attended	
01.	Manoj Mishra	C&MD	09	09	Present
02.	M.Sagar Mathews	ED	06	06	Present
03.	Rajiv Kumar Chandiok	ED	09	09	Present
04.	Devinder Singh Ahuja	ED	02	02	N.A.
05.	Vinod Kumar Thakral	NED-Govt. Nominee	03	01	N.A.
06.	Meenakshi Gupta	NED-Govt. Nominee	03	03	N.A.
07.	Dharam Pal	NED-Govt. Nominee	09	05	No
08.	Kuntal Sensarma	NED-Govt. Nominee	01	01	N.A.
09.	Vikram Srivastava	NEID	01	01	N.A.
10.	M.Raman	NEID	01	01	N.A.
11.	Gurinderjit Singh Sandhu	NEID	08	08	Present
12.	Bhavnaaben Kardambhai Dave	NEID	07	07	Present
13.	Anil Verma	NEID	02	02	N.A.
14.	Dr. Ramesh Kumar Agarwal	NEID	01	01	N.A.

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

Notes:-

1. Shri Vikram Srivastava (DIN: 06541689) and Shri M. Raman (DIN: 01226770), Independent Directors ceased to be Directors of the Company w.e.f. 05.05.2016.
2. Ms. Bhavnaben Kardambhai Dave (DIN: 07557056) appointed as Part-time Independent Director at the 42nd AGM held on 27.09.2016.
3. Shri Vinod Kumar Thakral (DIN: 00402959), remained Director w.e.f. 09.02.2016 to 31.07.2016.
4. Shri Kuntal Sensarma (DIN:07626530), remained Director w.e.f. 13.10.2016 to 08.12.2016.
5. Shri M. Sagar Mathews (DIN: 02820429) ceased to be a Director of the Company w.e.f 30.12.2016 on attaining superannuation.
6. Ms. Meenakshi Gupta (DIN: 07686646) appointed, as Part-time Government Additional Nominee Director of the Company w.e.f.11.01.2017.
7. Shri Devinder Singh Ahuja (DIN: 07687173),) appointed Director (Technical) on the Board of the Company w.e.f. 06.02.2017.
8. Shri Anil Verma (DIN: 02544789) was appointed as Part-time Independent Additional Director w.e.f. 14.02.2017.
9. Dr. Ramesh Kumar Agarwal (DIN: 00601353) appointed as Part-time Independent Additional Director w.e.f. 14.02.2017.
10. Shri Gurinderjit Singh Sandhu (DIN: 01790828) ceased to be a Director w.e.f. 20.02.2017 on completion of tenure of directorship.

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

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

- Annual operating plans and budgets and any updates
- Capital budgets and any updates
- Quarterly Financial Results of the Company
- Annual Financial Statements including Consolidated Financial Statements, Management Discussion & Analysis, Directors' Report etc.
- Minutes of the Meetings of the Audit Committee and other Committees of the Board
- The information on recruitment and remuneration of senior executives just below the Board level, including appointment or removal of Company Secretary
- Major capital investments, formation of Joint Ventures, R&D project or technical collaboration agreement
- Significant labour problems and their proposed solutions. Any significant development in the areas of Human Resource/Industrial Relations like signing of wage agreement, Incentive Schemes, Medical facilities, implementation of Voluntary Retirement Scheme etc.
- Disclosure of Interest by Directors about Directorships and Committee positions occupied by them in other companies
- Report on compliance of various laws and Information relating to major legal disputes
- Short term Investment of surplus funds
- Status of Borrowings
- Any contract(s) in which Director(s) is/are deemed to be interested
- Award of large contracts
- Report on performance of various units/functions
- Review of risk factors including Foreign Exchange transactions
- Other materially important information
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the company, or substantial non payment for goods sold by the company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company

- Transactions involving substantial payment towards goodwill, brand equity, or intellectual property
- Sale of material nature, of investments, satisfactory assets, which is not in normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- Review of Whistleblower Policy of the Company
- Declaration of independence by Independent Director
- Quarterly Status of Investor Complaints
- Quarterly Report Compliance with Corporate Governance norms
- Review of Corporate Social Responsibility (CSR) Policy of the Company
- Review of Health, Safety and Environment Policy
- Action taken report on matters designed by the board
- Changes in significant accounting policies and practices and reason for the same
- Any other information required to be presented to the Board.

2.11 Separate Meeting of Independent Directors

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

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

During the year under review, two Meetings of the Independent Directors were held on 02.05.2016 and 14.02.2017.

2.12 Disclosure of relationships between Directors inter-se

No relationships between Directors inter-se have been reported.

2.13 Number of shares and convertible instruments

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

2.14 Web link details of familiarization programmes imparted to Independent Directors

As per Company's Directors' Training Policy, on their joining, the Directors are given presentation on the overview of the company with the object to familiarize them with the Company's business and other activities. During the year, three Independent Directors were appointed and to provide an overview of our operations and familiarize the Independence Director on matters related to our values and commitments, they were introduced to our organizations structure, our services, constitutions, board procedures, matters reserved for the board, our major risks and risk management and strategy etc. Familiarization programme was also organized accordingly. The details of the training programme are available on the website www.nationalfertilizers.com. Further, directors were kept apprised of latest developments w.r.t. the Companies Act, 2013 and other corporate laws and SEBI requirements

2.15 Policy on Board Diversity

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

2.16 Performance evaluation of Directors

As per Section 178(2) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board was required to carry out evaluation of every Director's performance. Further, Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors

to decide their continuance or otherwise. Further, the MCA has vide its notification dated 5th June, 2015 notified the exemptions to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies. The appointment of Functional Directors, Part Time Official Directors (Government Nominee Directors) as well as Part Time Non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of Functional Directors and C&MD by Administrative Ministry. Upon request and representations as received from CPSEs, the Department of Public Enterprises has also written to Department of Economic Affairs and Securities and Exchange Board of India to align the SEBI (LODR) Regulations, 2015 with the Companies Act, 2013 based on the Exemptions under Companies Act, 2013 as provided to the Government Companies.

3. Committees of the Board

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

- i. Audit Committee,
- ii. Stakeholders Relationship Committee,
- iii. Nomination and Remuneration Committee,
- iv. Committee on Corporate Social Responsibility & Sustainable Development

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

3.1 Audit Committee

The Company endeavours that the constitution, quorum, scope etc. of the Audit Committee is in line with section 177 of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and guidelines on Corporate Governance as issued by Department of Public Enterprises. The scope of Audit Committee inter-alia includes the following:-

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

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

COMPOSITION & ATTENDANCE AT THE MEETINGS

3.2 Details of Audit Committee meetings

During the year 2016-17, the Audit Committee met eight times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	101	22.04.2016
02.	102	23.05.2016
03.	103	01.08.2016
04.	104	22.08.2016
05.	105	09.09.2016
06.	106	29.11.2016
07.	107	14.02.2017
08.	108	30.03.2017

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

3.3 The composition of the Audit Committee and attendance at the meetings during the year 2016-17 was as follows:-

(in Nos.)

S. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2016-17	
			From	To	Held	Attended
01.	Gurinderjit Singh Sandhu	Chairman	01.04.2016	20.02.2017	7	7
02.	Anil Verma	Chairman	21.02.2017	Continuing	1	1
03.	Vikram Srivastava	Member	01.04.2016	05.05.2016	1	1
04.	M.Raman	Member	01.04.2016	05.05.2016	1	1
05.	Bhavnaben Kardambhai Dave	Member	13.07.2016	Continuing	6	6
06.	M. Sagar Mathews	Member	13.07.2016	30.12.2017	6	6
07.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	2	2
08.	Dr. Ramesh Kumar Agarwal	Member	21.02.2017	Continuing	1	1

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

3.4 Stakeholders Relationship Committee

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

3.4.1 Composition

The Committee was headed by Shri Anil Verma, Independent Director. The composition of the Committee during the year 2016-17 was as follows:-
(in Nos.)

S. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2016-17	
			From	To	Held	Attended
01.	Bhavnaben Kardambai Dave	Chairperson	01.07.2016	13.02.2017	1	1
		Member	14.02.2017	Continuing	1	1
02.	Anil Verma	Chairperson	14.02.2017	Continuing	1	1
03.	M.Sagar Mathews	Member	01.04.2016	30.12.2016	1	1
04.	Rajiv Kumar Chandiok	Member	01.04.2016	Continuing	2	2
05.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	1	1

3.4.2 Meeting of Stakeholders Relationship Committee

During the year 2016-17, the Stakeholders Relationship Committee met 2 times and was attended by all the Members and chairperson as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	02	01.08.2016
02.	03	30.03.2017

3.4.3 Compliance Officer

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

3.4.4 Summarized information on complaints

There were no complaints pending for redressal as on 31st March, 2017. Number of shareholders grievances received and resolved during the period 1st April, 2016 to 31st March, 2017 were as detailed below:-

Quarter ended	Complaints Received	Complaints Resolved	Complaints Pending
30.06.2016	09	09	NIL
30.09.2016	13	13	NIL
31.12.2016	04	04	NIL
31.03.2017	Nil	Nil	NIL
Total	26	26	NIL

3.5 Nomination and Remuneration Committee

3.5.1 Composition & Scope

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

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

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

Terms of reference of the committee is as per provision of Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Further, in terms of the DPE Guidelines, every Central Public Sector Enterprise is required to constitute a Nomination & Remuneration Committee headed by an Independent Director to decide the Annual Bonus/Variable. Pay Pool and policy for its distribution across the executives and non-unionized supervisors. The Board has constituted a Nomination and Remuneration Committee. Constitution of the Committee for the year 2016-17 and thereafter is as follows:-

(in Nos.)

S.No	Name of Director (S/Shri)	Status	Period		Meetings during 2016-17	
			From	To	Held	Attended
01.	Gurinderjit Singh Sandhu	Chairperson	01.04.2016	12.07.2016	2	2
		Member	13.07.2016	20.02.2017	1	1
02.	Ms. Bhavnaben Kardambhai Dave	Chairperson	13.07.2016	Continuing	2	2
03.	M. Raman	Member	01.04.2016	05.05.2016	1	1
04.	Vikram Srivastava	Member	01.04.2016	05.05.2016	1	1
05.	Manoj Mishra	Member	01.04.2016	Continuing	3	2
06.	Dharampal	Member	01.04.2016	20.02.2017	2	0
07.	Anil Verma	Member	21.02.2017	Continuing	-	-
08.	Ramesh Kumar Agarwal	Member	21.02.2017	Continuing	-	-

3.5.2 Committee Meetings were held on following dates

S.No.	Meeting No.	Date of Meetings
01.	03	22.04.2016
02.	04	01.08.2016
03.	05	27.10.2016

3.6 Committee on Corporate Social Responsibility and Sustainable Development.

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

3.6.1 The constitution of the Committee was as under

(in Nos.)

S.No	Name of Director (S/Shri)	Status	Period		Meetings during 2016-17	
			From	To	Held	Attended
01.	Gurinderjit Singh Sandhu	Chairperson	01.04.2016	20.02.2017	3	3
02.	Ms. Bhavnaben Kardambhai Dave	Chairperson	21.02.2017	Continuing	1	1
		Member	13.07.2016	20.02.2017	3	3
03.	Rajiv Kumar Chandiok	Member	01.04.2016	Continuing	4	4
04.	M. Sagar Mathews	Member	13.07.2016	30.12.2016	2	2
05.	Kuntal Sensarma	Member	29.11.2016	08.12.2016	-	-
06.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	1	1
07.	Ramesh Kumar Agarwal	Member	21.02.2017	Continuing	1	1

3.6.2 Committee Meetings were held on following dates

S. No.	Meeting No.	Dates
01.	09	13.07.2016
02.	10	27.09.2016
03.	11	23.01.2017
04.	12	30.03.2017

4. Details of Remuneration and Sitting Fee paid to Directors during 2016-17

4.1 Remuneration to Executive Directors and Company Secretary

(₹ Lacs)

S. No.	Name of Director (S/Shri)	Salary including perks	Retirement Benefits	Total
01.	Manoj Mishra, C&MD	33.45	2.62	36.07
02.	M. Sagar Mathews, Director (Technical) upto 30.12.2016	41.60	1.92	43.52
03.	Rajiv Kumar Chandiok, Director (Finance)	38.52	2.57	41.09
04.	Devinder Singh Ahuja, Director (Technical) w.e.f. 06.02.2017	4.62	0.40	5.02
05.	Raj Kumar, Company Secretary	23.44	1.64	25.08
	Total	141.63	9.15	150.78

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

4.2. Sitting Fee to Independent Directors

The Non-executive Independent Directors are paid sitting fee of ₹ 15000/- for attending each meeting of the Board and/or Committee thereof. Sitting fee paid to Independent Directors during 2016-2017 is as follows:-

(Amount in ₹)

S. No.	Name of the Independent Director	Board Meetings	Audit Committee & other Board Sub-Committee Meetings	Total
01.	Shri M.Raman	15000.00	45000.00	60000.00
02.	Shri Vikram Srivastava	15000.00	45000.00	60000.00
03.	Shri Gurinderjit Singh Sandhu	120000.00	225000.00	345000.00
04.	Ms.Bhavnaben Kardambhai Dave	90000.00	150000.00	240000.00
05.	Shri Anil Verma	15000.00	-	15000.00
06.	Dr. Ramesh Kumar Agarwal	-	-	-
	TOTAL	255000.00	465000.00	720000.00

Government Nominee Directors are not paid any remuneration.

4.3 Stock Options

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

4.4 Shares Issued to Employees

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

5. General Body Meetings

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

Type of Meeting	Date of Annual General Meeting	Time of Annual General Meeting	Place of Annual General Meeting	Details of Special Resolution(s) passed, if any
YEAR 2013-14				
Annual General Meeting	05.09.2014	10.30 AM	Dr. Sarvepali Radha Krishanan Auditorium, Kendriya Vidyalaya, Delhi Cantt.	A Special resolution as Item No. 8 was passed u/s 180(1)(c) to borrow to meet capital requirements.
Year 2014-15				
Annual General Meeting	23.9.2015	10.30 AM	Weight Lifting Hall, Jawahar Lal Nehru Stadium, Lodhi Road, New Delhi	
Year 2015-16				
Annual General Meeting	27.09.2016	10.30 AM	Weight Lifting Hall, Jawahar Lal Nehru Stadium, Lodhi Road, New Delhi	

6. Postal Ballot

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

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

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

Results of Voting Conducted By Postal Ballot

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

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

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

6.1 Special Resolution proposed to be conducted through Postal Ballot

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

6.1.1 Procedure for Postal Ballot

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

During 2016-17 no special resolution was passed through postal ballot.

7. Procedure for postal ballot

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

8. Extraordinary General Meeting

No Extraordinary General Meeting was held during the year.

9. Other Disclosures

9.1 Disclosures on Materially Significant Related Party Transactions

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

9.2 Details of Non Compliance

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:-

Company has complied with the SEBI Regulations and other laws related to capital markets.

9.3 Details of Vigil Mechanism/Whistle Blower Policy

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

9.4 Details of Compliance with Mandatory Requirements

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

9.5 Related Party Transactions Policy

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

9.6 Policy for Determining 'Material' Subsidiaries

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

9.7 Foreign Exchange risk or Commodity price risk and hedging activities

Hedging activities /transactions during the financial year 2016-17 have been undertaken by the company in line with the Board approved the foreign exchange risk management policy. The basic philosophy is that the risk should be limited to what company can afford based on this the risk appetite of the Company generally linked to % of net worth open position of unhedged Forex exposure is worked out for monitoring with pre – determined stop losing limits.

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

9.8 Compliance Requirement of Corporate Governance Report

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

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

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

9.10 Disclosure with respect to demat suspense account/unclaimed suspense account

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

10. Compliance Officer

Shri Raj Kumar, Company Secretary is the Compliance Officer.

11. Means of Communication

11.1 Quarterly Results

Quarterly (unaudited but limited review by Auditors) and annual audited financial results of the Company as recommended by the Audit Committee and approved by the Board are submitted to the Stock Exchanges.

11.2 Newspapers Wherein Results Published

Quarterly/Annual Financial Results for 2016-2017 were published in prominent newspapers as below: -

Quarter ended	Date of Publication	News paper
30 th June, 2016	10.09.2016(English)	The Millennium Post The Financial Express Indian Express Jansatta
	10.09.2016 (Hindi)	
30 th September, 2016	30.11.2016(English)	Mint Hindustan Times Hindustan Dainik jagran
	30.11.2016(Hindi)	
31 st December, 2016	15.02.2017(English)	The Economics Times Mail Today The Times of India Navbharat Times
	15.02.2017(Hindi)	
31 st March, 2017	19.05.2017(English)	The Times of India Business Standard The Economic Times Navbharat Times
	19.05.2017(Hindi)	

11.3 Shareholding Pattern

Shareholding Pattern at the end of each quarter is also conveyed to the Stock Exchanges.

11.4 Website

The quarterly/annual financial results and Shareholding Pattern and other investor related information are available at the website of the Company www.nationalfertilizers.com

11.5 Intimation to Stock Exchanges

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

11.6 Designated exclusive email ID

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

11.7 Displays official news release

All official Press Releases are posted on the Company's website.

11.8 Presentations

Presentations were made to institutional investors or to the analysts.

12. General Shareholder Information

12.1 Company's Registration Details

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

12.2 Forthcoming Annual General Body Meeting

Date	27 th September, 2017
Time	10.30 AM
Venue	NCUI Auditorium & Convention Centre, 3, Siri Institutional Area, August Kranti Marg, New Delhi- 110016

12.3 Financial Year: 1st April to 31st March

12.4 Address for Communication

Registered Office : Scope Complex, Core III, 7, Institutional Area, Lodhi Road, New Delhi – 110 003.

Corporate Office : A-11, Sector-24, Noida – 201 301.

12.5 Website

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

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

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

12.7 Financial Calendar for FY 2017-18

Particulars	Date
Accounting Period	1 st April, 2017 to 31 st March, 2018
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 ,2018
AGM (Next Year)	September, 2018 (Tentative)

12.8 Book Closure

The Register of Members and Share Transfer Books will remain closed from 21st September, 2017 to 27th September, 2017 (both days inclusive).

12.9 e-Voting

Members will be provided e-voting facility to exercise their right to vote at the 43rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services through National Securities Depository Services (India) Limited (NSDL). The e-voting facility will be available from 24th September, 2017 (from 09.00 AM) to 26th September, 2017 (upto 5.00 PM).

12.10 Payment of Dividend

Board has not recommended payment of dividend for the financial year 2016-17 considering the various Capex requirements.

12.11 Listing on Stock Exchanges

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

12.11.1 The Bombay Stock Exchange Limited (BSE)

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

12.11.2 The National Stock Exchange of India Limited (NSE)

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

12.12 Debt Securities

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

12.13 Redemption

Company had issued secured, redeemable, non-convertible taxable bonds issued on private placement basis has been redeemed on 15-09-2016 due to maturity.

12.14 Listing Fee

The Annual Listing Fee upto 2017-18 has been paid to the concerned stock exchange.

12.15 Payment of Annual Custody Fee to NSDL and CDSL

Demat ISIN No. in NSDL and CDSL	NE870D01012
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Company has paid the Annual Custody Fee to NSDL and CDSL for the financial year 2017-18

12.16 Market Price Data

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

12.16.1 BSE

Month	Stock Prices of the Company		Corresponding BSE Indices (SENSEX)	
	High (₹)	Low (₹)	High	Low
April, 2016	33.00	28.10	26,100.54	24,523.20
May, 2016	35.55	29.25	26,837.20	25,057.93
June, 2016	38.20	31.05	27,105.41	25,911.33
July, 2016	38.25	33.80	28,240.20	27,034.14
August, 2016	36.20	31.55	28,532.25	27,627.97
September, 2016	36.00	31.05	29,077.28	27,716.78
October, 2016	36.70	32.45	28,477.65	27,488.30
November, 2016	36.50	29.65	28,029.80	25,717.93
December, 2016	38.10	32.30	26,803.76	25,753.74
January, 2017	54.60	34.85	27,980.39	26,447.06
February, 2017	78.60	51.10	29,065.31	27,590.10
March, 2017	80.95	67.30	29,824.62	28,716.21

Face Value per Share is ₹10

12.16.2 NSE

Month	Stock Prices of the Company		Corresponding NSE Indices (NIFTY)	
	High (₹)	Low (₹)	High	Low
April,2016	33.20	28.20	7,992.00	7,516.85
May,2016	35.60	29.30	8,213.60	7,678.35
June,2016	39.60	30.80	8,308.15	7,927.05
July,2016	38.40	33.90	8,674.70	8,287.55
August,2016	63.30	31.50	8,819.20	8,518.15
September,2016	35.85	31.00	8,968.70	8,555.20
October,2016	37.00	35.40	8,806.95	8,506.15
November,2016	36.40	29.50	8,669.60	7,916.40
December,2016	38.20	32.15	8,274.95	7,893.80
January,2017	54.70	34.90	8,672.70	8,133.80
February,2017	78.55	51.05	8,982.15	8,537.50
March,2017	80.95	67.00	9,218.40	8,860.10

Face Value per Share is ₹10

12.17 Registrar and Share Transfer Agent

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

12.18 Distribution of Shareholding

Shares held by different type of shareholders as on 31st March, 2017 are given below:-

12.18.1 According to size

No. of Equity Shares held	Number of Shareholders	%age to Total	No. of shares held	%age to Total
(1)	(2)	(3)	(4)	(5)
1 to 5000	40300	92.342	2316866	0.472
5001 to 10000	1606	3.680	1364932	0.278
10001 to 20000	722	1.654	1141549	0.233
20001 to 30000	290	0.664	763851	0.156
30001 to 40000	140	0.321	507528	0.103
40001 to 50000	127	0.291	603100	0.123
50001 to 100000	216	0.495	1589929	0.324
100001 & above	241	0.552	482290645	98.311
Total	43642	100.000	490578400	100.000

12.19 Shareholding Pattern

	Category	Number of Shares held	%age of shareholding
(A)	Shareholding of Promoter and Promoter Group (Government of India)		
I	Indian	440116292	89.714
II	Foreign	-	-
	Sub Total	440116292	89.714
(B)	Public shareholding Institutions		
I	Institutions	30396596	6.196
II	Non-institutions	20065512	4.090
	Sub Total	50462108	10.286
	GRAND TOTAL	490578400	100.000

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

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

Company has not issued any such securities.

12.21 Status of dematerialization of shares as on 31st March, 2017

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

12.21.1 The position of shares held in dematerialized and physical mode as on 31st March, 2017

Mode of Holding	Number of Shares	% age
NSDL	44374582	9.045
CDSL	445898549	90.893
Physical	305269	0.062
Total	490578400	100.00

12.22 Share Transfer System

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

12.23 Name and addresses of the Depositories

National Securities Depository Services (India) Limited	
Address	Trade World, 4 th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

Central Depository Services (India) Limited	
Address	Phiroze Jeejeebhoy Towers, 28 th Floor, Dalal Street, Mumbai – 400 023.

12.24 Location of Production Units

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

S.No.	Unit	Location
1.	Nangal	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

12.25 CEO & CFO Certification

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

12.26 Audits and Internal Control System

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

13. Risk Management Policy

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

14. Legal Compliances

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

15. Integrity Pact

With the commitment to maintain the highest standard of transparency and governance, your Company has entered into an Integrity Pact with Transparency International and has also appointed Independent External Monitors, persons of impeccable integrity, to oversee the implementation and effectiveness of the Integrity Pact to bring more transparency in the contracting and procurement operations.

16. Code of Insider Trading

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

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

The Company has adopted "Code of Conduct for Board Members and Senior Management Personnel" of the Company. The object is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty. The Code is available on the Company's website www.nationalfertilizers.com. All directors and senior management personnel have complied compliance with the Code of Conduct for "Board Members and Senior Management Personnel as on 31st March, 2017.

18. Declaration:

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

This is to certify that in line with the requirements of Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31st March, 2017.

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

19. Compliance Certificate of the Auditors

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

20. Compliances with Corporate Governance Code

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

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

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

Registered Office:

Scope Complex, Core-3,
7 Institutional Area, Lodhi Road, New Delhi-110003
Date : 8th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

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

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

- a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2017 and to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2017, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee
 1. significant changes in internal controls over financial reporting during the year ended 31st March, 2017;
 2. Significant changes in accounting policies during the year ended 31st March, 2017 and that the same have been disclosed in the notes to the financial statements; and
 3. We have not come across any instance during the year ended 31st March, 2017 of any significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi – 110003.

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

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

Certificate on Corporate Governance

To,
The Members,
National Fertilizers Limited,

We have examined the compliance of conditions of Corporate Governance by National Fertilizers Limited for the year ended 31st March, 2017, as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as "SEBI (LODR) Regulations, 2015") and guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India.

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

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

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

ii) Regulation 17 (10) of SEBI (LODR) Regulations, 2015, that required: Performance evaluation of Independent Directors shall be done by the entire Board of Directors.

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

The Independent Directors met on 02.05.2016 and 14.02.2017 whereas inter-alia the review of performance of the Board as a whole was made. Further at the said meeting, the Independent Directors also assessed the quality, quantity and timeliness of flow of information, as required under Regulation 25(4) (c) of SEBI (LODR) Regulations, 2015.

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

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

For CHANDIOK & GULIANI
CHARTERED ACCOUNTANTS

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

For HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS

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

Date: 08.08.2017
Place: New Delhi

Management's Explanation to the observations of Statutory Auditors for the Financial Year 2016-17

Sr. No.	Observations	Explanation
1.	i) Regulation 17 (1) of SEBI (LODR) Regulations, 2015 and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance require that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board Members, however, during the year Company did not have required number of Independent Directors.	<p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors of the Company including Woman Director are appointed by the Government of India. The remuneration and tenure of Directors are also fixed by GOI.</p> <p>Company had requested DoF from time to time for appointment of Independent Directors on the Board of the Company.</p>
2.	ii) Regulation 17 (10) of SEBI (LODR) Regulations, 2015, that required: Performance evaluation of Independent Directors shall be done by the entire Board of Directors.	<p>Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification dated 5th June, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.</p> <p>In view of the above exemption, no evaluation of the Independent Directors was required to be carried out.</p>
3.	iii) Regulation 25 (4) (a) and (b) of SEBI (LODR) Regulations, 2015, that required: Independent Directors in their meeting shall review the performance of non-independent directors and the Board as a whole; review the performance of the Chairperson of the company.	<p>The Independent Directors in their separate meetings held on 02.05.2016 and 14.02.2017 on 12.01.2016 inter-alia reviewed the performance of the Board as a whole.</p> <p>It is submitted that MCA vide notification dated 5th June, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.</p> <p>The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of Chairperson and Functional Directors by Administrative Ministry. Upon request and representations received from CPSEs, the Department of Public Enterprises has also written to Department of Economic Affairs and Securities and Exchange Board of India to align the SEBI (LODR) Regulations, 2015 with the Companies Act, 2013 based on the Exemptions under Companies Act, 2013 as provided to the Government Companies.</p> <p>In view of the above exemption, the performance evaluation of the Chairperson, Functional Directors and Part-time Official Directors was not carried out.</p>

Registered Office:

Scope Complex, Core-3,
7 Institutional Area, Lodhi Road, New Delhi-110003
Date : 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annual Report on Corporate Social Responsibility Activities

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

In alignment with the vision of the company, NFL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its products, services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with concern for ecology.

Towards this commitment, the company shall:

- Increase efficiency by optimum utilization of resources and technology.
- Promote sustainable farming practices to boost crop productivity in rural India through its soil testing facilities and other advisory services.
- Continue to take up wide range of welfare activities mainly focusing on economically, socially and environmentally sustainable development of underdeveloped villages.
- Work towards improving the quality of life by making the communities self-reliant in areas within which it operates.
- Build lasting social capital through interventions in the infrastructure, healthcare, education, vocational domains and other social welfare initiatives for the community residing in the vicinity of its plants and other places in India.
- Ensure welfare, growth and safety of all people associated with the Company.
- Build a sustainable enterprise that effectively balances financial strengths with social and environmental responsibilities.
- Undertake activities contributing towards improving the quality of life of underdeveloped sections of society at large.
- Facilitate development by maintaining a healthy relation between People, Planet and Profit.

Web Link:

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

CSR Project Report : http://nationalfertilizers.com/index.php?option=com_content&view=article&id=347&Itemid=122

2) Composition of CSR Committee

- | | | |
|----------------------------------|---|-------------|
| 1. Ms. Bhavnaben Kardambhai Dave | - | Chairperson |
| 2. Dr. Ramesh Kumar Agarwal | - | Member |
| 3. Sh. Rajiv Kumar Chandiok | - | Member |
| 4. Sh. D. S. Ahuja | - | Member |

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

₹ 5568.02 Lakh

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

₹ 111.36 Lakh

5) Details of CSR spend for the financial year

- Total amount spent for the financial year : ₹ 261.77 Lakh
- Amount unspent : Nil

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

S.No	Project/Activity	Sector of the Project	Location	Amount outlay Budget of the Project (₹ Lakh)	Amount Spent on the Project (₹ Lakh)	Cumulative Expenditure up to reporting period (₹ Lakh)	Amount spent Direct or through Implementing Agency (Name of the Agency)
1.	Construction of 20 Girls Toilet in Dist. Guna (MP)	Health & Hygiene	Vijaipur (Madhya Pradesh)	41.40	1.75	26.27	State Govt. MP
2.	Procurement of AAS equipment for Soil Testing	Health & Hygiene	Nangal (Punjab)	20.00	13.38	13.38	Direct
3.	Installation of 50 Solar Lights on Ruthiyai Road in Vijaipur, MP	Health & Hygiene	Vijaipur (Madhya Pradesh)	19.12	6.37	6.37	State Govt. MP
4.	Cancer Awareness & Screening Camps in Bathinda	Health & Hygiene	Bathinda (Punjab)	0.30	0.30	0.30	Homi Bhaba Cancer Hospital, Sangrur
5.	Employment enhancing and Vocational Training programme in Bathinda	Skill Development	Bathinda (Punjab)	3.00	1.80	1.80	KAMSON Education & Welfare Society
6.	Installation of Solar Lights in VIII. Sivan in Bathinda	Environment & Rural Development	Bathinda (Punjab)	3.30	3.38	3.38	Direct
7.	Soil Testing and Preparation of Soil Health Cards and Fertility Map	Environment	Haryana, Madhya Pradesh	9.90	9.90	9.90	Direct
8.	Distribution of Limbs, Aids & Devices to disabled persons	Health & Hygiene	Noida (Uttar Pradesh), Bathinda (Punjab)	50.00	37.24	49.74	ALIMCO
9.	Installation of Solar Lights & Distribution of Solar Lanterns in Uttarakhand	Environment & Rural Development	Uttarakhand	38.00	38.00	38.00	UREDA
10.	Construction of 14 Toilets in Una (HP) & Ropar (Punjab)	Health & Hygiene	Una (Himachal Pradesh), Ropar (Punjab)	42.00	42.00	42.00	Sulabh International Social Service Organisation
11.	Two training programmes for women in beauty culture and cutting & stitching	Skill Development	Nangal (Punjab)	4.50	5.22	6.45	NITCON

S.No	Project/Activity	Sector of the Project	Location	Amount outlay Budget of the Project (₹ Lakh)	Amount Spent on the Project (₹ Lakh)	Cumulative Expenditure up to reporting period (₹ Lakh)	Amount spent Direct or through Implementing Agency (Name of the Agency)
12.	Construction of Toilets in Govt. Schools in Bathinda	Health & Hygiene	Bathinda (Punjab)	8.50	5.48	6.85	State Govt, Punjab
13.	Construction of Toilets in Govt. Schools in Panipat	Health & Hygiene	Panipat (Haryana)	25.11	3.47	23.30	Direct
14.	Construction of 6 bio-toilets in Govt. schools in Bathinda	Health & Hygiene	Bathinda (Punjab)	22.50	23.00	23.00	CBS Technologies Pvt. Ltd.
15.	Management of Soil Health & Productivity	Environment & Rural Development	Nuh (Haryana) Indore (Madhya Pradesh)	53.60	28.04	28.04	Direct
16.	Distribution of aids, devices & artificial limbs to disabled persons in Ferozabad, U.P.	Health & Hygiene	Ferozabad (U.P.)	15.00	15.00	15.00	ALIMCO
17.	Distribution of aids, devices & artificial limbs to disabled persons in Nangal, Punjab	Health & Hygiene	Nangal (Punjab)	27.50	27.44	27.44	ALIMCO
			Total	383.73	261.77	321.22	

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

Not Applicable

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

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

(Bhavnaaben Kardambhai Dave)
Chairperson CSR Committee
DIN: 07557056
Date : 10th August, 2017

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

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

			2016-17	2015-16
A. POWER & FUEL CONSUMPTION				
1. ELECTRICITY				
a)	Purchased			
	Unit	Mwh	188304	193004
	Total amount	Rs. in Lakh	14167	15020
	Average rate/Unit	Rs./Mwh	7524	7782
b)	Own Generation			
i)	Through diesel generator Unit			
	Unit	Mwh	9.106	2.428
	Unit per ltrs. of diesel oil	Mwh/ltrs	0.009	0.001
	Cost/Unit	Rs./Mwh	44749	50042
ii)	Through Steam Turbine/Gas Turbine			
	Unit	Mwh	571607	561880
	Coal/unit of Power	MT/Mwh	1.006	1.042
	Gas/unit of Power	000sm ³ /Mwh	0.296	0.303
	Cost per Unit	Rs./Mwh	5108	5384
iii)	From Waste Steam	Mwh	-	-
2. COAL(Specify quality & where used)				
(Slack coal used for operating boilers)				
	Quantity	MT	751965	782899
	Total cost	Rs. in Lakh	44724	41264
	Average rate	Rs./MT	5948	5271
3. OTHER/INTERNAL GENERATION				
	Natural Gas			
	Quantity 000M3	000sm ³	232529	228716
	Total cost(Rs/Lakhs)	Rs. in Lakh	41035	49236
	Rate/Unit(Rs)	Rs./000sm ³	17647	21527
B. CONSUMPTION PER UNIT OF PRODUCTION				
i)	Electricity	Mwh	0.193	0.193
ii)	Coal	MT	0.466	0.471
iii)	Gas	000M ³	0.061	0.060

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For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

FORM B**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****1. Details of Production and Energy consumption**

All Units of NFL produced beyond their reassessed capacity and contributed to the company achieving its ever best annual production of 38.10 lakh Metric Tonnes of Urea during the financial year 2016-17, which is 118% of the reassessed capacity.

Ever best annual production of 5.68 lakh MT and 10.58 lakh MT was achieved at Bathinda and Vijaipur I respectively corresponding to a capacity utilization of 111.1% and 122.4 %. Nangal Unit produced 5.02 lakh MT achieving a capacity utilization of 104.9%.

Vijaipur unit as a whole produced 21.97 lakh MT of urea during the year. Vijaipur I & Vijaipur II achieved a capacity utilization of 124.4% and 131.7% of their reassessed capacity respectively.

The energy consumption per MT urea at NFL plants during 2016-17 is as follows:

Nangal	7.012 Gcal/MT
Panipat	7.112 Gcal/MT
Bathinda	6.924 Gcal/MT
Vijaipur I	5.784 Gcal/MT
Vijaipur II	5.364 Gcal/MT

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

2. Energy Conservation Measures

Commitment to achieve lowest possible energy consumption is one of the foremost goals of the company. Taking this forward, Purge Gas Recovery plant has been commissioned in Ammonia plant of Vijaipur II at an estimated cost of ₹ 29.01 Crore. With the commissioning of PGR, NFL Vijaipur has further increased its Urea Production by 149 MT per day and reduction of 0.06 Gcal/MT Urea in energy consumption.

At Panipat & Bathinda Unit, the redundant S-200 synthesis converter has been re-installed in parallel to S-300 to further bring down the energy consumption by 0.012 GCal/MT & 0.0155 GCal/MT of Urea with an estimated cost of ₹ 1.13 Crore & ₹ 0.85 Crore respectively.

Preventive maintenance practices have been adopted for reducing the downtime leading to improved energy consumption. Bathinda Unit achieved on-stream efficiency of 96.03% while Panipat, Vijaipur I and Vijaipur II Units achieved an on-stream efficiency of more than 92 %.

3. Technology Absorption

- In order to improve efficiency of coal fired boilers, trial run of use of coal additives were made by each of the Units. Based on the results of the trial runs done at Units, it was observed that combustibles in fly ash reduce leading to improvement in boiler efficiency. Thus coal additive is being used at Panipat Unit while procurement of coal additive is in progress at Nangal and Bathinda Units.
- At Panipat Unit Vibro prillers were installed and trials were conducted. Though Improvement was there but increase in prill size could not be achieved on continuous basis. Vibro prilling system could not perform during summer months and its use was discontinued. Presently, Proposal for new 1800 MTPD Prilling Tower is under consideration for Panipat & Bathinda Units.
- Procurement of make-up gas chiller in the synthesis gas compressor is in progress at Vijaipur II to improve energy consumption.
- Additional Cooling Tower cells of Ammonia-II & Urea II have been installed for reliable and sustained operation of plant.
- To meet revised energy norms as stipulated in New Urea Policy-2015, NIT for installation of GTG & HRSG at Panipat, Bathinda & Nangal has been issued with estimated cost of ₹ 696.74 Crore to bring down the energy consumption of Urea to the tune of 6.5 GCal/MT of Urea. Last date for bid submission was 27.07.2017. Four bids received on due date. Technical bids are being evaluated.

4. Foreign Exchange Earnings and outgo

The foreign exchange earnings by way of trade margins during the year was 'NIL'. The foreign exchange outgo by way of imports and other expenses amounted to ₹ 519.12 crores.

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Date : 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Report on Safety, Environment and Sustainable Development

Inclusive and sustainable development is the need of the hour in view of increasing climatic changes and rising disparities in the society at large. Company has taken various initiatives in adopting best practices for health safety and environment management, energy conservation and social up-liftment leading to sustainable development.

Health, Safety and Environmental Consciousness:

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

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

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

Board Level Health and Safety Committee are meeting at regular intervals to address the Health and Safety issues of all the Units. Quarterly review meeting 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' have been implemented in various units to improve process safety.

To safeguard the plants from emergencies like Fire, Explosion and Toxic gases, "On site Emergency Disaster 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 system. Visits of local Authorities and central agencies such as National Disaster Management Authority are regularly conducted in order to remain updated on safety related issues in all the plants. All the units are having their "Disaster Management Quick Response Team" to address the incidents that may occur outside the factory area for transportation of liquid Ammonia, Chlorine Gas and Ammonium Nitrate.

To protect, restore and promote sustainable use of trees and trial ecosystem, afforestation has been adopted in all units to improve the environment surrounding the units. A total of 21000 tree saplings were planted in and around various units leaving a cleaner and greener earth for future generation. The cumulative plantation since commencement is about 8.21 lakhs for all the units.

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

Use of Green Power :

Company is committed to promote ecologically sustainable growth by utilizing cleaner fuel i.e. Natural Gas for power generation at its units, presently using coal for power generation. NFL is in the process of installing GTG (Gas turbo Generator) along with heat recovery steam generation (HRSG) at Nangal, Bathinda & Panipat Units for reducing the energy consumption and CO2 emission of plants.

To ensure affordable, reliable, sustainable and modern energy for the community, about 80 Nos of solar street light have been installed in near by village of all NFL Units. All Units are in the process of replacing existing conventional lights with ecofriendly LED lights.

Development of Sustainable Product :

Neem Coated Urea: During 2016-17 the total production of Neem Coated Urea was 38.10 lakh MT. Neem Coated Urea is useful for slow release of Nitrogen in soil as compared to normal Urea. Further, it acts as a bio-pesticide for crops.

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

Company is currently producing three types of bio fertilizers in both powder and liquid base i.e. Rhizobium, Azectobactor and PSB. To increase the shelf life of Bio Fertilizers, NFL is gradually shifting from Powder Bio Fertilizers to Liquid Bio Fertilizers. This has resulted in less use of lignite, which is used as a carrier for Powder Bio Fertilizers. This has also resulted in lesser use of Natural resources. During 2016-17, the sale of Liquid & Powder Bio Fertilizers is 545 MT.

City Compost -- NFL is committed to Government of India's dream of Swachh Bharat Mission by marketing of 2660 MT of city compost sourced from manufacturers located in various states during 2016-17. City Compost is a soil conditioner which is produced out of bio-degradable waste. Compost from city garbage would not only provide carbon and primary/secondary nutrients to soil but also help in keeping the city clean. Use of City Compost is also undertaken by NFL in the adopted villages in the states of Haryana and Madhya Pradesh. NFL is further working to increase trading business in this fields.

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Date : 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Form MBP 2

Particulars of loans, guarantee, security and acquisition made by the company
[Pursuant to section 186(9) & Rule 12(1) of the Companies (Meetings of Board and its Powers) Rules, 2014]

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition / giving guarantee/ providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted entities)	Amount of loan/ security/ acquisition / guarantee	Time period for which it is made/ given	
(1)	(2)	(3)	(4) (in ₹)	(5)	
Subscription to equity capital	13-Apr-2016	Ramagundam Fertilizers and Chemicals Limited (RFCL)	30000000	Investment in equity	
	16-May-2016		15000000		
	21-Jun-2016		10000000		
	01-Jul-2016		17000000		
	21-Jul-2016		46500000		
	12-Aug-2016		11500000		
	24-Aug-2016		195000000		
	20-Sep-2016		70000000		
	03-Oct-2016		35000000		
	20-Oct-2016		15000000		
	01-Nov-2016		150000000		
	23-Nov-2016		75000000		
	19-Dec-2016		45000000		
	03-Jan-2017		45000000		
	24-Jan-2017		150000000		
	02-Feb-2017		100000000		
	03-Mar-2017		110000000		
	15-Mar-2017		50000000		
	27-Mar-2017		120000000		
		Total	1290000000		
Purpose of loan/ acquisition / guarantee/ security	% of loan/acquisition / exposure on guarantee/ security provided to the paid up capital, free reserves and securities premium account and % of free reserves and securities premium	Date of passing Board resolution	Date of passing special resolution, if required	For loans	
				Rate of interest	Date of maturity
(6)	(7)	(8)	(9)	(10)	(11)
-	-	-	-	-	-
For acquisitions					
Number and kind of securities	Nominal value and paid up value	Cost of acquisition (in case of securities how the purchased price was arrived at)	Date of selling of investment	Selling price (how the price was arrived at)	Signatures and Remarks
(12)	(13)	(14)	(15)	(16)	(17)
12,90,00,000, Equity Shares	₹10/-	-	-	-	-

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Date: 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)

Chairman & Managing Director
DIN: 06408953

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”: Subsidiaries

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

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

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

Part “B”: Associates and Joint Ventures

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

Name of associates/Joint Ventures	Ramagundam Fertilizers and Chemicals Limited (RFCL)	Uravarak Videsh Limited (UVL) has got the status of Dormant Company under Companies Act w.e.f. 4 th November, 2015.
1. Latest audited Balance Sheet Date	31.03.2017	31.03.2017
2. Shares of Associate/Joint Ventures held by the company on the year end	125440004	180002
No.	125440004	180002
Amount of Investment in Associates/Joint Venture	₹ 1254400040.00	₹ 1800020.00
Extend of Holding%	50.00%	33.33%
3. Description of how there is significant influence	There is significant influence due to percentage (%) of Share Capital in the Jointly Controlled Entity as mentioned above	There is significant influence due to percentage (%) of Share Capital in the Jointly Controlled Entity as mentioned above.
4. Reason why the associate/joint venture is not consolidated	N.A.	N.A.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 1514795000.00	₹ 447475.00
6. Profit/Loss for the year	Loss of ₹ 2423000.00	Loss of ₹ 4646.00
i. Considered in Consolidation	Yes	Yes
ii. Not Considered in Consolidation	N.A.	N.A.

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

(Raj Kumar)
Company Secretary
A-11914

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

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Registered Office:
Scope Complex, Core3,
7 Institutional Area,
Lodhi Road, New Delhi-110003
Date: 10th August, 2017

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013.

1. Details of Contracts or arrangements or transactions not at arm's length basis.

Name(s) of related party and nature of relationship	Nature of Contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient term of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advance, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Ramagundam Fertilizers & Chemicals Ltd, (RFCL) a Joint Venture with National Fertilizers Ltd., Engineers India Ltd & Fertilizer Corporation of India Ltd.	Lease agreement for providing office space to RFCL at NFL registered office at Scope Complex, New Delhi for a period of three years.	3 years lease agreement i.e. from 4 th March, 2015 to 3 rd March, 2018	Lease rent of token amount of ₹ 1.00 per annum	The lease arrangement does not involve earmarking of office space to RFCL and Lease arrangement is for use of office space as registered office for the purpose of receiving communication by RFCL.	4 th July 2015	N.A.	N.A.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of related party and nature of relationship	Nature of Contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient term of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advance, if any
-	-	-	-	-	-

(Raj Kumar)
Company Secretary
A-11914

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

(Manoj Mishra)
Chairman & Managing Director
DIN : 06408953

Registered Office:
Scope Complex, Core 3,
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Date: 10th August, 2017

Procurement made from Micro and Small Enterprises (MSEs) during 2016-17

Public Procurement Policy for Micro and Small Enterprises (MSEs) notified by the Government of India under the Micro, Small and Medium Enterprises Development Act, 2006 stipulates that 20% of total annual procurement of goods and services shall be made by all Central Ministries /Departments /CPSUs from Micro & small Enterprises (MSEs). Within this percentage, a sub total of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs. The Policy has become mandatory w.e.f. 01.04.2015.

Clause no. 12(2) of MSMED Act inter alia stipulates that Central Ministries or Departments or Public Sector Undertakings can be considered for exemption from 20 % target of mandatory procurement from MSEs on case to case basis.

NFL has requested Ministry of Micro, Small and Medium Enterprises through Ministry of Chemicals & Fertilizers for waiver from mandatory procurement of 20 % from MSEs for following items required for fertilizer business, since the same are not available from MSEs:

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

NFL has taken following actions to maximize procurements from MSEs:

- i. Items identified for procurement from MSEs at respective plants have been displayed on NFL website www.nationalfertilizers.com. All other items which are being procured at our units are also displayed on NFL website for prequalification of Vendors, for wider participation by suppliers including MSEs.
- ii. Enabling provisions have been made in Purchase Manual for providing purchase preference for participating MSEs including SC/ST bidders in case they match L1-Price as per Procurement Policy.
- iii. Units have been instructed to buy exclusively from MSEs their requirements of 358 items reserved for procurement from MSEs.
- iv. Nodal officers have been appointed for respective Units to help/provide hand holding support to local MSEs.
- v. Vendor development programmes have been organized by Panipat and Bhatinda units. One Vendor development programme by Nangal unit has also been organized for MSEs promoted by SC/ST entrepreneurs exclusively, during 2016-17.

With concerted efforts NFL has been able to achieve a percentage of 31.18 % during 2016-17 against earlier achievement of 20% during 2015-16 from MSEs, out of total procurement of Goods and Services excluding Raw materials, traded products, Power & Fuel, and other goods/services which cannot be procured from MSEs.

The details of the procurement of Goods and Services made by Company during 2016-17 are as below:

₹ in crore

Sr. No.	Particulars	Annual procurement Target for the year 2016-17	Target achieved for the year 2016-17
I.	Annual procurement of Goods and Services*.	200.00	335.81
II.	Total value of Goods and Services procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	40.00	104.70
III.	Total Value of Goods and Services procured from only MSEs owned by SC/ST entrepreneurs). **	8.00	0.88
IV.	% age of procurement of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement.	20.00%	31.18 %
V.	% age of procurement of Goods and Services from only MSEs owned by SC/ST entrepreneurs out of total procurement. **	4.00%	0.26 %
VI.	Total number of vendor development programmes for MSEs	4	3

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

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Date: 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)

Chairman & Managing Director
DIN: 06408953

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is already functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs/ OBCs. Liaison Officer of appropriate status has been appointed in each Unit/Office to ensure due compliance of orders and instructions pertaining to reservation. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for such programmes conducted by external agencies. During 2016-17, 1785 man-days training (in-house as well as external training programmes) was imparted to SC/ST employees. A statement showing representation of employees belonging to Scheduled Caste / Scheduled Tribes / Other Backward Classes / Persons with disabilities is given as under:

REPRESENTATION OF SCs/STs/OBCs AS ON 31.03.2017									
Group	Employees on Rolls	SC	%age	ST	%age	OBC	%age	Divyang	%age
A	1374	274	19.94	84	6.11	117	8.52	5	0.36
B	1526	428	28.05	108	7.08	113	7.40	16	1.05
C	525	109	20.76	30	5.71	125	23.81	19	3.62
D	33	18	54.55	1	3.03	4	12.12	1	3.03
D(Safai karamchari)	59	59	100.00	0	0.00	0	0.00	0	0.00
Total	3517	888	25.25	223	6.34	359	10.21	41	1.17

RECRUITMENT OF SCs/STs/OBCs DURING THE YEAR 2016-17									
Group	Total Recruitment	SC	%age	ST	%age	OBC	%age	Divyang	%age
A	100	12	12.00	4	4.00	26	26.00	0	0.00
B	0	0	0.00	0	0.00	0	0.00	0	0.00
C	116	21	18.10	2	1.72	46	39.66	2	1.72
D	0	0	0.00	0	0.00	0	0.00	0	0.00
D(Safai karamchari)	0	0	0.00	0	0.00	0	0.00	0	0.00
Total	216	33	15.28	6	2.78	72	33.33	2	0.93

PROMOTION OF SCs/STs/OBCs DURING THE YEAR 2016-17									
Group	Total Promotions	SC	%age	ST	%age	OBC	%age	Divyang	%age
A	144	29	20.14	8	5.56	15	10.42	0	0.00
B	51	19	37.25	4	7.84	9	17.65	0	0.00
C	99	17	17.17	4	4.04	29	29.29	4	4.04
D	3	1	33.33	1	33.33	1	33.33	0	0.00
D(Safai karamchari)	1	1	0.00	0	0.00	0	0.00	0	0.00
Total	298	67	22.48	17	5.70	54	18.12	4	1.34

The overall reservation percentage achieved for SC category employees is 25.25 which is more than the prescribed reservation. In case of ST, the percentage achieved is 6.34%. There is a slight shortfall than the prescribed reservation because the reservation in Group 'C' and 'D' posts filled up by Direct Recruitment in the States of Punjab and Haryana where three plants of the Company are located was abolished w.e.f 1st June, 1985. For other backward classes, the percentage achieved is 10.21%.

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Date: 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

{Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,
The Members,
National Fertilizers Limited.

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate Practices by **National Fertilizers Limited** (hereinafter called NFL/the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of NFL's books, papers, Minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial period ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by NFL ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Compliances/ processes/ systems under other applicable Laws to the Company are being verified on the basis of periodic certificate submitted to the Board of Directors of the Company.

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

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India –generally complied with.
- (b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

1. *Compliance of Regulation 17 (1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises w.r.t. appointment of requisite no. of Independent Directors on the Board of the Company.*
2. *Compliance of Regulation 17 (10) Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 (8) of Companies Act 2013 read with Clause VII & VIII of Schedule IV of the Companies Act 2013, w.r.t. performance evaluation of the Directors.*

We further report that the Board of Directors of the Company has to be constituted in terms of the provisions of the Companies Act, 2013, DPE Guidelines and Regulation 17(1) of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. The number of independent directors on the Board is less than 50% of the original strength of the Board. Furthermore, the Company is not compliant with provisions of appointment of requisite number of Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

For Agarwal S. & Associates,
Company Secretaries,

CS Sachin Agarwal
Partner
FCS No. : 5774
CP No. : 5910

Place: New Delhi
Date: 01st August, 2017

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

To,
The Members,
National Fertilizers Limited

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

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

For Agarwal S. & Associates,
Company Secretaries,

CS Sachin Agarwal
Partner
FCS No. : 5774
CP No. : 5910

Place: New Delhi
Date: 01st August, 2017

Management's Reply to the observations of Secretarial Auditor Report for the financial year 2016-17

Sr. No.	Secretarial Auditors' Observations	Management's Reply
1.	Compliance of Regulation 17 (1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises w.r.t. appointment of requisite no. of Independent Directors on the Board of the Company.	<p>National Fertilizers Limited (NFL) is a Government Company under the administrative control of the Department of Fertilizers (DoF). The Directors of the Company are appointed by the Government of India. The remuneration and tenure of Directors are also fixed by GOI.</p> <p>The Company is requesting from time to time, DoF for appointment of Independent Director on the Board of the Company.</p>
2.	Compliance of Regulation 17(10) Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(8) of Companies Act, 2013 read with Clause VII & VIII of Schedule IV of the Companies Act, 2013 w.r.t. performance evaluation of the Directors.	<p>Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification dated 5th June, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.</p> <p>In view of the above exemption, no performance evaluation of the Independent Directors was required to be carried out.</p> <p>Further, the Independent Directors in their separate meetings held on 02.05.2016 and 14.02.2017 inter-alia reviewed the performance of the Board as a whole.</p> <p>It is submitted that MCA vide notification dated 5th June, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.</p> <p>The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors by Administrative Ministry. Upon request and representations received from CPSEs, the Department of Public Enterprises has also written to Department of Economic Affairs and Securities and Exchange Board of India to align the SEBI (LODR) Regulations, 2015 with the Companies Act, 2013 based on the Exemptions under Companies Act, 2013 as provided to the Government Companies.</p> <p>In view of the above exemption, the performance evaluation of the Chairperson, Functional Directors and Part-time Official Directors was not carried out.</p>

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Date: 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

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

I REGISTRATION & OTHER DETAILS:

i	CIN	L74899DL1974GOI007417
ii	Registration Date	23/08/1974
iii	Name of the Company	NATIONAL FERTILIZERS LIMITED
iv	Category/Sub-category of the Company	Company Limited by Shares
v	Address of the Registered office & contact details	Scope Complex Core-III-7 Institutional Area Lodhi Road New Delhi – 110003 Phone: 0120-2412294, 412445, 3292201-08, Fax:0120-2412397
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Mas Services Limited, T-34, 2 nd Floor, Okhla Industrial Area, Phase-II, New Delhi – 110 020. PH: 011-26387281-83 FAX: 011-26387384 Email: mas_serv@yahoo.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Urea	20121	88.31%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	URVARAK VIDESH LIMITED (UVL)	U24120DL2008GOI181057	ASSOCIATE	33.33%	2(6)
2	RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED (RFCL)"	U24100DL2015PLC276753	ASSOCIATE	50%	2(6)

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

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	440116292	-	440116292	89.71	440116292	-	440116292	89.71	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	440116292	-	440116292	89.71	440116292	-	440116292	89.71	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A) (1)+(A)(2)	440116292	-	440116292	89.71	440116292	-	440116292	89.71	-
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	2868777	-	2868777	0.58	28806353	-	28806353	5.87	5.29
C) Central govt/State Govt.	28896110	-	28896110	5.89	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	2000	2000	0.00	0.00
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Portfolio Investors	-	-	-	-	1532204	-	1532204	0.31	0.00
i) Others (specify)	5862	-	5862	0.00	56039	-	56039	0.01	0.01
SUB TOTAL (B)(1):	31770749	-	31770749	6.48	30394596	2000	30396596	6.20	-0.28

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
i) Indian									
a) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs/ Revised limit from upto ₹ 1 lakhs to ₹ 2 lakhs vide SEBI Circular No. CIR/CFD/CMD/13/2015 dated November 30, 2015	11241747	58769	11300516	2.30	8076386	53429	8129815	1.66	-0.65
ii) Individuals share-holders holding nominal share capital in excess of ₹ 1 lakhs/ Revised limit from excess of ₹ 1 lakhs to ₹ 2 lakhs vide SEBI Circular No. CIR/CFD/CMD/13/2015 dated November 30, 2015	2764054	0	2764054	0.56	2574762	-	2574762	0.52	-0.04
b) NBFCs registered with RBI	14200	0	14200	0.00	96200	-	96200	0.02	0.02
c) Others (specify)									
1. NRI	308090	246500	554590	0.11	-	-	-	-	0.09
a) NRI (Non-Repeat)	-	-	-	-	93516	-	93516	0.02	-
b) NRI (Repeat)	-	-	-	-	672388	246500	918888	0.19	-
2. Clearing Member	514091	0	514091	0.10	3822893	-	3822893	0.78	0.67
3. Trust	7200	0	7200	0.00	6800	-	6800	0.00	0.00
4. Custodian/DR Holder	26	0	26	0.00	0	-	0	0	0.00
5. Bodies corporates	3536682	-	3536682	0.72	4422638	-	4422638	0.90	0.18
d) Overseas Depositories	-	-	-	-	-	-	-	-	-
e) Employee Trust	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	18386090	305269	18691359	3.81	19765583	299929	20065512	4.09	0.28
Total Public Shareholding (B) = (B)(1)+(B)(2)	50156839	305269	50462108	10.29	50160179	301929	50462108	10.29	0.00
C. Non promoter-Non Public (Shares held by Custodian for GDRs & ADRs)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	490273131	305269	490578400	100	490276471	301929	490578400	100.00	0.00

(ii) Share Holding of Promoters

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

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

SI. No.		Share holding at the beginning of the Year		Cumulative Shareholding during the year		% Change during the year
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
1	At the beginning of the year	440116292	89.71	440116292	89.71	—
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	—	—	—	—	—
3	At the end of the year	440116292	89.71	440116292	89.71	—

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

SI. No		Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No of shares	% of total shares of the company
1	LIFE INSURANCE CORPORATION OF INDIA	20404679	4.16	0	0			20404679	4.16
2	THE NEW INDIA ASSURANCE COMPANY LIMITED	3681353	0.75	0	0			3681353	0.75
3	GENERAL INSURANCE CORPORATION LIMITED	2429281	0.50	0	0			2429281	0.50
4	ORIENTAL INSURANCE COMPANY LIMITED	1475288	0.30					1475288	0.30
				40000	0	Transfer	10-Feb-17	1435288	0.29
				10000	0	Transfer	17-Feb-17	1425288	0.29
							31-Mar-17	1425288	0.29
5	PRABHUDAS LILLADHER PRIVATE LIMITED	-	-						
					500	Transfer	8-Apr-16	500	0.00
					147	Transfer	15-Apr-16	353	0.00
					153	Transfer	29-Apr-16	200	0.00
					150	Transfer	6-May-16	50	0.00
					950	Transfer	13-May-16	1000	0.00
					800	Transfer	20-May-16	200	0.00
					200	Transfer	27-May-16	400	0.00
					399	Transfer	3-Jun-16	1	0.00

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No of shares	% of total shares of the company
					555	Transfer	10-Jun-16	556	0.00
					644	Transfer	17-Jun-16	1200	0.00
					4029	Transfer	24-Jun-16	5229	0.00
				3979		Transfer	8-Jul-16	1250	0.00
					500	Transfer	15-Jul-16	1750	0.00
					250	Transfer	22-Jul-16	2000	0.00
					600	Transfer	27-Jul-16	2600	0.00
					273	Transfer	5-Aug-16	2873	0.00
				1400		Transfer	12-Aug-16	1473	0.00
				223		Transfer	19-Aug-16	1250	0.00
				127		Transfer	26-Aug-16	1123	0.00
					1500	Transfer	2-Sep-16	2623	0.00
					675	Transfer	9-Sep-16	1948	0.00
					1600	Transfer	16-Sep-16	348	0.00
					200	Transfer	20-Sep-16	148	0.00
					13	Transfer	27-Sep-16	161	0.00
					25	Transfer	30-Sep-16	136	0.00
					123	Transfer	21-Oct-16	13	0.00
					287	Transfer	9-Dec-16	300	0.00
					1771	Transfer	16-Dec-16	2071	0.00
					729	Transfer	6-Jan-17	2800	0.00
					57	Transfer	13-Jan-17	2857	0.00
				2847		Transfer	20-Jan-17	10	0.00
					2990	Transfer	27-Jan-17	3000	0.00
					31500	Transfer	3-Feb-17	34500	0.01
					758145	Transfer	10-Feb-17	792645	0.16
					136494	Transfer	17-Feb-17	929139	0.19
				63869		Transfer	24-Feb-17	865270	0.18
				371952		Transfer	3-Mar-17	493318	0.10
					267313	Transfer	10-Mar-17	760631	0.16
				69130		Transfer	17-Mar-17	691501	0.14
					506849	Transfer	24-Mar-17	1198350	0.24
				44500		Transfer	31-Mar-17	1153850	0.24
							31-Mar-17	1153850	0.24
6	GLOBE CAPITAL MARKET LTD	-	-						
					15942	Transfer	8-Apr-16	15942	0.00
				275		Transfer	15-Apr-16	15667	0.00
					9990	Transfer	22-Apr-16	25657	0.01
					5500	Transfer	29-Apr-16	31157	0.01
					5742	Transfer	6-May-16	36899	0.01
					700	Transfer	13-May-16	37599	0.01
					4270	Transfer	20-May-16	41869	0.01

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No of shares	% of total shares of the company
					2798	Transfer	27-May-16	44667	0.01
					581	Transfer	3-Jun-16	45248	0.01
					2020	Transfer	10-Jun-16	47268	0.01
					15330	Transfer	17-Jun-16	62598	0.01
					3450	Transfer	24-Jun-16	66048	0.01
				12700		Transfer	30-Jun-16	53348	0.01
				2400		Transfer	1-Jul-16	50948	0.01
					2500	Transfer	8-Jul-16	53448	0.01
					4799	Transfer	15-Jul-16	58247	0.01
					5500	Transfer	22-Jul-16	63747	0.01
					9625	Transfer	29-Jul-16	73372	0.01
				324		Transfer	5-Aug-16	73048	0.01
					5050	Transfer	12-Aug-16	78098	0.02
				250		Transfer	19-Aug-16	77848	0.02
					2201	Transfer	26-Aug-16	80049	0.02
				248		Transfer	2-Sep-16	79801	0.02
				400		Transfer	9-Sep-16	79401	0.02
				18091		Transfer	16-Sep-16	61310	0.01
					29800	Transfer	20-Sep-16	91110	0.02
					1250	Transfer	23-Sep-16	92360	0.02
					1	Transfer	27-Sep-16	92361	0.02
				6010		Transfer	30-Sep-16	86351	0.02
				4641		Transfer	7-Oct-16	81710	0.02
				1764		Transfer	14-Oct-16	79946	0.02
					1600	Transfer	21-Oct-16	81546	0.02
					539	Transfer	28-Oct-16	82085	0.02
				5461		Transfer	4-Nov-16	76624	0.02
				5540		Transfer	11-Nov-16	71084	0.01
				600		Transfer	18-Nov-16	70484	0.01
				997		Transfer	25-Nov-16	69487	0.01
					1098	Transfer	2-Dec-16	70585	0.01
				16310		Transfer	9-Dec-16	54275	0.01
					10360	Transfer	16-Dec-16	64635	0.01
				2626		Transfer	23-Dec-16	62009	0.01
				6850		Transfer	30-Dec-16	55159	0.01
				5525		Transfer	31-Dec-16	49634	0.01
				7582		Transfer	6-Jan-17	42052	0.01
				7650		Transfer	13-Jan-17	34402	0.01
					450245	Transfer	20-Jan-17	484647	0.10
				70400		Transfer	27-Jan-17	414247	0.08
					606393	Transfer	3-Feb-17	1020640	0.21
					749009	Transfer	10-Feb-17	1769649	0.36
				463807		Transfer	17-Feb-17	1305842	0.27
					201382	Transfer	24-Feb-17	1507224	0.31

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No of shares	% of total shares of the company
				61241		Transfer	3-Mar-17	1445983	0.29
				446528		Transfer	10-Mar-17	999455	0.20
				85935		Transfer	17-Mar-17	913520	0.19
					4451	Transfer	24-Mar-17	917971	0.19
					158281	Transfer	31-Mar-17	1076252	0.22
							31-Mar-17	1076252	0.22
7	NATIONAL INSURANCE COMPANY LTD	905509	0.18						
				400000		Transfer	28-Oct-16	505509	0.10
							31-Mar-17	505509	0.10
8	SHRIRAM INSIGHT SHARE BROKERS LTD (DP id/Folio No : 1203840000000067)	-	-						
					5	Transfer	8-Apr-16	5	0.00
					2100	Transfer	15-Apr-16	2105	0.00
					1629	Transfer	22-Apr-16	3734	0.00
				2580		Transfer	29-Apr-16	1154	0.00
				1085		Transfer	6-May-16	69	0.00
					908	Transfer	13-May-16	977	0.00
					1873	Transfer	20-May-16	2850	0.00
				2299		Transfer	27-May-16	551	0.00
					1224	Transfer	3-Jun-16	1775	0.00
					855	Transfer	10-Jun-16	2630	0.00
				1070		Transfer	17-Jun-16	1560	0.00
				440		Transfer	24-Jun-16	1120	0.00
					8145	Transfer	30-Jun-16	9265	0.00
				4835		Transfer	1-Jul-16	4430	0.00
				2438		Transfer	8-Jul-16	1992	0.00
				1582		Transfer	15-Jul-16	410	0.00
				275		Transfer	22-Jul-16	135	0.00
					65	Transfer	29-Jul-16	200	0.00
					120	Transfer	5-Aug-16	320	0.00
					9107	Transfer	12-Aug-16	9427	0.00
				8797		Transfer	19-Aug-16	630	0.00
				627		Transfer	26-Aug-16	3	0.00
					547	Transfer	2-Sep-16	550	0.00
					458	Transfer	9-Sep-16	1008	0.00
				48		Transfer	16-Sep-16	960	0.00
					17874	Transfer	20-Sep-16	18834	0.00
				18234		Transfer	23-Sep-16	600	0.00
					883	Transfer	27-Sep-16	1483	0.00
				354		Transfer	30-Sep-16	1129	0.00
					1071	Transfer	7-Oct-16	2200	0.00
				2125		Transfer	14-Oct-16	75	0.00

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No of shares	% of total shares of the company
					2665	Transfer	21-Oct-16	2740	0.00
				1832		Transfer	28-Oct-16	908	0.00
					192	Transfer	4-Nov-16	1100	0.00
					2475	Transfer	11-Nov-16	3575	0.00
					825	Transfer	18-Nov-16	4400	0.00
				1017		Transfer	25-Nov-16	3383	0.00
				2472		Transfer	30-Nov-16	911	0.00
					593	Transfer	2-Dec-16	1504	0.00
					1923	Transfer	9-Dec-16	3427	0.00
					1559	Transfer	16-Dec-16	4986	0.00
				2278		Transfer	23-Dec-16	2708	0.00
					2400	Transfer	30-Dec-16	5108	0.00
				2678		Transfer	31-Dec-16	2430	0.00
					1277	Transfer	6-Jan-17	3707	0.00
				1837		Transfer	13-Jan-17	1870	0.00
				1045		Transfer	20-Jan-17	825	0.00
					1200	Transfer	27-Jan-17	2025	0.00
					724221	Transfer	3-Feb-17	726246	0.15
				702776		Transfer	10-Feb-17	23470	0.00
				6274		Transfer	17-Feb-17	17196	0.00
					58354	Transfer	24-Feb-17	75550	0.02
				63724		Transfer	3-Mar-17	11826	0.00
				7937		Transfer	10-Mar-17	3889	0.00
					1920	Transfer	17-Mar-17	5809	0.00
				861		Transfer	24-Mar-17	4948	0.00
					368591	Transfer	31-Mar-17	373539	0.08
							31-Mar-17	373539	0.08
9	SHRIRAM INSIGHT SHARE BROKERS LTD (DP id/Folio No:1203840000009946)	-	-						
					4111	Transfer	8-Apr-16	4111	0.00
				2850		Transfer	15-Apr-16	1261	0.00
					460	Transfer	22-Apr-16	1721	0.00
					606	Transfer	29-Apr-16	2327	0.00
					681	Transfer	6-May-16	3008	0.00
				2698		Transfer	13-May-16	310	0.00
					3105	Transfer	20-May-16	3415	0.00
				141		Transfer	27-May-16	3274	0.00
				991		Transfer	3-Jun-16	2283	0.00
					575	Transfer	10-Jun-16	1708	0.00
					1865	Transfer	17-Jun-16	3573	0.00
				220		Transfer	24-Jun-16	3353	0.00
					1185	Transfer	30-Jun-16	4538	0.00
				40		Transfer	1-Jul-16	4498	0.00

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No of shares	% of total shares of the company
					8210	Transfer	8-Jul-16	12708	0.00
					1000	Transfer	15-Jul-16	13708	0.00
				10425		Transfer	22-Jul-16	3283	0.00
				2620		Transfer	29-Jul-16	663	0.00
					3410	Transfer	5-Aug-16	4073	0.00
				1800		Transfer	12-Aug-16	2273	0.00
					5400	Transfer	19-Aug-16	7673	0.00
				7280		Transfer	26-Aug-16	393	0.00
					630	Transfer	2-Sep-16	1023	0.00
					260	Transfer	9-Sep-16	1283	0.00
					7715	Transfer	16-Sep-16	8998	0.00
				4730		Transfer	20-Sep-16	4268	0.00
				2465		Transfer	23-Sep-16	1803	0.00
				900		Transfer	27-Sep-16	903	0.00
					10	Transfer	30-Sep-16	913	0.00
					1860	Transfer	7-Oct-16	2773	0.00
					125	Transfer	14-Oct-16	2898	0.00
				2672		Transfer	21-Oct-16	226	0.00
					5	Transfer	28-Oct-16	231	0.00
					2142	Transfer	4-Nov-16	2373	0.00
					5100	Transfer	11-Nov-16	7473	0.00
				4995		Transfer	18-Nov-16	2478	0.00
				178		Transfer	25-Nov-16	2300	0.00
				195		Transfer	30-Nov-16	2105	0.00
					200	Transfer	2-Dec-16	2305	0.00
				1970		Transfer	9-Dec-16	335	0.00
					3570	Transfer	16-Dec-16	3905	0.00
				1050		Transfer	23-Dec-16	2855	0.00
				1000		Transfer	30-Dec-16	1855	0.00
					2259	Transfer	31-Dec-16	4114	0.00
				2599		Transfer	6-Jan-17	1515	0.00
					286	Transfer	13-Jan-17	1801	0.00
					244	Transfer	20-Jan-17	2045	0.00
				1196		Transfer	27-Jan-17	849	0.00
					89086	Transfer	3-Feb-17	89935	0.02
					188815	Transfer	10-Feb-17	278750	0.06
				274880		Transfer	17-Feb-17	3870	0.00
					182776	Transfer	24-Feb-17	186646	0.04
				152734		Transfer	3-Mar-17	33912	0.01
					179440	Transfer	10-Mar-17	213352	0.04
				76869		Transfer	17-Mar-17	136483	0.03
				84971		Transfer	24-Mar-17	51512	0.01
					313735	Transfer	31-Mar-17	365247	0.07
							31-Mar-17	365247	0.07

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No of shares	% of total shares of the company
10	ARIHANT CAPITAL MKT. LTD	-	-						
					16478	Transfer	8-Apr-16	16478	0.00
				593		Transfer	15-Apr-16	15885	0.00
				5300		Transfer	22-Apr-16	10585	0.00
					35442	Transfer	29-Apr-16	46027	0.01
				2558		Transfer	6-May-16	43469	0.01
					500	Transfer	13-May-16	43969	0.01
				9442		Transfer	20-May-16	34527	0.01
				2394		Transfer	27-May-16	32133	0.01
					6755	Transfer	3-Jun-16	38888	0.01
					274	Transfer	10-Jun-16	39162	0.01
					226	Transfer	17-Jun-16	39388	0.01
				5107		Transfer	24-Jun-16	34281	0.01
				15619		Transfer	30-Jun-16	18662	0.00
					3595	Transfer	1-Jul-16	22257	0.00
					6810	Transfer	8-Jul-16	29067	0.01
					7666	Transfer	15-Jul-16	36733	0.01
					8093	Transfer	22-Jul-16	44826	0.01
				452		Transfer	29-Jul-16	44374	0.01
					3725	Transfer	5-Aug-16	48099	0.01
				3575		Transfer	12-Aug-16	44524	0.01
					4550	Transfer	19-Aug-16	49074	0.01
				900		Transfer	26-Aug-16	48174	0.01
					1150	Transfer	2-Sep-16	49324	0.01
					550	Transfer	9-Sep-16	49874	0.01
				645		Transfer	16-Sep-16	49229	0.01
				560		Transfer	20-Sep-16	48669	0.01
				1		Transfer	23-Sep-16	48668	0.01
					9450	Transfer	27-Sep-16	58118	0.01
				3712		Transfer	30-Sep-16	54406	0.01
					6860	Transfer	7-Oct-16	61266	0.01
				618		Transfer	14-Oct-16	60648	0.01
				1140		Transfer	21-Oct-16	59508	0.01
					14790	Transfer	28-Oct-16	74298	0.02
					3000	Transfer	4-Nov-16	77298	0.02
					750	Transfer	11-Nov-16	78048	0.02
				6256		Transfer	18-Nov-16	71792	0.01
					366	Transfer	25-Nov-16	72158	0.01
				106		Transfer	2-Dec-16	72052	0.01
				5765		Transfer	9-Dec-16	66287	0.01
					1790	Transfer	16-Dec-16	68077	0.01
				1620		Transfer	23-Dec-16	66457	0.01
				6123		Transfer	30-Dec-16	60334	0.01

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No of shares	% of total shares of the company
				1020		Transfer	31-Dec-16	59314	0.01
				10139		Transfer	6-Jan-17	49175	0.01
					8419	Transfer	13-Jan-17	57594	0.01
				5930		Transfer	20-Jan-17	51664	0.01
				17440		Transfer	27-Jan-17	34224	0.01
				3052		Transfer	3-Feb-17	31172	0.01
					8115	Transfer	10-Feb-17	39287	0.01
					240792	Transfer	17-Feb-17	280079	0.06
					341759	Transfer	24-Feb-17	621838	0.13
					16735	Transfer	3-Mar-17	638573	0.13
				95745		Transfer	10-Mar-17	542828	0.11
					99710	Transfer	17-Mar-17	642538	0.13
				224		Transfer	24-Mar-17	642314	0.13
				288610		Transfer	31-Mar-17	353704	0.07
							31-Mar-17	353704	0.07

Note :- Date of change is the date of the shareholding statement i.e. the date on which the beneficiary position is downloaded.

(v) Shareholding of Directors and Key Managerial Personnel:

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

V INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT

₹ in crore

For Each of the Directors and KMP	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	1852.03	4266.91	0.00	6118.94
ii) Interest due but not paid	0.00	3.09	0.00	3.09
iii) Interest accrued but not due	1.59	0.00	0.00	1.59
Total (i+ii+iii)	1863.62	4270.00		6123.62
Change in Indebtedness during the financial year				
Additions				
Reduction	862.91	1126.10	0.00	1989.01
Net Change	862.91	1126.10	0.00	1989.01
Indebtedness at the end of the financial year				
i) Principal Amount	990.65	3143.67	0.00	4134.32
ii) Interest due but not paid			0.00	0.00
iii) Interest accrued but not due	0.06	0.23	0.00	0.29
Total (i+ii+iii)	990.71	3143.90	0.00	4134.61

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

in ₹

Sl. No.	Particulars of Remuneration	Name of the MD/WT/Manager				Total Amount
		Shri Manoj Mishra (C&MD)	Shri M. Sagar Mathews Director (Tech.)	Shri Rajiv Kumar Chandiok Director (Finance)	Shri D.S. Ahuja Director (Tech.)	
	Period	2016-17	01.04.2016 to 30.12.2016	2016-17	06.02.2017 to 31.03.2017	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961	2817701	3883315	2982478	378836	10062330
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	511241	309383	265061	33378	1119063
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	as % of profit	-	-	-	-	-
	others (specify)	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	3328942	4192698	3247539	412214	11181393
	Ceiling as per the Act	-	-	-	-	-

B. Remuneration to other directors:

in ₹

Sl. No.	Particulars of Remuneration	Name of the Directors						Total Amount
		Shri M. Raman	Shri Gurinderjit Singh Sandhu	Shri Vikram Shrivastava	Smt. B.K. Dave	Shri Anil Verma	Dr. Ramesh Kumar Agarwal	
1	Independent Directors							
	(a) Fee for attending board committee meetings	15000	120000	15000	90000	15000	-	255000
	(b) Commission	-	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-	-
	Total (1)	15000	120000	15000	90000	15000	-	255000
2	Other Non Executive Directors							
	(a) Fee for attending board committee meetings	-	-	-	-	-	-	-
	(b) Commission	-	-	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-	-	-
	Total (2)							
	Total (B)=(1+2)	15000	120000	15000	90000	15000	-	255000
	Total Managerial Remuneration	15000	120000	15000	90000	15000	-	255000
	Overall Ceiling as per the Act.							

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

in ₹

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Shri Raj Kumar (Company Secretary)	
	Period	2016-17	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1971579	1971579
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	160565	160565
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission as % of profit	-	-
	other, specify		
5	Others, please specify	-	-
	Total	2132144	2132144

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

Registered Office:

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

Date : 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)

Chairman & Managing Director
DIN: 06408953

Directors Profile

Shri Manoj Mishra (DIN 06408953)

Shri Manoj Mishra aged about 56 years has taken over as Chairman & Managing Director (C&MD) of National Fertilizers Limited (NFL) with effect from June 03rd, 2015. Shri Manoj Mishra is a member of the Institute of Cost Accountants of India.

Shri Mishra has professional experience of 30 years in various Public Sector Undertakings and Co-operative sector. Prior to his appointment as C&MD, NFL, he held the position of Director (Finance) in the State Trading Corporation of India Limited (STC). He was also holding additional charge of Director (Marketing) for bullion and other divisions in STC.

Prior to his joining STC in 2010, Shri Mishra held various positions in Krishak Bharati Co-operative Limited (KRIBHCO) for 23 years. Earlier, he had worked in HHEC of India Ltd. He is also Director on the Board of Fertilizer Association of India. He is also a Member of Nomination & Remuneration Committee of the Company.

Shri Rajiv Kumar Chandiok (DIN 05146544)

Shri Rajiv Kumar Chandiok, aged about 58 years has taken over as Director (Finance) of National Fertilizers Limited (NFL) on 10th February 2015. Before joining NFL, he was General Manager (Finance) in Power Finance Corporation Limited (PFC).

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

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

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

Shri Devinder Singh Ahuja (DIN 07687173)

Aged about 57 years, Shri Devinder Singh Ahuja has taken over as Director Technical on 6th February, 2017. Shri Ahuja joined NFL as Jr. Executive (Trainee) in the year 1980 and rose to the level of Executive Director before his appointment as Director (Technical).

Shri Ahuja is B.Sc. (Chemical) with Hons. and also holds Post Graduate Diploma in Project Management. He has worked across entire spectrum of a project cycle starting from concept development to front end engineering, asset construction, commissioning, operation, etc. He has 36 years long experience spanning across production, technical services and other departments at different Units of NFL. He has been responsible for commissioning of Ammonia plants in India and abroad and implementing various retrofits and energy saving schemes flawlessly. Shri Ahuja is also Director of Ramagundam Fertilizers and Chemicals Limited.

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

Smt. Meenakshi Gupta (DIN 07686646)

Smt. Meenakshi Gupta aged about 56 years is presently holding the position of Additional Secretary and Financial Advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

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

Smt. Gupta joined Indian Audit & Accounts Service in 1984 and has served in various offices in North East, UP and Delhi. She was Assistant CAG and Director General in the Office of CAG of India. She also has trained officers in Bhutan and Indonesia and audited United Nations and various

Indian Embassies abroad. Smt. Meenakshi Gupta is also Director of Hindustan Organic Chemicals Limited, Madras Fertilizers Limited and Indian Postash Limited.

Shri Dharam Pal (DIN 02354549)

Shri Dharam Pal aged about 54 years is a senior IAS Officer. He is presently holding the position of Additional Secretary, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

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

Smt. Bhavnaben Kardambhai Dave (DIN 07557056)

Aged about 64 years, Smt. Bhavnaben Kardambhai Dave holds Post Graduate Degree in Economics. She has been associated with social activities. Presently, she is the Vice Chairperson of University Granth Nirman Board of Gujarat. She is also the Gujarat State Coordinator in National Institute of Public Cooperation and Child Development. She was the first lady Mayor of Ahmedabad and had also been Member of Parliament in Lok Sabha. She has also been Chairperson of Gujarat State Social Welfare Board. She had also been involved in the field of education. Smt. Bhavnaben is also the Chairperson of Corporate Social Responsibility and Sustainable Development Committee and Member of Audit Committee and Nomination & Remuneration Committee of the Company.

Shri. Anil Verma (DIN 02544789)

CA Anil Verma aged about 52 years is a member of Institute of Chartered Accountants of India and has been a Practicing Chartered Accountant since 1990. His area of practice include Auditing, Taxation and Finance. Looking to his contribution to the Profession, he was nominated as Co-opted Member of Committee of Government Accounting by Institute of Chartered Accountants of India during 2009-10. He is working with many Social Organizations, Trusts and Educational Institutions. Shri Verma is also a Professional speaker and has been delivering lectures on various topics of Profession and Social issues. He is a Member of Advisory Board of Mewar University, Chittorgarh. He is also a Member of Institutional Animal Ethics Committee (IAEC) related to the Department of Pharmaceutical Sciences, Faculty of Ayurved and Medical Sciences, Gurukul Kangri University, Haridwar. Shri Verma is also Member of Advisory Board of Patanjali Research Foundation Trust.

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

Dr. Ramesh Kumar Agarwal (DIN 00601353)

Aged about 58 years, Dr. Ramesh Kumar Agarwal has taken over the position of Non Executive Independent Director of National Fertilizers Limited (NFL) as on 14.02.2017. By Profession he is an Eye Specialist having Degree of MBBS, D.O. & M.S. Ophthalmology from Assam Medical College, Dibrugarh. He has also obtained Intra Ocular Micro Surgery Course at Madurai.

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

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

Dr. Kalpana Saini (DIN 07820260)

Aged about 58 years, Dr. Kalpana Saini has taken over as Director of NFL w.e.f. 18.05.2017. She holds a Ph.D. degree in Sanskrit. She began her career as lecturer and served as principal at Gandhi Mahila Shilp Vidhalaya from 1987. She has been associated with social activities and also associated with women welfare. Smt. Saini is also a Member of Audit committee of the company.

Registered Office:

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

Date : 10th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

AUDITED FINANCIAL STATEMENTS 2016-17

Auditor's Report

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of
National Fertilizers Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of National Fertilizers Limited ('the Company'), which comprise the balance sheet as at 31st March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - (e) on the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 45 to the standalone Ind AS financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 54 to the standalone Ind AS financial statements.
3. As required by Section 143(5) of the Act, we have considered the direction and sub-directions issued by the Comptroller & Auditor General of India. We give our report in the attached "Annexure C".

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

B.B. Kalia
Partner
Membership number: 085772

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

Dalbir Gulati
Partner
Membership number: 081024

New Delhi
18th May 2017

ANNEXURE "A"

**The Annexure refer to in Independent Auditor's Report to the members of
the Company on the standalone Ind AS financial statements for
the year ended 31st March, 2017, we report that:**

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

Immovable Properties	Area
Nangal Unit	2578.000 Acres
Bhatinda Unit	14.261 Acres
Vijaipur Unit	1250.254 Acres
Alwar	0.164 Acres
Bhopal	9707.250 Sq. Ft

- (ii) The physical verification of the inventory has been carried out by the management in accordance with the perpetual inventory programme, at regular intervals during the year. The discrepancies noticed have been properly dealt within the books of account;
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, paragraph 3(iii)(a), (b), (c) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) According to the information and explanation given to us the Company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) We have broadly reviewed the Cost Records maintained by the Company specified by Central Government under Sub Section (1) of section 148 of the Act, and are of the opinion that prima facie the prescribed records have been maintained. We have, however, not made a detailed examination of the Cost Records with a view to determine whether they are accurate or complete.
- (vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues.

According to the information and explanations given to us, no undisputed amounts remain payable in respect of such statutory liabilities as at 31st March, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the particulars of the disputed dues as at 31st March, 2017 which have not been deposited on account of matters pending in appeal before appropriate authorities are as under:

Name of the Statute	Nature of dues	Amount Involved (in ₹ Crore)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	55.36	AY2006-07, AY 2011-12, AY 2013-14, AY 2014-15	Commissioner of Income Tax (Appeals)
		23.98	AY 2010-11, AY 2012-13	Income Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Excise Duty	0.32	FY 2005-06	CESTAT
Finance Act, 1994 (Service Tax)	Service Tax	1.00	FY 2011-12 to FY 2014-2015	Commissioner (Appeals)

Name of the Statute	Nature of dues	Amount Involved (in ₹ Crore)	Period to which amount relates	Forum where the dispute is pending
Customs Act 1962	Custom Duty	6.02	F.Y. 1996-97	CESTAT
Punjab VAT Act	VAT	0.55	FY 2006-07 to FY 2010-11	Dy. Excise and Taxation Commissioner (Appeal), Patiala
Madhya Pradesh Value Added Tax Act, 2002	VAT	0.01	FY 2008-09, 2013-14 and 2014-15	Appellate Board, Commercial Tax, Bhopal
MP VidyutShulkAdhiniyam 2012	Electricity Generation Duty & Cess	0.43	FY 2008-09 to FY 2011-12	MP High Court
Punjab Municipal Act	Property Tax	0.81	FY 2007-08 to FY 2009-10	Municipal Council, Nangal
		0.09	FY 1982-83 to FY 1990-91	Municipal Council, Nangal
MP Commercial Tax Act, 1994	Purchase Tax	1.30	FY 2001-02	MP Commercial Tax Appellate Board, Bhopal
Haryana Local Development tax Act, 2000	Entry tax	6.72	FY 2000-01 to FY 2002-03	Joint Excise Taxation Commissioner Rohtak
Entry Tax Act 1976	Entry Tax	0.07	FY 2010-11, 2012-13, 2013-14 and FY 2014-15	Appellate Board, Commercial Tax
Municipal Corporation, Bhatinda	Octroi Charges	0.39	FY 1988-1999, 1991-1992	Punjab and Haryana Court

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank or bonds/debenture holders as at the Balance Sheet date.
- (ix) As per the information and explanations given to us on an overall basis the term loans taken by the company have been applied for the purposes for which they were obtained.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

B.B. Kalia
Partner
Membership number: 085772

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

Dalbir Gulati
Partner
Membership number: 081024

New Delhi
18th May 2017

ANNEXURE "B"

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statement for the year ended 31st March, 2017.

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

We have audited the internal financial controls over financial reporting of National Fertilizers Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

B.B. Kalia
Partner
Membership number: 085772

New Delhi
18th May 2017

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

Dalbir Gulati
Partner
Membership number: 081024

ANNEXURE "C"

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

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

COMPLIANCE CERTIFICATE

We have conducted the audit of the accounts of **National Fertilizers Limited** for the year ended 31st March, 2017 in accordance with the directions/sub-directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions/sub-directions issued to us.

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

B.B. Kalia

Partner

Membership number: 085772

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

Dalbir Gulati

Partner

Membership number: 081024

New Delhi
18th May 2017

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

AUDIT REPORT OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR 2016 -2017 PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

I. Directions for the year 2016-17

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

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

Freehold Land/Location	Area (in acres)
Nangal Unit	2578.000
Bhatinda Unit	14.261
Vijaipur Unit	1250.254
Alwar	0.164

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

During FY 2016-2017, amount of ₹ 0.01 crore has been written off due to non-recovery after exhausting all efforts by the management.

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

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

II. Sub-Directions under section 143(5) of Companies Act 2013 for the year 2016-17

- Trade Receivables – Subsidy

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

Subsidy amount of ₹ 4044.92 crores receivable from the Government as at 31st March 2017 is subject to confirmation/acceptance by the Government.

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

B.B. Kalia
Partner

Membership number: 085772

New Delhi
18th May 2017

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

Dalbir Gulati
Partner

Membership number: 081024

Balance Sheet as at 31st March 2017

	Note	As at 31 st March, 2017	As at 31 st March, 2016	₹ in crore As at 01 st April, 2015
ASSETS				
NON-CURRENT ASSETS				
Property, Plant & Equipment	2	4046.67	4239.44	4421.45
Capital Work In Progress	3	50.57	32.62	39.00
Other Intangible Assets	4	11.86	19.16	26.59
Financial Assets				
Investments	5	125.47	15.47	2.47
Loans	6	11.52	13.51	15.96
Other Financial Assets	7	138.47	855.47	1590.81
Deferred Tax Assets (Net)	8	-	31.05	56.01
Other Non-Current Assets	9	3.03	0.52	0.42
		4387.59	5207.24	6152.71
CURRENT ASSETS				
Inventories	10	575.15	485.60	266.45
Financial Assets				
Trade Receivables	11	4267.43	4802.77	5007.00
Cash & Cash Equivalents	12	6.11	4.95	3.33
Other Bank balances	13	2.19	2.02	1.88
Loans	14	2.17	2.60	2.76
Other Financial Assets	15	668.82	1222.36	1814.05
Current Tax Assets (Net)	16	92.32	71.34	81.42
Other Current Assets	17	164.15	202.83	48.57
		5778.34	6794.47	7225.46
Assets Held for Disposal	18	15.85	15.93	15.22
		10181.78	12017.64	13393.39
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	19	490.58	490.58	490.58
Other Equity	20	1336.06	1200.17	1018.01
LIABILITIES				
NON-CURRENT LIABILITIES				
Financial Liabilities				
Borrowings	21	172.35	985.99	1785.11
Other Financial Liabilities	22	22.19	20.96	21.38
Provisions	23	150.09	134.83	134.64
Deferred Government Grant	24	2825.74	3007.04	3186.63
Deferred Tax Liabilities (Net)	8	8.96	-	-
Other non-current Liabilities	25	14.28	12.80	11.56
CURRENT LIABILITIES				
Financial Liabilities				
Borrowings	26	3153.73	4295.32	5002.40
Trade Payables	27	400.70	306.80	174.43
Other financial liabilities	28	1088.20	1104.44	1144.04
Provisions	29	109.71	78.87	68.05
Deferred Government Grant	30	187.17	186.57	186.37
Other Current Liabilities	31	222.02	193.27	170.19
		10181.78	12017.64	13393.39
Significant accounting policies	1			
The accompanying notes forms an integral part of these financial statements				

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

For Chandio & Guliani
Chartered Accountants

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

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

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

For HDSG & Associates
Chartered Accountants

(Dalbir Gulati)
Partner
Membership No.081024
Firm Regd. No. 002871N

Place: New Delhi
Date: 18th May, 2017

Statement of Profit and Loss for the year ended 31st March 2017

	Note	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
₹ in crore			
Revenue			
Revenue from operations (gross)	32	7663.22	7793.91
Other Income	33	44.59	46.53
Total Revenue (I)		7707.81	7840.44
Expenses			
Cost of Materials consumed	34	3015.06	3636.43
Purchase of Stock-in-Trade	35	579.03	264.09
Excise duty		43.28	36.67
Change in inventories of finished goods, work-in-progress and stock-in-trade	36	(49.57)	(246.30)
Employee Benefits Expense	37	488.08	457.18
Power and Fuel	38	2213.12	2423.93
Freight and Handling		544.79	435.81
Repairs and Maintenance	39	82.19	81.59
Finance Cost	40	189.75	228.42
Depreciation and Amortization Expense	41	85.17	86.66
Other Expenses	42	192.03	147.54
Total Expenses (II)		7382.93	7552.02
Profit / (Loss) before exceptional item and tax (III) = (I) - (II)		324.88	288.42
Exceptional Item (IV)		-	-
Profit/(Loss) before Tax (V)=(III)-(IV)		324.88	288.42
Tax expenses:	43		
Current tax		76.71	64.83
Deferred tax		40.01	24.97
Total Tax Expense (VI)		116.72	89.80
Profit/(Loss) for the year (VII)=(V)-(VI)		208.16	198.62
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Remeasurement of Post Employment Benefit obligations		(1.27)	(9.82)
Income Tax relating to above items		0.44	3.40
Other Comprehensive Income (net of tax) (VIII)		(0.83)	(6.42)
Total Comprehensive Income (IX) = (VII) + (VIII)		207.33	192.20
Earnings per share	44		
Basic earnings per share of ₹ 10 each		4.24	4.05
Diluted earnings per share of ₹ 10 each		4.24	4.05

Significant accounting policies

1

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

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Company Secretary
A-11914

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Chartered Accountants

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Membership No.081024
Firm Regd. No. 002871N

Place: New Delhi

Date: 18th May, 2017

Cash Flow Statement for the year ended 31st March 2017

		Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
₹ in crore			
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/(Loss) Before Tax		324.88	288.42
Adjustments For :			
Depreciation / Amortization		85.18	85.17
Finance Charges		189.75	228.42
Interest Income		(15.48)	(10.75)
Profit on Sale of Fixed Assets		(1.74)	0.41
Exchange Rate Variation (Net)		(0.21)	(4.31)
Provision for Doubtful Debts/ Advances		0.20	0.00
Provision for Obsolete/Surplus Stores		(1.49)	0.86
Liabilities / Provisions no longer required written back		-	(0.15)
Stores and Spares write offs		7.67	3.62
Assets written off		0.11	0.23
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		588.87	591.92
Adjustments For :			
Trade and Other Receivables		1863.20	1387.81
Inventories		(95.74)	(223.63)
Trade Payables, Provisions & Others Liabilities		170.71	148.65
Direct Taxes paid		(73.57)	(54.76)
NET CASH FROM OPERATING ACTIVITIES	"A"	2453.47	1849.99
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (including CWIP)		(95.49)	(78.40)
Purchase of Investment		(129.00)	(22.00)
Fixed Assets Sold/Discarded		6.90	1.25
Interest Received		15.48	10.75
NET CASH FROM INVESTING ACTIVITIES	"B"	(202.11)	(88.40)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans		(1141.59)	(707.08)
Long Term Loans		(847.42)	(814.43)
Interest Paid		(189.75)	(228.42)
Dividend/Distribution Tax paid		(71.44)	(10.04)
NET CASH FROM FINANCING ACTIVITIES	"C"	(2250.20)	(1759.97)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	1.16	1.62
Cash And Cash Equivalents (Closing Balance)		6.11	4.95
Cash And Cash Equivalents (Opening Balance)		4.95	3.33
NET INCREASE IN CASH AND CASH EQUIVALENTS		1.16	1.62

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

(R.K. Chandiok)
Director (Finance)
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(Manoj Mishra)
Chairman & Managing Director
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For Chandiok & Guliani
Chartered Accountants

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(B.B. Kalia)
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(Dalbir Gulati)
Partner
Membership No.081024
Firm Regd. No. 002871N

Place: New Delhi
Date: 18th May, 2017

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

	Notes	₹ in crore Amount
As at 1 st April 2015	19	490.58
Change in equity share capital during the year		-
As at 31 st March 2016		<u>490.58</u>
As at 1 st April 2016	19	490.58
Change in equity share capital during the year		-
As at 31 st March 2017		<u>490.58</u>

B. OTHER EQUITY

Particulars	Capital Reserve	General Reserve	Debt Redemption Reserve	Reserve & Surplus Corporate Social responsibility (CSR) Reserve	Social Responsibility Reserve	Retained Earning	Total
Opening balance as at 1 st April 2015	2.51	302.75	17.57		5.26	689.92	1018.01
Profit for the year	-	-	-	-	-	198.62	198.62
Comprehensive income for the year	-	-	-	-	-	(6.42)	(6.42)
Total Comprehensive Income for the year	-	-	-	-	-	<u>192.20</u>	<u>192.20</u>
Dividend Paid (including Tax on Dividend)	-	-	-	-	-	(10.04)	(10.04)
Transfer to/(from) Debt Redemption Reserve	-	7.53	(7.53)	-	-	-	-
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	-	(1.25)	1.25	-	-
Transfer to/(from) retained earnings	-	12.57	-	-	-	(12.57)	-
Closing balance as at 31 st March 2016	<u>2.51</u>	<u>322.85</u>	<u>10.04</u>		<u>4.01</u>	<u>860.76</u>	<u>1200.17</u>
Opening balance as at 1 st April 2016	2.51	322.85	10.04		4.01	860.76	1200.17
Profit for the year	-	-	-	-	-	208.16	208.16
Comprehensive income for the year	-	-	-	-	-	(0.83)	(0.83)
Total Comprehensive Income for the year	-	-	-	-	-	<u>207.33</u>	<u>207.33</u>
Dividend Paid (including Tax on Dividend)	-	-	-	-	-	(71.44)	(71.44)
Transfer to/(from) Debt Redemption Reserve	-	10.04	(10.04)	-	-	-	-
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	-	(1.51)	1.51	-	-
Closing balance as at 31 st March 2017	<u>2.51</u>	<u>332.89</u>	<u>-</u>		<u>2.50</u>	<u>998.16</u>	<u>1336.06</u>

Significant accounting policies

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

For Chandio & Guliani
Chartered Accountants

(B.B. Kalia)
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(Dalbir Gulati)
Partner
Membership No.081024
Firm Regd. No. 002871N

Place: New Delhi

Date: 18th May, 2017

Notes to the Financial Statements and Significant Accounting Policies

1. Company Overview and Significant Accounting Policies

1.1 Company Overview

National Fertilizers Limited (the 'Company') is a company limited by shares, incorporated and domiciled in India. The Company is engaged in production and marketing of Neem Coated Urea, Bio-Fertilizers (solid & liquid) and other allied Industrial products like Ammonia, Nitric Acid, Ammonium Nitrate, Sodium Nitrite and Sodium Nitrate. The Company is also engaged in trading of Imported and Domestic Fertilizers, Compost, Seeds, Agro Chemicals and other Agro products. The registered office of the company is located at New Delhi, India. The Government of India is the principal shareholder of the Company. The shares of the Company are listed on National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE"), India.

The financial statements are approved for issue by the Company's Board of Directors on 18-05-2017.

1.2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2.1 Basis of preparation

(a) Compliance with Ind AS

The financial statements prepared on accrual basis, as a going concern, comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended) and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 59 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- assets held for sale — measured at fair value less cost to sell; and
- defined benefit plans — plan assets measured at fair value

1.2.2 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates and judgments affect the application of accounting policies and the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of financial statements and the reported amount of revenue and expenses during the period. Application of accounting policies that require critical accounting estimates involving judgments have been disclosed in note (1.2.3).

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of change in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

1.2.3 Critical Accounting Estimates and judgments

(a) Property Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(b) Revenue Recognition

Price and Freight Subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy and the bills are raised based on such notification. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification received is treated as current year income or expenditure and the effect of change in estimate, if material, is disclosed separately.

1.2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Refer note 48 for segment information presented.

1.2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit and Loss except in case of long term liability relating to acquisition of fixed assets acquired upto March 31, 2016, where the same are adjusted to carrying amount of such assets.

Foreign exchange gains and losses regarded as an adjustment to borrowing costs are charged in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

1.2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty. Revenue is recognised net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue in respect of sale of goods is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria's for revenue recognition have been met.

Sale of scrap/ waste materials is recognized on disposal.

1.2.7 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase / acquisition of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented as deduction from related depreciation expenses.

Interest subsidy received/receivable from Government for changeover of Ammonia Feed Stock Conversion Project from FO/ LSHS to Gas is recognized in the Statement of Profit and Loss and is being deducted in reporting the related expense.

1.2.8 Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in Joint Ventures where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.2.9 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised where the carrying value of an asset to be replaced is not separately identifiable it is derecognized on estimated/technical report basis. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are aligned to useful life specified under Schedule II of the Companies Act, 2013 except for certain items of plant and machinery which are depreciated as below:

- | | |
|--|----------|
| a) Reformer Package and Instrumentation: | 15 years |
| b) Heat Exchangers, pumps, turbines and CO2 Booster: | 20 years |

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

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

Spares that can be used only in connection with an item of fixed asset is depreciated over a period not exceeding the useful life of the principal item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss with other Income.

1.2.10 Intangible Assets

Intangible Assets are stated at cost less accumulated amortization and impairment.

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

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.2.11 Capital Work in Progress

All revenue expenses incurred during Construction period, which are exclusively attributable to acquisition/construction of fixed assets, are capitalised at the time of commissioning of Assets.

Pre-project expenditure relating to Projects which are considered unviable/closed is charged off to Revenue in the year of declaration/closure.

The capital work in progress includes Construction Stores including Material in Transit/Equipment/Services etc. received at site for use in the projects.

1.2.12 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.2.13 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.2.14 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks/ financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.2.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.2.16 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.2.17 Inventories - Raw materials and stores, work in progress, packaging material and finished goods

Raw materials, packaging materials and stores and spares are stated at the lower of monthly weighted average cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In case of stores and spares not moved for more than two years and upto five years, provision for obsolescence is made at five percent per annum (on straight line basis) and charged to revenue. In case of stores and spares which have not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

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

1.2.18 Investments and other financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses arising from fair valuation will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Measurement

Initial recognition

The Company measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, at fair value including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest,

are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Investment in Joint Venture:

Investment in Joint venture is carried at cost in the financial statements.

(c) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 56 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(d) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(e) Derivatives

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value through profit or loss at the end of each reporting period.

1.2.19 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.2.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.2.21 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

1.2.22 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the statement of Profit and Loss Account in the period in which they are incurred.

1.2.23 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

The Company provides following long term benefits:

- i) Leave Encashment (Earned Leave/Sick Leave/Half Pay Leave)
- ii) Long Service Award (LSA)

The liability for Leave encashment and Long term service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the financial reporting period using the projected unit credit method as calculated by Actuary. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(c) Post-employment obligations

The Company operates the following post-employment schemes:

- (i) defined benefit plans such as gratuity, provident fund, post retirement settlement benefits, social security benefits and employees' family economic rehabilitation scheme; and
- (ii) defined contribution plans such as post-employment medical plan and pension plan.

(d) Defined Benefit Obligations

The defined benefit obligation (other than Provident Fund) is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The liability or asset recognised in the balance sheet in respect of defined benefit obligations (except Provident Fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(e) Provident Fund

Contribution to provident fund is accounted for on accrual basis. The provident fund contributions are made by employee and company as monthly contribution equal to specified percentage of covered employee's salary to a trust administered

by the Company. The trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the trust is notified by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

(f) Defined Contribution Plans

The Company has a Post-Retirement Medical Benefits (PRMB) and pension plan for its employees. The Company has taken the insurance policies to meet its obligations under these plans. Accordingly, the liability of the company is limited upto the amount of insurance premium paid. These plans have been treated as defined contribution plans. The insurance premium paid for these plans is recognised as employee benefit expense and charged in statement of profit and loss account.

1.2.24 Provisions

Provisions (other than employee benefits) are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

1.2.25 Claims

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

1.2.26 Adjustment pertaining to Prior Period

Income/Expenditure pertaining to prior period upto ₹ 10.00 crores in each case subject to cumulative limit of 0.50% of sales turnover of previous year are not considered material and are included under the income/expenditure of the current year.

1.2.27 Prepaid Expenditure

Prepaid expenditure upto Rupee one lakh in each case not being considered material is included under the expenditure of the current year.

1.2.28 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

1.2.29 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- (i) the profit attributable to owners of the Company
- (ii) by the weighted average number of equity shares outstanding during the financial year.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- (i) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- (ii) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note: 2 Property, Plant & Equipment (As at 31.03.2017)

₹ in crore

DESCRIPTION	Gross Carrying Amount as at 1 st April 2016	Additions	Deductions/ Adjustments	Gross Carrying Amount as at 31 st March 2017	Accumulated Depreciation as at 1 st April 2016	Depreciation For the year	Upto 31 st March, 2017	Net carrying Amount As at 31 st March, 2017
LAND								
- Freehold	11.92	0.20	-	12.12			-	12.12
- Leasehold	6.35	-	-	6.35	0.10	0.10	0.20	6.15
BUILDINGS								
- on Freehold Land	113.00	0.01	-	113.01	5.93	5.73	11.66	101.35
- on Leasehold Land	33.86	1.10	-	34.96	6.57	5.32	11.89	23.07
Leasehold Buildings	0.45	-	-	0.45	0.06	0.06	0.12	0.33
Plant and Machinery	4309.47	70.04	5.17	4374.34	245.50	247.56	493.06	3881.28
Furniture and Fixtures	0.94	0.44	0.01	1.37	0.21	0.31	0.52	0.85
Vehicles	1.00	0.27		1.27	0.22	0.24	0.46	0.81
Office Equipments	1.14	0.50	0.01	1.63	0.36	0.33	0.69	0.94
OTHERS								
Electrical Installations	9.80	0.14	-	9.94	1.29	1.22	2.51	7.43
Railway Sidings	0.41	-	-	0.41	0.34	0.01	0.35	0.06
EDP Equipments	1.85	1.55	0.03	3.37	0.41	0.61	1.02	2.35
Other Equipments	13.57	3.10	0.05	16.62	3.33	3.36	6.69	9.93
	<u>4503.76</u>	<u>77.35</u>	<u>5.27</u>	<u>4575.84</u>	<u>264.32</u>	<u>264.85</u>	<u>529.17</u>	<u>4046.67</u>

- Title/Lease Deed for land acquired at Nangal (₹0.93 crore), Vijaipur (₹4.36 crore), Bathinda (₹0.15 crore), Building at Scope Complex, New Delhi (₹2.07 crore) and Building at Bhopal (₹0.51 crore) are pending execution.
- Out of total land of 2578 acres, land Measuring 325.70 acres at Nangal (₹ 0.12 crore) had been symbolically possessed by the Punjab Government on 29.10.1998 without determination of consideration. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners.
- Catalysts having useful life exceeding one year are capitalised from the date of purchase and identified as separate component as per Schedule II of Companies Act, 2013. Accordingly, Property, Plant & Equipment (Gross) include catalysts amounting to ₹ 11.95 crore (March 2016 ₹ 2.28 crore & April 2015 ₹ 6.84 crore).
- Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat & Nangal Unit under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production have been capitalised on 11th March 2013, 28th March 2013 and 18th July 2013 respectively. Accordingly, Property, Plant & Equipment (Gross) include assets amounting to ₹3755.24 crore (March 2016 ₹ 3748.81 crore & April 2015 ₹ 3741.36 crore) represented by capital grant as disclosed in Note: 24 & 30 Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹3012.80 crore (March 2016 ₹ 3193.52 crore & April 2015 ₹ 3372.90 crore) as on 31.03.2017.
- In terms of exemption granted under Ind AS 101, the company has opted to treat exchange difference arising from translation of long term foreign currency monetary items as addition/deletion to Property, Plant & Equipment. Accordingly, an exchange loss of ₹5.13 crore (March 2016 ₹15.03 crore) has been included in the addition to Property, Plant & Equipment/Capital Work in Progress as on 31st March, 2017. The unamortized amount of exchange difference as on 31.03.2017 is ₹59.93 crore (March 2016 ₹67.68 crore & April 2015 ₹56.31 crore).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

f. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

g. Buildings includes office premises given on operating lease. The details of such leased premises are as under:

	₹ in crores	
	Current Year	Previous year
Original Cost	1.26	2.40
Accumulated depreciation upto 31 st March 2017	0.71	1.19
Net Written Down Value as at 31 st March 2017	0.55	1.21
Depreciation recognized in Statement of Profit and Loss	0.03	0.05
Impairment losses recognized in Statement of Profit and Loss	-	-
Impairment losses reversed in Statement of Profit and Loss	-	-

Note: 2 Property, Plant & Equipment (As at 31.03.2016)

₹ in crore

DESCRIPTION	Deemed Cost As at 1 st April, 2015	Additions	Deductions/ Adjustments	Gross carrying Amount as at 31 st March 2016	Depreciation For the year	Upto 31 st March, 2016	Net carrying Amount as at 31 st March 2016
LAND							
- Freehold	11.92	-	-	11.92	-	-	11.92
- Leasehold	6.35	-	-	6.35	0.10	0.10	6.25
BUILDINGS							
- on Freehold Land	113.00	-	-	113.00	5.93	5.93	107.07
- on Leasehold Land	30.99	2.87	-	33.86	6.57	6.57	27.29
Leasehold Buildings	0.45	-	-	0.45	0.06	0.06	0.39
Plant and Machinery	4235.50	75.74	1.77	4309.47	245.50	245.50	4063.97
Furniture and Fixtures	0.76	0.20	0.02	0.94	0.21	0.21	0.73
Vehicles	0.99	0.01	-	1.00	0.22	0.22	0.78
Office Equipments	0.72	0.46	0.04	1.14	0.36	0.36	0.78
OTHERS :							
Electrical Installations	7.95	1.84	(0.01)	9.80	1.29	1.29	8.51
Railway Sidings	0.08	0.33	-	0.41	0.34	0.34	0.07
EDP Equipments	1.43	0.49	0.07	1.85	0.41	0.41	1.44
Other Equipments	11.31	2.28	0.02	13.57	3.33	3.33	10.24
	<u>4421.45</u>	<u>84.22</u>	<u>1.91</u>	<u>4503.76</u>	<u>264.32</u>	<u>264.32</u>	<u>4239.44</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 3 Capital Work-in-Progress

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Building	2.36	1.09	0.01
Plant and Machinery	29.78	23.23	33.84
Capital Stores	16.89	8.30	5.15
Expenditure During Construction Period	1.54	-	-
	<u>50.57</u>	<u>32.62</u>	<u>39.00</u>
Details of Expenditure During Construction Period			
Opening Balance	-	-	-
Add: Expenditure during the year:			
Employees' Remuneration & Benefits	0.17	-	-
Project Management fee	1.37	-	-
Total	<u>1.54</u>	<u>-</u>	<u>-</u>
Total Expenditure	<u>1.54</u>	<u>-</u>	<u>-</u>
Less: Transfer to Property, Plant & Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u>1.54</u>	<u>-</u>	<u>-</u>

Note : 4 Other Intangible Assets (As at 31.03.2016)

₹ in crore

DESCRIPTION	Deemed Cost As at 1 st April, 2015	Additions	Deductions/ Adjustments	Gross carrying Amount as at 31 st March 2016	Amortization For the year	Upto 31 st March, 2016	Net carrying Amount as at 31 st March 2016
Computer Software	0.41	0.13	(0.02)	0.56	0.24	0.24	0.32
Licence and Know-how	26.18	-	-	26.18	7.34	7.34	18.84
	<u>26.59</u>	<u>0.13</u>	<u>(0.02)</u>	<u>26.74</u>	<u>7.58</u>	<u>7.58</u>	<u>19.16</u>

Note : 4 Other Intangible Assets (As at 31.03.2017)

₹ in crore

DESCRIPTION	Gross Block			Amortization			Net	
	Gross Carrying Amount as at 1 st April 2016	Additions	Deductions/ Adjustments	Gross Carrying Amount as at 31 st March 2017	Accumulated Depreciation as at 1 st April 2016	For the Year	Upto 31 st March, 2017	carrying Amount As at 31 st March, 2017
Computer Software	0.56	0.18	-	0.74	0.24	0.16	0.40	0.34
Licence and Know-how	26.18	-	-	26.18	7.34	7.32	14.66	11.52
	26.74	0.18	-	26.92	7.58	7.48	15.06	11.86

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Other Intangible Assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 5 Investments

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Investment in joint venture (Unquoted)[#]			
180002 Equity shares with face value of ₹10 each fully paid up in Urvarak Videsh Limited	0.18	0.18	0.18
Provision for diminution in value of investments	(0.15)	(0.15)	(0.15)
	0.03	0.03	0.03
125440004 Equity shares with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL) ^s	125.44	15.44	2.44
	125.47	15.47	2.47
Aggregate amount of unquoted investments	125.62	15.62	2.62
Aggregate provision for diminution in value of investments	(0.15)	(0.15)	(0.15)
	125.47	15.47	2.47
Investment in Equity Instruments of Co-operative Societies (Unquoted)			
1250 shares with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*	*
100 shares with face value of ₹50 each fully paid up (₹5000) in NFL Employees' Consumer co-operative stores	*	*	*
300 shares with face value of ₹10 each fully paid up (₹3000) in New India Co-operative Bank	*	*	*
Investment in mutual fund	*	*	*
	125.47	15.47	2.47

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

In compliance with Accounting Standard (Ind AS) 28 - "Investment in Associates & Joint Venture".

The Reporting information is as under :

Joint controlled entity

Name of the Company	Country of Incorporation	Percentage of ownership interest as on		
		31.03.2017	31.03.2016	01.04.2015
Urvarak Videsh Limited	India	33.33	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00	26.00

Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited and Fertilizer Corporation of India has been incorporated on 17.02.2015 for setting up of Fertilizer Unit at Ramagundam, Telangana under New Investment Policy, 2012. The plant shall have the annual urea capacity of 12.71 Lakhs MT urea. The zero date of project is 25.09.2015 and is scheduled to be completed within 36 months from zero date.

Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited was declared Dormant Company on 04.11.2015.

\$ Out of ₹153.44 crore invested in RFCL, Share application of ₹28.00 crore are pending for allotment and is disclosed in Note 7: Other Financial Assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 6 Loans

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Secured, considered good			
Loans to employees	7.15	8.32	8.80
Unsecured, considered good			
Loans to employees	4.37	5.19	7.16
	<u>11.52</u>	<u>13.51</u>	<u>15.96</u>

Note : 7 Other Financial Assets

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Security Deposits	0.06	2.84	0.06
Capital Grant Recoverable from GoI\$#	102.32	835.53	1579.87
Advance Against Equity Pending allotment of shares in Joint Venture (Ramagundam Fertilizers & Chemicals Limited)*	28.00	9.00	-
Margin Money against Bank Guarantees (more than one year)	8.09	8.10	10.88
	<u>138.47</u>	<u>855.47</u>	<u>1590.81</u>

Capital Grant recoverable from Government of India of ₹102.32 crore represents the grant to be disbursed by Government of India for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' for the FY 2018-19. Capital Grant recoverable from GOI amounting to ₹599.74 crore for the FY 2017-18 is disclosed in Note 15: Other Financial Assets. Details of Capital Grant for AFCP are disclosed in Note : 24 & 30 Deferred Government Grant.

\$ Capital grant includes cumulative foreign exchange gain of ₹0.27 crore (net) in respect of outstanding liability of AFCP recoverable from GOI as part of project cost and such exchange losses shall be adjusted in the capital cost upon final settlement of liabilities.

* Out of ₹153.44 crore invested in RFCL, Share application of ₹28.00 crore are pending for allotment. (Note 5 : Investment)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 8 Deferred tax assets (net)

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Deferred tax assets (A)			
Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.	104.06	106.62	97.18
MAT Credit Entitlement -Assets	64.59	70.94	-
Impact of losses/ unabsorbed depreciation carried forward for tax purposes			
Losses carried forward	-	-	79.65
Unabsorbed depreciation	-	34.24	48.28
(A)	168.65	211.80	225.11
Deferred tax liability (B)			
Property, Plant & Equipment: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/amortization charged in Statement of Profit and Loss.	(177.61)	(169.06)	(157.41)
Others*	-	(11.69)	(11.69)
(B)	(177.61)	(180.75)	(169.10)
Net deferred tax Assets (A-B)	(8.96)	31.05	56.01

*Adjustment through opening reserves

Movement in deferred tax components

₹ in crore

	As at April 1, 2015	Charged or (credited) to profit or loss	As at March 31, 2016
Expenses allowed on cash basis	97.18	9.44	106.62
Defined benefit obligations	-	-	-
Losses carried forward	79.65	(79.65)	-
Unabsorbed depreciation	48.28	(14.05)	34.23
Property, Plant & Equipment impact	(157.41)	(11.65)	(169.05)
Provisions not allowed	-	-	-
MAT credit Entitlement	-	70.94	70.94
Set off of tax losses	-	-	-
Others	(11.69)	-	(11.69)
	56.01	(24.97)	31.05

₹ in crore

	As at April 1, 2016	Charged or (credited) to profit or loss	As at March 31, 2017
Expenses allowed on cash basis	106.62	2.56	104.06
Defined benefit obligations	-	-	-
Losses carried forward	-	-	-
Unabsorbed depreciation	34.23	34.23	-
Property, Plant & Equipment impact	(169.05)	8.56	(177.61)
Provisions not allowed	-	-	-
MAT credit Entitlement	70.94	6.35	64.59
Set off of tax losses	-	-	-
Others	(11.69)	(11.69)	-
	31.05	40.01	(8.96)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 9 Other non-current assets

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Unsecured, considered good			
Capital advances	1.00	0.51	0.30
Others	2.03	0.01	0.12
	<u>3.03</u>	<u>0.52</u>	<u>0.42</u>

Note : 10 Inventories

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Raw materials	1.12	2.28	0.98
Add: In transit	<u>0.27</u> 1.39	<u>0.16</u> 2.44	<u>-</u> 0.98
Packing Materials	12.18	10.20	4.69
Add: In transit	<u>0.29</u>	<u>0.73</u>	<u>0.55</u>
Less: Provision for Obsolescence	<u>-</u> 12.47	<u>-</u> 10.93	<u>0.05</u> 5.19
Stores and spares	163.79	123.40	160.05
Add: In transit	<u>12.47</u>	<u>14.94</u>	<u>12.21</u>
Less: Provision for Obsolescence	<u>1.81</u> 174.45	<u>3.32</u> 135.02	<u>2.46</u> 169.80
Semi-finished goods	22.72	15.48	22.81
Traded goods	0.76	-	-
Add: In transit	<u>0.11</u> 0.87	<u>-</u> -	<u>-</u> -
Finished goods	254.10	198.07	25.65
Add: In transit	<u>109.15</u> 363.25	<u>123.66</u> 321.73	<u>42.02</u> 67.67
	<u>575.15</u>	<u>485.60</u>	<u>266.45</u>

Inventories have been valued at lower of cost (including excise duty where applicable) or net realizable value considering Note No.1.2.17 Accounting Policy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 11 Trade receivables

₹ in crore

	As at 31 st March, 2017		As at 31 st March, 2016		As at 01 st April, 2015	
Trade Receivables outstanding for a period more than six months from the date they are due for payment						
Subsidy (Government of India)	136.32		516.74		29.41	
Others	11.62	147.94	11.02	527.76	11.38	40.79
Trade Receivables less than six months						
Subsidy (Government of India)	3908.60		4087.54		4924.04	
Others	221.85	4130.45	198.44	4285.98	53.47	4977.51
Provision for doubtful receivables		(10.96)		(10.97)		(11.30)
		<u>4267.43</u>		<u>4802.77</u>		<u>5007.00</u>
Aggregate of trade receivables:						
Unsecured, considered good (including debts backed by bank guarantees ₹1.76 crore, (previous period ₹0.42 crore)		4267.43		4802.77		5007.00
Unsecured, considered doubtful		10.96		10.97		11.30
Provision for doubtful receivables		(10.96)		(10.97)		(11.30)
		<u>4267.43</u>		<u>4802.77</u>		<u>5007.00</u>

Note : 12 Cash & Cash Equivalents

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Balances with banks			
Current accounts	0.31	0.84	0.16
Cheques in hand/remittances in transit	5.77	4.02	3.08
Cash on hand	0.03	0.09	0.09
	<u>6.11</u>	<u>4.95</u>	<u>3.33</u>

Note : 13 Other Bank Balances

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Unclaimed dividend account	0.07	0.04	0.04
Margin Money against Bank Guarantees	2.12	1.98	1.84
	<u>2.19</u>	<u>2.02</u>	<u>1.88</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 14 Loans

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Secured, considered good			
Loans to employees	1.74	1.99	2.14
Unsecured, considered good			
Loans to employees	0.43	0.61	0.62
	<u>2.17</u>	<u>2.60</u>	<u>2.76</u>

Note : 15 Other Financial Assets

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Security Deposits	23.77	24.29	17.55
Capital Grant recoverable from Government of India (GOI) ^{\$}	599.74	1079.59	1470.23
Interest Subsidy recoverable from Government of India	34.29	114.59	322.69
Claims recoverable	9.93	2.83	2.63
Provision on claim recoverables	(0.23)	(0.26)	(0.37)
Fixed deposit as case property *	1.32	1.32	1.32
	<u>668.82</u>	<u>1222.36</u>	<u>1814.05</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 24 & 30.

*As per direction of Court an amount of ₹1.32 crore (March 2016 ₹ 1.32 crore & April 2015 ₹ 1.32 crore) is being kept as case property.

Note : 16 Current Tax Assets (Net)

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Tax Refunds	92.32	71.34	81.42
	<u>92.32</u>	<u>71.34</u>	<u>81.42</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 17 Other current assets

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Unsecured, considered good unless otherwise stated			
Advances			
Contractors	0.61	0.73	0.72
Suppliers \$#	261.70	290.94	139.18
Employees	1.91	0.78	1.17
Recoverable/Balances with customs and excise authorities	8.68	14.58	14.64
Others	30.90	35.23	32.11
	<u>303.80</u>	<u>342.26</u>	<u>187.82</u>
Unsecured, considered good from above	164.15	202.83	48.57
Unsecured, considered doubtful from above	139.65	139.43	139.25
Provision for doubtful advances	(10.01)	(9.79)	(9.61)
Provision for doubtful advances appropriated from reserve	(129.64)	(129.64)	(129.64)
	<u>164.15</u>	<u>202.83</u>	<u>48.57</u>

Includes an advance of ₹130.69 crore (March 2016 ₹ 130.69 crore & April 2015 ₹ 130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹129.64 crore (after recovery of ₹1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

\$ Includes amount recoverable on account of Gas Pooling amounting to ₹116.91 crore (March 2016 ₹ 147.94 crore & April 2015 Nil).

Note : 18 Assets held for disposal

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Assets of Ammonia Plant (AFCP)	13.47	13.55	13.55
Others	2.38	2.38	1.67
	<u>15.85</u>	<u>15.93</u>	<u>15.22</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 19 Equity Share Capital

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Authorized	1000.00	1000.00	1000.00
100,00,00,000 Equity Shares of ₹ 10 each			
Issued, Subscribed and Paid -up	490.58	490.58	490.58
49,05,78,400 Equity Shares of ₹ 10 each fully paid up			
	<u>490.58</u>	<u>490.58</u>	<u>490.58</u>

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

	31 st March, 2017		31 st March, 2016		01 st April, 2015	
	No.	%	No.	%	No.	%
Equity Shares of ₹10 each fully paid						
Government of India	440116292	89.71	440116292	89.71	440116292	89.71

d. Movement of Equity Shares Capital

Particulars	31 st March, 2017		31 st March, 2016		01 st April, 2015	
	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)
Opening Balance	490578400	490.58	490578400	490.58	490578400	490.58
Increase during the year	-	-	-	-	-	-
Closing Balance	<u>490578400</u>	<u>490.58</u>	<u>490578400</u>	<u>490.58</u>	<u>490578400</u>	<u>490.58</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 20 Other Equity

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Capital Reserve	2.51	2.51	2.51
A	<u>2.51</u>	<u>2.51</u>	<u>2.51</u>
General Reserve			
Opening Balance	322.85	302.75	302.75
Transferred from Statement of Profit & Loss	-	12.57	-
Transferred from Debenture Redemption Reserve	10.04	7.53	-
B	<u>332.89</u>	<u>322.85</u>	<u>302.75</u>
Debenture Redemption Reserve			
Opening Balance	10.04	17.57	17.57
Less: Transferred to General Reserve	10.04	7.53	-
C	<u>-</u>	<u>10.04</u>	<u>17.57</u>
Corporate Social Responsibility (CSR) Reserve*			
Opening Balance	4.01	5.26	5.26
Transferred from statement of Profit and Loss	1.11	-	-
Less: Transferred to statement of Profit and Loss (Refer Note 53)	2.62	1.25	-
D	<u>2.50</u>	<u>4.01</u>	<u>5.26</u>
Surplus in Statement of Profit & Loss			
Opening Balance	860.76	689.92	662.33
Add : Transferred from CSR reserve	2.62	1.25	-
Add: Adjustment as per Transactional Cost of Ind AS	-	-	33.77
Less : Income Tax on Transaction Cost of Ind AS	-	-	11.69
Less: Transferred to General reserve	-	12.57	-
Less: Dividend Paid (Including Tax on Dividend)	71.44	10.04	-
Less: Transferred to CSR reserve	1.11	-	-
	<u>790.83</u>	<u>668.56</u>	<u>684.41</u>
Profit/(Loss) for the year transferred from Statement of Profit and Loss	208.16	198.62	5.51
Profit/(Loss) for the year transferred from Other Comprehensive Income	(0.83)	(6.42)	-
Net Surplus	<u>998.16</u>	<u>860.76</u>	<u>689.92</u>
E	<u>998.16</u>	<u>860.76</u>	<u>689.92</u>
Total (A+B+C+D+E)	<u>1336.06</u>	<u>1200.17</u>	<u>1018.01</u>

* In terms of Section 135 of the Companies Act, 2013 read with guidelines on corporate social responsibility issued by Department of Public Enterprises (DPE), GOI, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The Company had opening CSR Reserve of ₹ 4.01 crore in respect of unspent CSR budget as per DPE guidelines. Budget of ₹ 1.11 crore was allocated as per Companies Act, 2013 for FY 2016-17. The company has incurred an amount of ₹ 2.62 crore during the year ended 31st March, 2017 (CPLY ₹ 1.25 crore) leaving balance CSR fund of ₹ 2.50 crore as on 31st March, 2017.

In terms of Ind AS 8, opening reserves has been increased by ₹ 33.77 crore i.e. increase ₹ 58.66 crore on account of adjustment relating to actuarial valuation of Post Retirement Medical Benefit Scheme and decrease by ₹ 24.89 crore on account of freight subsidy pertaining to earlier years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 21 Borrowings

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Bonds/Debentures (Secured)			
9.42% Secured Redeemable Non - Convertible Bonds of ₹10,00,000/- each*	-	-	40.16
Term Loans			
Rupee Loans from Banks (Secured)#	-	770.94	1538.20
Foreign Currency Loans - External Commercial Borrowing from Bank (Secured)\$	172.35	215.05	206.75
	<u>172.35</u>	<u>985.99</u>	<u>1785.11</u>

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

The borrowings of Rupee loan from Banks for Ammonia Feedstock Conversion Projects of ₹770 crore being payable in next year is disclosed in Note 27 Other Financial Liabilities. Loan is secured by first charge ranking pari-passu inter-se on entire Property, Plant & Equipment, movable and immovable (present & future) properties related to Nangal, Bathinda & Panipat units and second charge over the entire current assets and subsidy (excluding reimbursement related to energy savings and interest expenses) of the Company. 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 - MCLR and during the year interest rate was from 10.70% to 10.40% p.a.

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

ECB has been refinanced through DBS Bank, Singapore on 06.01.2016. The ECB was earlier drawn from SBI, NY at rate of interest of 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility.

The rate of interest of refinanced ECB from DBS, Singapore is 6 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan will commence from FY 2016-17. Foreign Currency External Commercial Borrowing (ECB) loan from DBS Bank is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The repayment of ECB loan will fall due for ₹38.68 crore in FY 2017-18, ₹55.61 crore in FY 2018-19, ₹ 58.02 crore in FY 2019-20 and ₹58.02 crore in FY 2020-21. A sum of ₹210.33 crore (₹171.65 crore + ₹38.68 crore) is outstanding as on 31.03.2017 out of which the installments due for payment upto 31st March, 2018 amounting to of ₹38.68 crore is disclosed in Note 28 Other Financial Liabilities.

Note : 22 Other Financial Liabilities

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Security Deposits	22.19	20.96	21.38
	<u>22.19</u>	<u>20.96</u>	<u>21.38</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 23 Provisions

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Provision for employee benefits ^{*A}	150.09	134.83	134.64
	<u>150.09</u>	<u>134.83</u>	<u>134.64</u>
* Item wise breakup of Provisions for employee benefits			
Earned Leave	73.68	69.10	66.95
Half Pay Leave	61.95	51.65	53.19
Post Retirement Settlement Benefits	1.31	1.24	1.00
Long Service Award	0.65	0.50	0.66
Social Security Benefits	4.86	5.45	5.17
Employees' Family Economic Rehabilitation Scheme	7.64	6.89	7.67
	<u>150.09</u>	<u>134.83</u>	<u>134.64</u>

^AShort term Provision for Employee Benefits of ₹78.87 crore is disclosed in Note 29.

Note : 24 Deferred Government Grant

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Opening Balance#			
Non Current	3007.04	3186.63	3347.45
Current	186.57	186.37	189.38
Add: Addition/Adjustment during the year (AFCP)*	6.43	7.45	22.35
Add: Addition/Adjustment during the year (Others)	0.03	-	-
Less : Depreciation transferred from Statement of Profit & loss Account	187.16	186.84	186.18
Less : Transferred Deferred Government Grant Current (Note 30)	187.17	186.57	186.37
	<u>2825.74</u>	<u>3007.04</u>	<u>3186.63</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 Ind AS 20 'Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 25 Other Non Current Liabilities

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Others [#]	14.28	12.80	11.56
	<u>14.28</u>	<u>12.80</u>	<u>11.56</u>

[#] Includes amount of ₹9.03 crore (March 2016 ₹9.07 crore & April 2015 ₹8.03 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

Note : 26 Borrowings

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Secured			
Cash credit from banks [*]	9.83	25.32	2239.45
Unsecured			
Commercial Paper	1440.00	1655.00	1500.00
Short Term loans from Banks [#]	1703.90	2615.00	1262.95
	<u>3153.73</u>	<u>4295.32</u>	<u>5002.40</u>

^{*} Cash credit from Banks are secured by first charge ranking pari-passu inter-se against hypothecation of inventories, book debts and other current assets of the Company.

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

Note : 27 Trade Payables

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Trade Payable to Micro, Small and Medium Enterprises (MSMED) [*]	2.24	0.92	1.23
Others ^{\$}	398.46	305.88	173.20
	<u>400.70</u>	<u>306.80</u>	<u>174.43</u>

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

^{\$} Includes amount of ₹204.19 crore (March 2016 ₹205.89 crore & April 2015 ₹75.46 crore) on account of Gas supplies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 28 Other Financial Liabilities

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Current maturities of long term borrowings*			
Bonds	-	40.17	30.12
Foreign currency loans	38.68	32.14	57.50
Rupee Term Loans	769.85	770.00	770.00
Creditors for Capital Works	185.41	174.77	208.75
Security Deposits	94.19	87.32	77.63
Unclaimed dividend	0.07	0.04	0.04
	<u>1088.20</u>	<u>1104.44</u>	<u>1144.04</u>

* Details in respect of Interest and terms of repayment of long term borrowings are disclosed in Note 21: Borrowings.

Note : 29 Provisions

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Provisions for employee benefits [^]	78.87	72.15	61.33
Provision for Corporate Tax	24.12	-	-
Provision for Local Area Development tax	6.72	6.72	6.72
	<u>109.71</u>	<u>78.87</u>	<u>68.05</u>
* Item wise breakup of provisions for employee benefits:			
Gratuity	58.17	49.38	33.70
Earned Leave	9.09	11.18	13.44
Half Pay Leave	8.24	8.53	11.09
Post Retirement Settlement Benefits	0.17	0.18	0.16
Long Service Award	0.14	0.15	0.10
Social Security Benefits	1.16	1.16	0.98
Employees' Family Economic Rehabilitation Scheme	1.90	1.57	1.86
	<u>78.87</u>	<u>72.15</u>	<u>61.33</u>

[^] Long term Provision for Employee Benefits of ₹150.09 crore is disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 30 Deferred Government Grant

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Deferred Government Grant*#	187.17	186.57	186.37
	<u>187.17</u>	<u>186.57</u>	<u>186.37</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 Ind AS 20 'Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

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

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

Non Current Deferred Government Grant is disclosed in Note No. 24.

Note : 31 Other Current Liabilities

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Advances from customers	24.73	15.16	37.43
Statutory Dues	66.61	65.35	60.45
Liability for employee benefits / remuneration	64.21	70.73	41.16
Others#	66.47	42.03	31.15
	<u>222.02</u>	<u>193.27</u>	<u>170.19</u>

Includes amount of ₹ 2.81 crore (March 2016 ₹1.37 crore & April 2015 ₹1.04 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 32 Revenue from operations

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Sale of Goods		
Finished goods	2236.40	2128.51
Traded goods*	468.67	234.76
(a)	<u>2705.07</u>	<u>2363.27</u>
Other operating revenue		
Subsidy from Government of India:		
Finished goods (Urea)-Subsidy		
Price subsidy	4339.34	5018.75
Freight subsidy	382.05	362.45
	<u>4721.39</u>	<u>5381.20</u>
Traded goods (Di Ammonium Phosphate) Subsidy		
Price subsidy	191.31	41.29
Freight subsidy	45.05	8.15
	<u>236.36</u>	<u>49.44</u>
Traded goods (Compost) Subsidy		
Price subsidy	0.40	-
Freight subsidy	-	-
	<u>0.40</u>	<u>-</u>
Total subsidy\$	(b) <u>4958.15</u>	<u>5430.64</u>
Revenue from operations (gross)	(a)+(b) <u>7663.22</u>	<u>7793.91</u>
Details of goods sold		
Finished goods (including subsidy)		
Urea	6767.12	7364.41
Industrial Products	188.28	142.31
Bio Fertilizers	2.39	3.01
	<u>6957.79</u>	<u>7509.73</u>
Traded goods (including subsidy)		
Seeds	14.92	16.80
Compost (including subsidy)	1.09	-
Gas Swapping (Sale)*	28.73	94.33
Di Ammonium Phosphate (Domestic)	-	41.49
Di Ammonium Phosphate (Imported)	651.76	127.07
Bentonite Sulphur (Domestic)	0.06	4.49
Bentonite Sulphur (Imported)	8.37	-
Agro Chemicals	0.50	-
	<u>705.43</u>	<u>284.18</u>
	<u>7663.22</u>	<u>7793.91</u>

* Sale of Traded Goods includes sale of Gas of ₹ 28.73 crore to M/s GAIL procured from M/s RIL in the state of Andhra Pradesh w.e.f. 1st August, 2015 under revenue neutral Gas Swapping arrangement pursuant to the OM No. 12014/6/2013-FPP dated 16th July, 2015 issued by Department of Fertilizers. It has been discontinued w.e.f 01.08.2016.

\$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year

Price Subsidy (Urea)	26.97	49.73
Freight Subsidy (Urea)	(7.56)	-
	<u>19.41</u>	<u>49.73</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 33 Other Income

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Interest income		
Term Deposits	7.10	5.40
Loan to employees	0.70	0.87
Others	7.68	4.48
(A)	<u>15.48</u>	<u>10.75</u>
Other non-operating income		
Rent	14.61	16.04
Profit on sale of Property, Plant & Equipment (Net)	1.74	0.41
Sale of Scrap	3.97	4.68
Miscellaneous income	8.79	14.65
(B)	<u>29.11</u>	<u>35.78</u>
(A+B)	<u>44.59</u>	<u>46.53</u>

Note : 34 Cost of Material Consumed

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Raw Material (A)		
Inventory at the beginning of the year	2.44	0.98
Purchases	2823.61	3465.62
	<u>2826.05</u>	<u>3466.60</u>
Less: Inventory at the end of the year	1.38	2.44
Cost of raw material consumed	<u>2824.67</u>	<u>3464.16</u>
Packing material (B)	144.61	127.67
Stores and spares (C)	45.78	44.60
Cost of material consumed (A+B+C)	<u>3015.06</u>	<u>3636.43</u>
Itemwise break up of raw material consumed		
Natural Gas	2822.17	3443.46
Others	2.50	20.70
	<u>2824.67</u>	<u>3464.16</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 35 Purchase of traded goods

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Traded goods purchased		
Seeds	14.17	16.10
Compost	0.96	-
Di Ammonium Phosphate (Domestic)	-	41.12
Di Ammonium Phosphate (Imported)	531.09	108.44
Gas Swapping Purchase*	28.73	94.33
Bentonite Sulphur	0.06	4.10
Bentonite Sulphur (Imported)	3.30	-
Agro Chemicals	0.72	-
	579.03	264.09

* Purchase of Traded Goods includes purchase of Gas of ₹ 28.73 crore procured from M/s RIL and sold to M/s GAIL in the state of Andhra Pradesh w.e.f. 1st August, 2015 under revenue neutral Gas Swapping arrangement pursuant to the OM No. 12014/6/2013-FPP dated 16th July, 2015 issued by Department of Fertilizers. It has been discontinued w.e.f 01.08.2016.

Note : 36 (Increase)/decrease in inventories

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Opening inventories		
Semi-Finished	15.48	22.81
Finished goods	321.73	67.67
	337.21	90.48
Closing inventories		
Semi-Finished	22.72	15.48
Finished goods	364.12	321.73
	386.84	337.21
(Increase)/decrease in inventories	(49.63)	(246.73)
Less: Excise duty included in change in inventories	(0.06)	(0.43)
Net (Increase)/decrease in inventories	(49.57)	(246.30)

Note : 37 Employee benefits expense

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Salaries, Wages and Bonus*	410.75	383.26
Contribution to Provident and Other Funds	40.83	40.64
Gratuity Expenses	7.84	8.78
Welfare expenses#	28.66	24.50
	488.08	457.18

* Wage revision for Executives & Non-Executives is due for revision w.e.f. 01.01.2017. Pending finalization of revision of wages w.e.f. 01.01.2017, adhoc provision of ₹ 25.20 crores towards salary and wage revision has been made in the accounts for the period 01.01.2017 to 31.03.2017 based on the Report of 3rd Pay Revision Committee.

Includes payment of ₹2.45 crore (Previous Year ₹2.17 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 38 Power and fuel

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Purchased power	139.35	148.73
Coal	622.77	575.13
Natural gas	1431.61	1678.69
Cess on Electricity	17.74	19.61
Renewal Energy Certificate	1.65	1.77
	<u>2213.12</u>	<u>2423.93</u>

Note : 39 Repair and Maintenance

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Plant and machinery	60.90	63.89
Buildings	8.57	8.99
Others	12.72	8.71
	<u>82.19</u>	<u>81.59</u>

Note : 40 Finance Costs

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Interest :		
Cash credit	157.62	182.07
Short term loans	5.71	10.45
Rupee Term Loan	129.32	201.88
Less: Interest Subsidy recoverable/received from Government of India*	129.32	201.88
Others	<u>23.45</u>	<u>32.75</u>
Other Borrowing Cost	2.97	3.15
	<u>189.75</u>	<u>228.42</u>

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

Note : 41 Depreciation and amortization expense

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Depreciation / Amortization on tangible assets	264.85	265.92
Amortization of intangible assets	7.48	7.59
	<u>272.33</u>	<u>273.51</u>
Less : Depreciation on Property, Plant & Equipment against Govt Grant adjusted (Refer Note: 24 & 30)	187.16	186.85
	<u>85.17</u>	<u>86.66</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 42 Other expenses

₹ in crore

	Year Ended 31 st March, 2017		Year Ended 31 st March, 2016	
Rent		14.94		4.98
Rates and taxes		3.36		2.66
Insurance		9.05		7.93
Auditors' remuneration:				
Audit Fee	0.24		0.21	
Tax Audit Fee	0.06		0.06	
Certification and other fee	0.23		0.12	
Out of pocket expenses	-	0.53	0.02	0.41
Cost Audit Fee		0.01		0.04
Security Expenses		52.42		43.12
Printing and Stationery		1.29		1.30
Advertisement, Publicity and Sales Promotion		8.62		2.46
Directors' Fees		0.08		0.14
Telephone and Postage		2.10		1.97
Travelling		13.80		13.20
Water Charges		15.92		16.64
Provision for:				
Doubtful Advances	0.20		(0.15)	
Others	(1.49)	(1.29)	0.86	0.71
Write Off:				
Stores and spares	7.67		3.62	
Others	0.11	7.78	0.23	3.85
Legal Expenses		0.75		0.75
Bank Charges		3.53		3.01
Demurrage and Wharfage		1.46		2.64
Exchange rate variation (net)		(0.21)		(4.31)
Retailer Incentive		19.86		18.39
CSR Expenditure		2.62		1.25
Miscellaneous expenses		35.41		26.40
		192.03		147.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 43 Income Tax Expense

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Current Tax		
Current Tax on Profits for the year	76.71	64.83
Adjustments for Current Tax of prior periods		
Total Current Tax Expense (A)	76.71	64.83
Deferred Tax		
Decrease (increase) in deferred tax assets	43.15	13.31
(Decrease) increase in deferred tax liabilities	(3.14)	11.66
Total Deferred Tax Expense / (benefits) (B)	40.01	24.97
Income Tax Expense (A+B)	116.72	89.80

Reconciliation of the tax expense and the accounting profit multiplied by tax rate

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Profit before tax	324.88	288.42
Tax at the enacted rate of 34.608%	112.44	99.82
Add :		
Tax effect of amount not deductible (taxable) while calculating taxable income		
CSR Expenses	0.91	1.25
Interest on income Tax	0.63	0.19
Payment To Special Welfare Fund Not Allowable	0.01	0.03
Adjustment for deferred tax of prior period	2.73	(1.30)
Previously unrecognised tax credit now recognised	-	(10.19)
Total income tax expense	116.72	89.80

Note: 44 Earning per share

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Profit/(Loss) after Tax (₹ Crore)	208.16	198.62
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	4.24	4.05

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 45 Contingent liabilities

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Claims against the Company not acknowledged as debts			
a. Pending Appellate/Judicial decisions:			
Income tax	79.34	152.15	293.47
Purchase tax	1.30	1.30	1.30
Excise, customs and service tax	26.22	28.13	25.14
Value Added Tax	0.64	0.61	0.56
Land compensation/development claims	5.88	6.10	6.26
Arbitration and civil cases	64.41	67.30	68.35
b. Other claims	1.05	1.55	0.97
c. Claims in respect of legal cases filed against the company for labour and other matters, amount where of is not ascertainable	-	-	-
	<u>178.84</u>	<u>257.14</u>	<u>396.05</u>

Note : 46 Capital and other commitments

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:			
i. Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	64.99	68.51	27.34
ii. Unutilized amount of Letter of Credit	4.31	1.71	2.59

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

47.1 Ind AS-19: Employee Benefits

47.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹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 10 days.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹9.00 lakhs with minimum benefits of ₹1.00 lakhs).
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

47.1.2 Provident Fund: The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹27.09 crore (P.Y. ₹26.56 crore) has been charged to statement of Profit and loss towards contribution by the Company.

The Provident Fund Trust set up by the Company, is treated as Defined Benefit Plan since the Company has to meet the shortfall in the fund assets, if any. Further, having regard to the assets of the Fund and the Return on the Investments, the Company does not expect any deficiency in the foreseeable future. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability and determined that there is no shortfall as at 31st March, 2017.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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

₹ in crore

	Gratuity		EL		HPL		PRSB		LSA		PF	
	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16
(i) Reconciliation of present value of defined benefit obligations and plan assets:												
1. Present value of projected benefit obligations at the beginning of the year	186.32	185.96	80.28	80.39	60.18	64.27	1.42	1.18	0.65	0.60	903.97	910.51
2. Service Cost	3.99	3.95	3.86	3.51	2.91	2.43	0.06	0.06	0.03	0.03	27.09	26.56
3. Past Service Cost	-	0.07	-	-	-	-	-	-	-	-	-	-
4. Interest Cost	14.59	14.50	6.28	6.27	4.71	5.03	0.11	0.09	0.05	0.05	72.32	71.02
5. Actuarial (Gains) / Losses	1.05	9.37	23.76	27.91	9.34	(3.98)	0.15	0.25	(0.01)	0.09	6.69	6.42
6. Benefits Paid	(23.87)	(27.53)	(31.42)	(37.80)	(6.95)	(7.57)	(0.23)	(0.16)	(0.11)	(0.12)	(103.04)	(161.03)
7. Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	40.82	49.89
8. Transfer in	-	-	-	-	-	-	-	-	-	-	0.52	0.60
9. Present value of projected benefit obligations at close of the year [1 to 6]	182.08	186.32	82.76	80.28	70.19	60.18	1.51	1.42	0.61	0.65	948.37	903.97
10. Fair Value of Plan assets at close of the year	(123.91)	(136.94)	-	-	-	-	-	-	-	-	(1070.36)	(1022.58)
11. Net Liability recognized in Balance Sheet at close of the year [7-8]	58.17	49.38	82.76	80.28	70.19	60.18	1.51	1.42	0.61	0.65	-	-
(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	136.94	152.26	-	-	-	-	-	-	-	-	1022.58	1026.93
2. Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	41.34	50.48
3. Expected Return on plan assets	10.72	11.88	-	-	-	-	-	-	-	-	81.81	89.86
4. Actual Company's contribution	0.02	0.07	-	-	-	-	-	-	-	-	27.09	26.56
5. Actuarial Gains/(Losses)	(0.07)	(0.21)	-	-	-	-	-	-	-	-	0.58	(10.22)
6. Benefits Payments	(23.70)	(27.06)	-	-	-	-	-	-	-	-	(103.04)	(161.03)
7. Fair value of plan assets at close of the year	123.91	136.94	-	-	-	-	-	-	-	-	1070.36	1022.58
8. Present value of defined benefit obligation	182.08	186.32	-	-	-	-	-	-	-	-	948.37	903.97
9. Net liability recognized in the Balance Sheet at close of the year [8-7]	58.17	49.38	-	-	-	-	-	-	-	-	-	-
(iii) Expenses recognized in the Statement of Profit & Loss:												
1. Service Cost	3.99	3.95	3.86	3.51	2.91	2.43	0.06	0.06	0.03	0.03	27.09	26.56
2. Past Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest Cost	14.59	14.50	6.28	6.27	4.71	5.03	0.11	0.09	0.05	0.05	72.32	71.02
4. Actuarial (Gains) / Losses	1.12	9.58	23.76	27.91	9.34	(3.98)	0.15	0.25	(0.01)	0.09	6.69	6.42
5. Expected return on Plan Assets	(10.72)	(11.88)	-	-	-	-	-	-	-	-	(81.81)	(89.86)
6. Total charged to P&L Account	8.98	16.15	33.90	37.69	16.96	3.48	0.32	0.40	0.07	0.17	-	-

(iv) Actuarial assumptions:

	As at 31 st March, 2017	As at 31 st March, 2016
1. Method used	Projected Unit credit	Projected Unit credit
2. Discount Rate (per annum)	7.36%	7.83%
3. Mortality Rate	Indian assured lives mortality (2006-08) modified ultimate	Indian assured lives mortality (2006-08) modified ultimate
4. Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Executives 3%/2%/1%, depending upon age	Executives and Non Executives 3%/2%/1%, depending upon age
5. Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	5.50%	5.50%

(v) Actuarial assumptions (PF):

	As at 31 st March, 2017	As at 31 st March, 2016
1. Discount Rate (per annum)	7.50%	8.00%
2. Interest Rate Guarantee	8.65%	8.75%
3. Yield on Assets based on the Purchase Price and Outstanding term of maturity	8.82%	8.79%

Foot Note:

1. The company has funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is mainly based on the information given by the insurance companies through whom the investment has been made by the fund. Gratuity liability of ₹ 58.17 crore (Previous year ₹49.38 crore) is unfunded as on 31st March, 2017. Other defined benefit obligations are unfunded.

47.1.4 Other Employee Benefit Schemes:

Provision of ₹0.64 crore (Previous year ₹(0.76) crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been made on the basis of actuarial valuation and charged to the Statement of Profit and Loss account. A net liability of ₹15.70 crore (Previous year ₹15.06 crore) has been recognized in the Balance Sheet as at 31st March 2017 on account of these schemes.

- 47.1.5 **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.

The major categories plan assets are as follows:

Particulars	March 31, 2017				March 31, 2016			
	Quoted ₹ in Cr.	Unquoted ₹ in Cr.	Total ₹ in Cr.	in %	Quoted ₹ in Cr.	Unquoted ₹ in Cr.	Total ₹ in Cr.	in %
Equity instruments	10.56	-	10.56	1.13	3.56	-	3.56	0.40
Debt instruments	919.05	-	919.05	98.00	889.51	-	889.51	99.60
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	8.17	8.17	0.87	-	0.03	0.03	-
	<u>929.61</u>	<u>8.17</u>	<u>937.78</u>	<u>100.00</u>	<u>893.07</u>	<u>0.03</u>	<u>893.10</u>	<u>100.00</u>

Note 48 Ind AS-108: Operating Segments

Ind AS-108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about product and services, geographical areas and major customers.

Business Segments:

Company's primary business segments are 'Urea' & 'Other Products' (including Industrial Products, Bio Fertilizers and Traded Products) and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

48.1.1 Geographical Segment:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
SEGMENT REVENUE (NET SALES)		
Urea	6767.12	7364.41
Other Products	941.91	454.44
Less: Inter Segment Revenue	45.81	24.94
Total Segment Revenue	7663.22	7793.91
SEGMENT RESULTS		
Urea	448.34	500.02
Other Products	102.07	39.24
Total Segment Results	550.41	539.26
Less: Unallocable Expenses (Net of Unallocable Income)	35.78	22.42
Less : Finance expenses	189.75	228.42
Profit Before Tax	324.88	288.42
Provision for Tax	116.72	89.80
Profit After Tax	208.16	198.62
Other Comprehensive Income	(0.83)	(6.42)
Total Comprehensive Income	207.33	192.20
SEGMENT ASSETS		
Urea	9484.40	11640.18
Other Products	367.30	178.55
Unallocable	330.08	198.92
Segment Assets	10181.78	12017.65
SEGMENT LIABILITIES		
Urea	4122.73	4157.87
Other Products	27.81	19.66
Unallocable	4204.59	6149.36
Segment Liabilities	8355.13	10326.89
CAPITAL EXPENDITURE		
Urea	77.02	83.92
Other Products	-	-
Unallocable	0.52	0.43
Capital Expenditure	77.54	84.35
DEPRECIATION AND AMORTISATION EXPENSES		
Urea	76.08	78.99
Other Products	8.45	6.97
Unallocable	0.64	0.70
Depreciation and Amortisation expenses	85.17	86.66
NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION		
Urea	4.70	4.37
Other Products	-	-
Unallocable	(0.17)	(4.53)
Non-cash expenses	4.53	(0.16)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 49 Ind AS-24: Related Party Disclosures

A)	Nature of Relationship	Name of the Related Party
	Joint Ventures	Urvarak Videsh Limited Ramagundam Fertilizers & Chemicals Limited

B)	Nature of Relationship	Name of the Related Party
	Key Management Personnel	(i) Shri Manoj Mishra, Chairman & Managing Director (ii) Shri R. K. Chandlok Director (Finance) (iii) Shri D.S. Ahuja Director (Technical) w.e.f 06.02.2017 (iv) Shri M. Sagar Mathew Director (Technical) upto 31.12.2016 (vi) Shri Rajkumar Company Secretary

C) Key management personnel compensation	₹ in crore	
	31 st March 2017	31 st March 2016
Short term employee benefits	1.41	1.26
Post employment benefits	0.11	0.13
Long-term employee benefits	-	-
Termination benefits	-	-
Total Compensation	1.52	1.39

D) Transactions with Related parties:

- (i) During the year there were transactions of ₹132.42 crore (previous year ₹25.38 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹129.00 crore (Previous Year ₹22.00 crore) and others ₹3.42 crore (Previous Year ₹3.26 crore).
- (ii) Remuneration to Key Management Personnel at B) above is ₹1.52 crore (Previous period ₹1.39 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

Note 50: Ind AS-36: Impairment of assets

In accordance with Ind AS-36, the carrying amount of Property, Plant & Equipment have been reviewed at year-end for indication of impairment loss, if any, by considering assets of entire one plant as Cash Generating Unit. As there is no indication of impairment, no loss has been recognized during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note 51 Assets taken on Operating lease:

The Company's significant leasing arrangements are in respect of operating leases of premises for offices, godowns and residential use of employees & vehicles. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employee benefit expense remuneration and benefits include ₹ 0.79 crore (Previous year ₹0.49 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, ₹11.94 crore (Previous year ₹3.52 crore) are shown in Rent (other expenses Note: 42).

Note 52 As per requirements of the listing agreements with the stock exchanges, the requisite details of loans and advances in the nature of loans given by the Company are as under:

- (i) There are no loans and advances in the nature of loans to any subsidiary.
- (ii) No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and
- (iii) There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

Note 53 As per Section 135 of the Companies Act 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

₹ in crore

Particulars	Current period	Previous period
A Balance of CSR Reserve carried forward from earlier year (As per DPE Guidelines)	4.01	5.26
B Amount required to be spent during the year (As per Companies Act)	1.11	-
C Total (A+B)	5.12	5.26
D Amount Spent on CSR Expenses during the year*	2.62	1.25
E Closing Balance of CSR Reserve (D-E)	2.50	4.01
F Total amount of ₹2.62 crores has been spent in cash during the year ended 31 st March, 2017.		

* Break-up of the CSR expenses under major heads is as under:

₹ in crore

Particulars	Amount
1 Health and Sanitation	1.28
2 Environmental & Sustainability	1.27
3 Education & Skill Development	0.07
Total	2.62

Note 54 Details of Specified Bank Notes(SBN) held & Transacted During the period 08.11.2016 to 30.12.2016

₹ in crore

Particulars	SBNs	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	0.05	0.02	0.07
(+) Permitted receipts	0.04	0.42	0.46
(-) Permitted payments	-	0.11	0.11
(-) Amount deposited in Banks	0.09	0.26	0.35
Closing cash in hand as on 30.12.2016	-	0.07	0.07

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note 55 Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders.

	Current year	Previous year
a) Number of non resident shareholders	172	133
b) Number of ordinary shares held by them	579078	470450
c) Amount of Dividend (₹ in Crore)	0.07	0.01

Note : 56 Fair Value Measurement

Financial Instrument by category

₹ in crore

Particular	March 31, 2017			March 31, 2016			1 April, 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Investment			125.47			15.47			2.47
Loan to Employee	13.69			16.11			18.72		-
Other Financial Assets			807.29			2077.83			3404.86
Trade Receivables			4267.43			4802.77			5007.00
Cash & Cash Equivalents			6.11			4.95			3.33
Other Bank Balances			2.19			2.02			1.88
Total financial assets	13.69	-	5208.49	16.11	-	6,903.04	18.72	-	8419.54
Financial liabilities									
Borrowings									
ECB Loan			211.03			247.19			264.25
AFCP Loan			769.85			1540.94			2308.20
Bonds			-			40.17			70.28
Short Term Borrowings			3153.73			4295.32			5002.40
Other Financial Liabilities			185.48			174.81			208.79
Security Deposits	116.38			108.28			99.01		
Trade Payables			400.70			306.80			174.43
Total financial liabilities	116.38	-	4720.79	108.28	-	6605.23	99.01	-	8028.35

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

At 31 st March 2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value - recurring fair value measurements					
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Investment in New India Co-operative bank		-	-	-	-
Total financial assets					
Financial liabilities		-	-	-	-
Total financial Liabilities					

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in crore

At 31 st March 2017	Notes	Level 1	Level 2	Level 3	Total
Assets and liabilities which are measured at amortised cost for which fair values are disclosed					
Financial Assests					
Investment		-	-	125.47	125.47
Loans to employees		-	-	13.69	13.69
Other Financial Assets		-	-	807.29	807.29
Trade Receivables		-	-	4267.43	4267.43
Cash & Cash Equivalents		-	-	6.11	6.11
Othe Bank Balances		-	-	2.19	2.19
Total Financial Assets		-	-	5222.18	5222.18
Financial Liabilities					
Borrowings					
ECB Loan		-	-	211.03	211.03
AFCP Loan		-	-	769.85	769.85
Bonds		-	-	0.00	0.00
Short Term Borrowings		-	-	3153.73	3153.73
Other Financial Liabilities		-	-	185.48	185.48
Security Deposits		-	-	116.38	116.38
Trade Payables		-	-	400.70	400.70
Total Financial Liabilities		-	-	4837.17	4837.17
At 31st March 2016					
Financial Assets					
Investment		-	-	15.47	15.47
Loan to Employee		-	-	16.11	16.11
Other Financial Assets		-	-	2077.83	2077.83
Trade Receivables		-	-	4802.77	4802.77
Cash & Cash Equivalents		-	-	4.95	4.95
Othe Bank Balances		-	-	2.02	2.02
Total Financial Assets		-	-	6919.15	6919.15
Financial Liabilities					
Borrowings					
ECB Loan		-	-	247.19	247.19
AFCP Loan		-	-	1540.94	1540.94
Bonds		-	-	40.17	40.17
Short Term Borrowings		-	-	4295.32	4295.32
Other Financial Liabilities		-	-	174.81	174.81
Security Deposits		-	-	108.28	108.28
Trade Payables		-	-	306.80	306.80
Total Financial Liabilities		-	-	6713.51	6713.51

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in crore

At 1 st April 2015	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Investment		-	-	2.47	2.47
Loans to employees		-	-	18.72	18.72
Other Financial Assets		-	-	3404.86	3404.86
Trade Receivables		-	-	5007.00	5007.00
Cash & Cash Equivalents		-	-	3.33	3.33
Other Bank Balances		-	-	1.88	1.88
Total Financial Assets		-	-	8438.26	8438.26
Financial Liabilities					
Borrowings					
ECB Loan		-	-	264.25	264.25
AFCP Loan		-	-	2308.20	2308.20
Bonds		-	-	70.28	70.28
Short Term Borrowings		-	-	5002.40	5002.40
Other Financial Liabilities		-	-	208.79	208.79
Security Deposits		-	-	99.01	99.01
Trade Payables		-	-	174.43	174.43
Total Financial Liabilities		-	-	8127.36	8127.36

At 1 st April 2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value - recurring fair value measurements					
Financial assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Investment in New India Co-operative bank		-	-	-	-
Total financial assets		-	-	-	-
Financial liabilities					
Derivative Liabilities		-	-	-	-
Total financial Liabilities		-	-	-	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(iii) Fair value measurements using significant unobservable inputs (level 3)

	Equity Instruments	Total
As at April 1, 2015	NA	
As at March 31, 2016	NA	
As at March 31, 2017	NA	

(iv) Fair value of financial assets and liabilities measured at amortised cost

₹ in crore

	31 st March 2017		31 st March 2016		1 st April 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets						
Investment	125.47	125.47	15.47	15.47	2.47	2.47
Loan to Employee	13.69	13.69	16.11	16.11	18.72	18.72
Other Financial Assets	807.29	807.29	2077.83	2077.83	3404.86	3404.86
Trade Receivables	4267.43	4267.43	4802.77	4802.77	5007.00	5007.00
Cash & Cash Equivalents	6.11	6.11	4.95	4.95	3.33	3.33
Other Bank Balances	2.19	2.19	2.02	2.02	1.88	1.88
Total Financial Assets	5222.18	5222.18	6919.15	6919.15	8438.26	8438.26
Financial Liabilities						
Borrowings						
ECB Loan	211.03	211.03	247.19	247.19	264.25	264.25
AFCP Loan	769.85	769.85	1540.94	1540.94	2308.20	2308.20
Bonds	-	-	40.17	40.17	70.28	70.28
Short Term Borrowings	3153.73	3153.73	4295.32	4295.32	5002.40	5002.40
Other Financial Liabilities	185.48	185.48	174.81	174.81	208.79	208.79
Security Deposits	116.38	116.38	108.28	108.28	99.01	99.01
Trade Payables	400.70	400.70	306.80	306.80	174.43	174.43
Total Financial Liabilities	4837.17	4837.17	6713.51	6713.51	8127.36	8127.36

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans, security deposits and investment in government securities were calculated based on cash flows discounted using a current lending rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note No. 57 Financial Risk Management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost.	Aging analysis, Credit Analysis, Post Dated Cheques and Security Deposit.	Diversification of bank deposits, credit limits and Bank Guarantees
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash Flow Forecasting, Monitoring of Forex Risk Management Policy	Forward Foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Monitoring of Forex Risk Management Policy	Interest Rate Swap

The company's risk management is carried out by a central treasury department and marketing department under policies approved by the board of directors. Treasury identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, marketing manual, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, derivative financial instruments and investment of excess liquidity.

(A) Credit risk

Credit Risk refers to the risk of default on its obligations resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹4274.84 crore and ₹4802.73 crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables mainly constitute subsidy receivable from Government of India and from sale of fertilizers to dealers. Trade receivables from dealers are partially secured. Credit risk is being managed through credit approvals, establishing credit limits and monitoring the creditworthiness of customers to allow credit terms in the normal course of business

Breakup of Trade Receivables is as under:

Category	Party Wise breakup of Trade Receivables			
	31.03.2017	% of Total Debtors	31.03.2016	% of Total Debtors
Govt of India (Subsidy)	4044.92	94.54	4604.28	95.65
Institutional Dealers	53.01	1.24	78.63	1.63
Private Dealers	180.46	4.22	130.83	2.72
	31.03.2017	% of Debtors to Total Sales	31.03.2016	% of Debtors to Total Sales
Total Sales	7663.22	55.83	7793.91	61.76

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 st March, 2017	31 st March, 2016	1 st April, 2015
Floating rate			
Expiring within one year (Bank Overdraft/ CC Limit and other facilities)	2,053.00	907.77	197.73

The Bank Overdraft/Cash Credit (CC)/Short term loan (STL) facilities may be drawn at any time and may be called back by the bank at their discretion. The credit facilities of Banks are subject to compliance with sanctioned terms & conditions. The credit facilities have an average maturity of 1 year.

Note 58 Capital Management

(a) Risk Management

The company's objectives when managing capital are to:-

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt as per guidelines of Government of India.

Consistent with others in the industry, The company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain Debt Equity ratio within 2.5:1. The Debt Equity ratio is as follows:

	31 st March 2017	31 st March 2016	1 st April 2015
Net debt	3389.85	4,632.85	5,413.18
Total equity	1826.65	1,690.76	1,508.59
Net debt to equity ratio (in times)	1.86	2.74	3.59

₹ in crore

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(b) Dividends

	31 March, 2017	31 March, 2016
₹ in crore		
Equity shares		
Final dividend for the year ended 31 st March 2016 of INR 1.21 (31 st March 2015 – INR 0.17) per fully paid share	59.36	8.33
Interim dividend for the year ended 31 st March 2017 of (31 st March 2015 – INR 0) per fully paid share	-	-

Note No. 59 Ind AS 101

First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (The company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected The company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Investment Property covered by Ind AS 40 Investment Properties.

Accordingly, The company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Long-term foreign currency monetary items

Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period

The company has elected to apply this exemption

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

A.2.2 De-recognition of financial assets and liabilities

"Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 1 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes

- A) (i) During the implementation of the Ind AS, the Company has noted that an employee benefit plan relating to post-retirement medical benefits was wrongly classified as defined benefit plans instead of defined contribution plan. The Company has rectified the error in the opening balance sheet as at April 1, 2015. Consequent to this rectification, opening reserves of the Company is increased by ₹ 60.25 crores and the profit for the year ended March 31, 2016 has reduced by ₹ 1.59 crores.
- ii) During the year ended March 31, 2015, the Company wrongly estimated the amount of freight subsidy receivable from the Government of India. Accordingly, the same has been adjusted in the opening balance sheet. Opening Reserves as at April 1, 2015 are reduced by ₹ 21.95 crores and profit for the year ended March 31, 2016 has reduced by ₹ 2.94 crores

B) Remeasurement of Post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹ 9.82 crore. There is no impact on the total equity as at 31 March 2016.

C) Proposed Dividend

Under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognized as a liability. Under Ind AS, such dividends are recognized when the same is approved by the shareholders in general meeting. Accordingly, the liability for proposed dividend of ₹ 71.44 crore as at March 31, 2016 and ₹ 10.04 crores as at April 1, 2015 included under the provision has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by equivalent amount for these periods.

- D) The Company has received certain security deposits from its vendor and EFRS deposits from the employees which were earlier carried at cost. However, now under Ind AS, these deposits have been discounted at their present value at each reporting date and differential of ₹ 5.10 Crores in the opening reserve and ₹ 0.30 crores for March 2016 has been accounted in the Statement of Profit and Loss account.
- E) Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to statement of profit or loss on a straight line basis over the tenure of the loan. Accordingly, retained earning has been reduced by ₹ 0.11 crore as at March 31, 2016 (2015 — ₹ 0.32 crore). The profit for the year ended 31 March 2016 increased by ₹ 0.11 crore.

- F) Deferred tax has been recognised on the Ind AS adjustments resulting in increase in profit for the year ended March 31,2016 by ₹ 3.40 crores.
- G) Ind AS 16 "Property, Plant and Equipments" requires that all items of spares having a life of more than one year need to be capitalized as part of the Property, Plant and Equipment (PPE). Accordingly, stores and spares which meet the above criteria has been adjusted to PPE and depreciation thereon has been recorded as an expense in the Statement of Profit and Loss Account. Also, certain stores and spares were already booked as repair and maintenance expenses during the financial year 2015-16, the same has now been capitalized.

Accordingly, retained earning for March 2015 and March 2016 is reduced by ₹ 13.84 crore and ₹ 0.76 crore respectively.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note No. 60 Ind AS 101 - Reconciliation

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following table represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity

₹ in crore

	Notes to first-time adoption	As at 01.04.2015			As at 31.03.2016		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
I. ASSETS							
(1) NON-CURRENT ASSETS							
a) Property, Plant & Equipment	2	4416.72	(4.73)	4421.45	4236.32	(3.12)	4239.44
b) Capital Work In Progress	3	39.00	-	39.00	32.62	-	32.62
c) Other Intangible Assets	4	26.59	-	26.59	19.16	-	19.16
d) Financial Assets							
i) Investments	5	2.47	-	2.47	15.47	-	15.47
ii) Loans	6	15.96	-	15.96	13.51	-	13.51
iii) Other Financial Assets	7	1590.81	-	1590.81	855.47	-	855.47
f) Deferred Tax Assets (Net)	8	56.01	-	56.01	31.05	-	31.05
g) Other Non Current Assets	9	0.42	-	0.42	0.52	-	0.52
(2) CURRENT ASSETS							
a) Inventories	10	285.00	18.55	266.45	503.31	17.71	485.60
b) Financial Assets							
i) Trade Receivables	11	5028.95	21.95	5007.00	4827.66	24.89	4802.77
ii) Cash & Cash Equivalents	12	3.33	-	3.33	4.95	-	4.95
iii) Bank balances other than (ii) above	13	1.88	-	1.88	2.02	-	2.02
iv) Loans	14	2.76	-	2.76	2.60	-	2.60
v) Other Financial Assets	15	1815.37	1.32	1814.05	1223.08	0.72	1222.36
c) Current Tax Assets (Net)	16	81.42	-	81.42	71.34	-	71.34
d) Other Current Assets	17	48.57	-	48.57	202.83	-	202.83
		<u>13415.26</u>	<u>37.09</u>	<u>13378.17</u>	<u>12041.91</u>	<u>40.20</u>	<u>12001.71</u>
(3) Assets Held for Disposal	18	<u>15.22</u>	<u>-</u>	<u>15.22</u>	<u>15.93</u>	<u>-</u>	<u>15.93</u>
		<u>13430.48</u>	<u>37.09</u>	<u>13393.39</u>	<u>12057.84</u>	<u>40.20</u>	<u>12017.64</u>
II. EQUITY AND LIABILITIES							
EQUITY							
(a) Equity Share Capital	19	490.58	-	490.58	490.58	-	490.58
(b) Other Equity	20	990.42	(27.59)	1018.01	1116.07	(84.10)	1200.17

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in crore

		Notes to first-time adoption	As at 01.04.2015			As at 31.03.2016		
			Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
LIABILITIES								
(1)	NON-CURRENT LIABILITIES							
a)	Financial Liabilities							
	i) Borrowings	21	1784.90	(0.21)	1785.11	985.06	(0.93)	985.99
	ii) Other Financial Liabilities	22	19.94	(1.44)	21.38	19.98	(0.98)	20.96
b)	Provisions	23	189.05	54.41	134.64	191.92	57.09	134.83
c)	Deferred Government Grant	24	3186.63	-	3186.63	3007.04	-	3007.04
d)	Deferred Tax Liabilities (Net)	8	-	-	-	-	-	-
e)	Other non-current Liabilities	25	11.98	0.42	11.56	18.54	5.74	12.80
(2)	CURRENT LIABILITIES							
a)	Financial Liabilities							
	i) Borrowings	26	5006.26	3.86	5002.40	4296.91	1.59	4295.32
	ii) Trade Payables	27	174.43	-	174.43	306.80	-	306.80
	iii) Other financial liabilities (other than those specified below)	28	1145.54	1.50	1144.04	1104.44	-	1104.44
b)	Provisions	29	74.19	6.14	68.05	140.66	61.79	78.87
c)	Deferred Government Grant	30	186.37	-	186.37	186.57	-	186.57
d)	Other Current Liabilities	31	170.19	-	170.19	193.27	-	193.27
			13430.48	37.09	13393.39	12057.84	40.20	12017.64

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Reconciliation of total comprehensive income

₹ in crore

	Notes to first-time adoption	Previous GAAP	As at 01.04.2016 Adjustments	Ind AS
REVENUE				
Revenue from operations (gross)	32	7765.88	(28.03)	7793.91
Other Income	33	46.33	(0.20)	46.53
Total Revenue (I)		7812.21	(28.23)	7840.44
EXPENSES				
Cost of Materials consumed	34	3637.59	1.16	3636.43
Purchase of Stock-in-Trade	35	264.09	-	264.09
Excise duty		-	(36.67)	36.67
Change in inventories of finished goods, work-in-progress and stock-in-trade goods	36	(246.30)	-	(246.30)
Employee Benefits Expense	37	465.98	8.80	457.18
Power and Fuel	38	2423.93	-	2423.93
Freight and Handling		435.81	-	435.81
Repairs and Maintenance	39	85.75	4.16	81.59
Finance Cost	40	227.88	(0.54)	228.42
Depreciation and Amortization Expense	41	80.03	(6.63)	86.66
Other Expenses	42	153.96	6.42	147.54
Total Expenses (II)		7528.72	(23.30)	7552.02
Profit/(Loss) before Tax (III)=(I)-(II)		283.49	(4.93)	288.42
Income Tax expenses:	43			
Current tax		61.43	(3.40)	64.83
Deferred tax		24.97	-	24.97
Total Tax Expense (IV)		86.40	(3.40)	89.80
Profit/(Loss) for the year (V)=(III)-(IV)		197.09	(1.53)	198.62
Other Comprehensive Income				
Items that will not be reclassified to Profit & Loss				
Remeasurement of Post Employment Benefit obligations		-	9.82	(9.82)
Income Tax relating to items that will not be reclassified to Profit & Loss		-	(3.40)	3.40
Other Comprehensive Income (VI)		-	6.42	(6.42)
Total Comprehensive Income (V+VI)		197.09	4.89	192.20

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Reconciliation between standalone and consolidated equity and financial results, as previously reported (referred to as "Previous GAAP") and IndAS for quarter/year presented are as under:

₹ in Lakhs

	Standalone	
	As at March 31, 2016	As at April 1, 2015
Total Equity (Shareholder's Funds as per previous GAAP)	160665	148100
Prior Period Adjustment (Net of Tax) (Refer Note)		
-Reversal of Post retirement medical benefits (PRMBS)	3836	3995
-Reversal of Freight Subsidy Receivable	(1628)	(1334)
Adjustments under Ind AS		
Dividend and Tax on dividend	7144	1004
Fair Valuation of Security Deposits	539	510
Depreciation and Amortisation	(1460)	(1384)
Borrowings-transaction cost adjustment	(21)	(32)
Equity under Ind AS	169075	150859
Attributable to:		
National Fertilizers Limited	169075	150859

TOTAL COMPREHENSIVE INCOME RECONCILIATION

	Standalone	
	For the year ended March 31, 2016	Quarter ended March 31, 2016
Net Profit under Previous GAAP	19709	3144
Prior Period Adjustment (Refer Note)		
-Reversal of Post retirement medical benefits (PRMBS)	(159)	(159)
-Reversal of Freight Subsidy Receivable	(294)	(294)
Actuarial (gain)/ Loss on employee defined benefit funds recognised in other Comprehensive Income	983	849
Depreciation and Amortisation	(76)	(76)
Fair Valuation of Security Deposits	30	24
Borrowings-transaction cost adjustment	11	(73)
Deferred tax recognised	(340)	(674)
Share of loss of associates on account of Ind AS adjustments	-	-
Net Profit for the period under Ind AS	19864	2741
Other comprehensive Income (net of tax)	(644)	(555)
Total Comprehensive Income under Ind AS	19220	2186

Significant accounting policies

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

For Chandiok & Guliani
Chartered Accountants

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

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

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

For HDSG & Associates
Chartered Accountants

(Dalbir Gulati)
Partner
Memberswhip No.081024
Firm Regd. No. 002871N

Place: New Delhi

Date: 18th May, 2017

Auditors' Report

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of

National Fertilizers Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of National Fertilizers Limited ('the Company') and its Jointly Controlled Companies (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2017, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the Consolidated financial position of the Group as at 31st March, 2017, and its Consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Other Matters

We did not audit the financial statements/financial information of the following jointly controlled entities whose financial statements/financial information reflect the details given below of assets as at 31st March, 2017, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the consolidated financial statements:

₹ Crore

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
1) Ramagundam Fertilizers and Chemicals Limited	344.03	0.31	(2.20)
2) Urvarak Videsh Limited	0.12	0.01	-
Total	344.15	0.32	(2.20)

These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities and our report in terms of sub section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entities, is based solely on the reports of other auditors.

Our Opinion on the Consolidated Financial Statements, and our "Report on Other Legal and Regulatory Requirements" below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial Statements;
 - (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial Statements have been kept by the Company so far as it appears from our examination of those books;
 - (c) the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of cash flows and the consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the preparation of the consolidated Ind AS financial statements;
 - (d) in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
 - (e) on the basis of the written representations received from the directors of the company as on 31st March 2017 taken on record by the Board of Directors of the company and the report of statutory auditors of jointly controlled companies in India, none of the directors of the Group companies in India is disqualified as on 31st March 2017 from being appointed as a director of that company in terms of Section 164(2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated Ind AS financial statements disclose the impact of pending litigations on its financial position of the Group – Refer Note 45 to the Consolidated Ind AS financial statements;
 - ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group Companies in India; and
 - iv. the Company has provided requisite disclosures in its Consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 54 to the Consolidated Ind AS financial statements.

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

B.B. Kalia
Partner
Membership number: 085772

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

Dalbir Gulati
Partner
Membership number: 081024

New Delhi
18th May 2017

ANNEXURE “A”

The Annexure referred to in Independent Auditor’s Report to the members of the Company on the Consolidated Ind AS financial statements for the year ended 31st March, 2017.

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

We have audited the internal financial controls over financial reporting of National Fertilizers Limited (“the Company”) and its jointly controlled companies in India (collectively referred to as “the Group”) as of 31st March, 2017 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Respective Board of Directors of the company and its jointly controlled companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to group’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors referred to in the “Other Matters” paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company and its jointly controlled companies has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two jointly controlled companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

B.B. Kalia
Partner
Membership number: 085772

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

Dalbir Gulati
Partner
Membership number: 081024

New Delhi
18th May 2017

Consolidated Balance Sheet as at 31st March 2017

₹ in crore

	Note	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
ASSETS				
NON-CURRENT ASSETS				
Property, Plant & Equipment	2	4046.67	4239.44	4421.45
Capital Work In Progress	3	50.57	32.62	39.00
Other Intangible Assets	4	11.86	19.16	26.59
Investments	5	151.63	22.87	2.48
Financial Assets				
Loans	6	11.52	13.51	15.96
Other Financial Assets	7	110.47	846.47	1590.81
Deferred Tax Assets (Net)	8	-	31.05	56.01
Other Non Current Assets	9	3.03	0.52	0.42
		<u>4385.75</u>	<u>5205.64</u>	<u>6152.72</u>
CURRENT ASSETS				
Inventories	10	575.15	485.60	266.45
Financial Assets				
Trade Receivables	11	4267.43	4802.77	5007.00
Cash & Cash Equivalents	12	6.11	4.95	3.33
Bank balances other than (ii) above	13	2.19	2.02	1.88
Loans	14	2.17	2.60	2.76
Other Financial Assets	15	668.82	1222.36	1814.05
Current Tax Assets (Net)	16	92.32	71.34	81.42
Other Current Assets	17	164.15	202.83	48.57
		<u>5778.34</u>	<u>6794.47</u>	<u>7225.46</u>
Assets Held for Disposal	18	15.85	15.93	15.22
		<u>10179.94</u>	<u>12016.04</u>	<u>13393.40</u>
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	19	490.58	490.58	490.58
Other Equity	20	1334.22	1198.57	1018.02
LIABILITIES				
NON-CURRENT LIABILITIES				
Financial Liabilities				
Borrowings	21	172.35	985.99	1785.11
Other Financial Liabilities	22	22.19	20.96	21.38
Provisions	23	150.09	134.83	134.64
Deferred Government Grant	24	2825.74	3007.04	3186.63
Deferred Tax Liabilities (Net)	8	8.96	-	-
Other non-current Liabilities	25	14.28	12.80	11.56
CURRENT LIABILITIES				
Financial Liabilities				
Borrowings	26	3153.73	4295.32	5002.40
Trade Payables	27	400.70	306.80	174.43
Other financial liabilities	28	1088.20	1104.44	1144.04
Provisions	29	109.71	78.87	68.05
Deferred Government Grant	30	187.17	186.57	186.37
Other Current Liabilities	31	222.02	193.27	170.19
		<u>10179.94</u>	<u>12016.04</u>	<u>13393.40</u>
Significant accounting policies	1			

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

For Chandio & Guliani
Chartered Accountants

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

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

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

For HDSG & Associates
Chartered Accountants

(Dalbir Gulati)
Partner
Membership No.081024
Firm Regd. No. 002871N

Place: New Delhi
Date: 18th May, 2017

Consolidated Statement of Profit and Loss for the year ended 31st March 2017

₹ in crore

	Note	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Revenue			
Revenue from operations (gross)	32	7663.22	7793.91
Other Income	33	44.59	46.53
Total Revenue (I)		7707.81	7840.44
Expenses			
Cost of Materials consumed	34	3015.06	3636.43
Purchase of Stock- in- Trade	35	579.03	264.09
Excise duty		43.28	36.67
Change in inventories of finished goods, work-in-progress and stock -in- trade goods	36	(49.57)	(246.30)
Employee Benefits Expense	37	488.08	457.18
Power and Fuel	38	2213.12	2423.93
Freight and Handling		544.79	435.81
Repairs and Maintenance	39	82.19	81.59
Finance Cost	40	189.75	228.42
Depreciation and Amortization Expense	41	85.17	86.66
Other Expenses	42	192.03	147.54
Total Expenses (II)		7382.93	7552.02
Profit before share of profit/(loss) of joint venture as per equity method, exceptional item and tax (III) = (I)-(II)		324.88	288.42
Share of profit / (loss) of joint venture as per equity method (IV)		(0.24)	(1.61)
Profit before Exceptional item and tax (V) = (III) - (IV)		324.64	286.81
Total Exceptional Item (VI)		-	-
Profit/(Loss) before Tax (VII)=(V)-(VI)		324.64	286.81
Tax expenses:	43		
Current tax		76.71	64.83
Deferred tax		40.01	24.97
Total Tax Expense (VIII)		116.72	89.80
Profit/(Loss) for the year (IX)=(VII)-(VIII)		207.92	197.01
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Remeasurement of Post Employment Benefit obligations		(1.27)	(9.82)
Income Tax relating to above items		0.44	3.40
Other Comprehensive Income (net of tax) (X)		(0.83)	(6.42)
Total Comprehensive Income (XI) = (IX) + (X)		207.09	190.59
Earnings per share	44		
Basic earnings per share of ₹10 each		4.24	4.02
Diluted earnings per share of ₹10 each		4.24	4.02
Significant accounting policies	1		
The accompanying notes forms an integral part of these financial statements			

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

For Chandio & Guliani
Chartered Accountants

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

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

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

For HDSG & Associates
Chartered Accountants

(Dalbir Gulati)
Partner
Membership No.081024
Firm Regd. No. 002871N

Place: New Delhi
Date: 18th May, 2017

Consolidated Cash Flow Statement for the year ended 31st March 2017

		Year ended 31 st March, 2017	Year ended 31 st March, 2016
₹ in crore			
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/(Loss) Before Tax		324.64	286.81
Adjustments For :			
Depreciation / Amortization		85.18	85.17
Finance Charges		189.75	228.42
Interest Income		(15.48)	(10.75)
Profit on Sale of Fixed Assets		(1.74)	0.41
Exchange Rate Variation (Net)		(0.21)	(4.31)
Provision for Doubtful Debts/ Advances		0.20	0.00
Provision for Obsolete/Surplus Stores		(1.49)	0.86
Liabilities / Provisions no longer required written back		-	(0.15)
Stores and Spares write off		7.67	3.62
Assets written off		0.11	0.23
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		588.63	590.31
Adjustments For :			
Trade and Other Receivables		1863.20	1387.81
Inventories		(95.74)	(223.63)
Trade Payables, Provisions & Others Liabilities		170.71	148.65
Direct Taxes paid		(73.57)	(54.76)
NET CASH FROM OPERATING ACTIVITIES	"A"	2453.23	1848.38
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (including CWIP)		(95.49)	(78.40)
Purchase of Investment		(128.76)	(20.39)
Fixed Assets Sold/Discarded		6.90	1.25
Interest Received		15.48	10.75
NET CASH FROM INVESTING ACTIVITIES	"B"	(201.87)	(86.79)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans		(1141.59)	(707.08)
Long Term Loans		(847.42)	(814.43)
Interest Paid		(189.75)	(228.42)
Dividend/Distribution Tax paid		(71.44)	(10.04)
NET CASH FROM FINANCING ACTIVITIES	"C"	(2250.20)	(1759.97)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	1.16	1.62
Cash And Cash Equivalents (Closing Balance)		6.11	4.95
Cash And Cash Equivalents (Opening Balance)		4.95	3.33
NET INCREASE IN CASH AND CASH EQUIVALENTS		1.16	1.62

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

For Chandio & Guliani
Chartered Accountants

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

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

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

For HDSG & Associates
Chartered Accountants

(Dalbir Gulati)
Partner
Memberswhip No.081024
Firm Regd. No. 002871N

Place: New Delhi
Date: 18th May, 2017

Consolidated Statement of Changes in Equity

A. Equity Share Capital

	Notes	₹ in crore Amount
As at 1 st April 2015	19	490.58
Change in equity share capital during the year		-
As at 31 st March 2016		490.58
As at 1 st April 2016	19	490.58
Change in equity share capital during the year		-
As at 31 st March 2017		490.58

B. Other Equity

Particulars	Reserve & Surplus					Total
	Capital Reserve	General Reserve	Debenture Redemption Reserve	Corporate Social responsibility (CSR) Reserve	Retained Earning	
Opening balance as at 1 st April 2015	2.51	302.75	17.57	5.26	689.93	1018.02
Profit for the year	-	-	-	-	197.01	197.01
Comprehensive income for the year	-	-	-	-	(6.42)	(6.42)
Total Comprehensive Income for the year	-	-	-	-	190.59	190.59
Dividend Paid (including tax on dividend)	-	-	-	-	(10.04)	(10.04)
Transfer to/(from) Debenture Redemption Reserve	-	7.53	(7.53)	-	-	-
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	-	(1.25)	1.25	-
Transfer to/(from) retained earnings	-	12.57	-	-	(12.57)	-
Closing balance as at 31 st March 2016	2.51	322.85	10.04	4.01	859.16	1198.57
Opening balance as at 1 st April 2016	2.51	322.85	10.04	4.01	859.16	1198.57
Profit for the year	-	-	-	-	207.92	207.92
Comprehensive income for the year	-	-	-	-	(0.83)	(0.83)
Total Comprehensive Income for the year	-	-	-	-	207.09	207.09
Dividend Paid (including tax on dividend)	-	-	-	-	(71.44)	(71.44)
Transfer to/(from) Debenture Redemption Reserve	-	10.04	(10.04)	-	-	-
Transfer to/(from) Corporate Social responsibility (CSR) Reserve	-	-	-	(1.51)	1.51	-
Closing balance as at 31 st March 2017	2.51	332.89	-	2.50	996.32	1334.22

Significant accounting policies

1

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

For Chandiok & Guliani
Chartered Accountants

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

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

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

For HDSG & Associates
Chartered Accountants

(Dalbir Gulati)
Partner
Memberswhip No.081024
Firm Regd. No. 002871N

Place: New Delhi

Date: 18th May, 2017

Notes to the Consolidated Financial Statements and Significant Accounting Policies

1. Overview and Significant Accounting Policies

1.1 Overview

National Fertilizers Limited (the 'Company') is a company limited by shares, incorporated and domiciled in India. These are consolidated financial statements of National Fertilizers Limited and its Joint Ventures referred below for the year ended 31 March 2017.

- a) UrvarakVidesh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. UrvarakVidesh Limited has been declared Dormant Company.
- b) Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited (EIL) and Fertilizer Corporation of India (FCIL) has been incorporated on 17.02.2015 for revival of closed Fertilizer Unit of FCIL at Ramagundam, Telengana, India.

The Company is engaged in producing and marketing of Neem Coated Urea, Bio-Fertilizers (solid & liquid) and other allied Industrial products like Ammonia, Nitric Acid, Ammonium Nitrate, Sodium Nitrite and Sodium Nitrate. The Company is also engaged in trading of Fertilizers, Compost, Seeds, Agro Chemicals and other Agro products. The registered office of the company is located at New Delhi, India. The Government of India is the principal shareholder of the Company. The shares of the Company are listed on National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE"), India.

The consolidated financial statements were approved for issue by the Board of Directors and authorized for issue on May 18, 2017.

1.2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2.1 Basis of preparation

(a) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended) and other relevant provisions of the Act.

The consolidated financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These consolidated financial statements are the first financial statements of the Group under Ind AS. Refer note 59 for an explanation of how the transition from previous GAAP to Ind AS has affected the consolidated financial position, financial performance and cash flows.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- assets held for sale — measured at fair value less cost to sell; and
- defined benefit plans — plan assets measured at fair value

1.2.2 Basis of consolidation

Joint Venture

In the consolidated Balance Sheet Interests in the joint venture are accounted for using the equity method. Under the equity method of accounting, the investment are initially being recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note (m) below.

These consolidated financial statements comprise the financial statement of National Fertilizers Limited ("the Company") and its joint ventures (JV) (the "Group"), as given in the following table:

Name of Joint Venture	Country of incorporation	Extent of Holding (%age)		
		31 March 2017	31 March 2016	31 March 2015
UrvarakVidesh Limited	India	33.33%	33.33%	33.33%
Ramagundam Fertilizers & Chemicals Limited	India	49.99%	49.99%	49.99%

1.2.3 Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates and judgments affect the application of accounting policies and the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of financial statements and the reported amount of revenue and expenses during the period. Application of accounting policies that require critical accounting estimates involving judgments have been disclosed in note (1.2.4).

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of change in circumstances surrounding the estimates. Change in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the consolidated financial statements.

1.2.4 Critical Accounting Estimates and judgments

(a) Property Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(b) Revenue Recognition

Price and Freight Subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy and the bills are raised based on such notification. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification received is treated as current year income or expenditure and the effect of change in estimate, if material, is disclosed separately.

1.2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Refer note 48 for segment information presented.

1.2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit and Loss except in case of long term liability relating to acquisition of fixed assets acquired upto March 31, 2016, where the same are adjusted to carrying amount of such assets.

Foreign exchange gains and losses regarded as an adjustment to borrowing costs are charged in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

1.2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty. Revenue is recognised net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue in respect of sale of goods is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria's for revenue recognition have been met.

Sale of scrap/ waste materials is recognized on disposal.

1.2.8 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase / acquisition of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented as deduction from related depreciation expenses.

Interest subsidy received/receivable from Government for changeover of Ammonia Feed Stock Conversion Project from FO/ LSHS to Gas is recognized in the Consolidated Statement of Profit and Loss and is being deducted in reporting the related expense.

1.2.9 Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in Joint Ventures where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.2.10 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised where the carrying value of an asset to be replaced is not separately identifiable it is derecognized on estimated/technical report basis. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are aligned to useful life specified under Schedule II of the Companies Act, 2013 except for certain items of plant and machinery which are depreciated as below:

- | | |
|--|----------|
| a) Reformer Package and Instrumentation: | 15 years |
| b) Heat Exchangers, pumps, turbines and CO2 Booster: | 20 years |

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

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

Spares that can be used only in connection with an item of fixed asset is depreciated over a period not exceeding the useful life of the principal item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss with other Income.

1.2.11 Intangible Assets

Intangible Assets are stated at cost less accumulated amortization and impairment.

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

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.2.12 Capital Work in Progress

All revenue expenses incurred during Construction period, which are exclusively attributable to acquisition/construction of fixed assets, are capitalised at the time of commissioning of Assets.

Pre-project expenditure relating to Projects which are considered unviable/closed is charged off to Revenue in the year of declaration/closure.

The capital work in progress includes Construction Stores including Material in Transit/Equipment/Services etc. received at site for use in the projects.

1.2.13 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are

charged to Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.2.14 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.2.15 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks/ financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.2.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.2.17 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.2.18 Inventories - Raw materials and stores, work in progress, packaging material and finished goods

Raw materials, packaging materials and stores and spares are stated at the lower of monthly weighted average cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In case of stores and spares not moved for more than two years and upto five years, provision for obsolescence is made at five percent per annum (on straight line basis) and charged to revenue. In case of stores and spares which have not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

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

1.2.19 Investments and other financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses arising from fair valuation will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Measurement

Initial recognition

The Company measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, at fair value including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Investment in Joint Venture:

Investment in Joint venture is carried at cost in the financial statements.

(c) **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 56 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(d) **Income recognition**

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(e) **Derivatives**

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value through profit or loss at the end of each reporting period.

1.2.20 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.2.21 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.2.22 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

1.2.23 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the statement of Profit and Loss Account in the period in which they are incurred.

1.2.24 Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

The Company provides following long term benefits:

- i) Leave Encashment (Earned Leave/Sick Leave/Half Pay Leave)
- ii) Long Service Award (LSA)

The liability for Leave encashment and Long term service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the financial reporting period using the projected unit credit method as calculated by Actuary. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(c) Post-employment obligations

The Company operates the following post-employment schemes:

- (i) defined benefit plans such as gratuity, provident fund, post retirement settlement benefits, social security benefits and employees' family economic rehabilitation scheme; and
- (ii) defined contribution plans such as post-employment medical plan and pension plan.

(d) Defined Benefit Obligations

The defined benefit obligation (other than Provident Fund) is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The liability or asset recognised in the balance sheet in respect of defined benefit obligations (except Provident Fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(e) Provident Fund

Contribution to provident fund is accounted for on accrual basis. The provident fund contributions are made by employee and company as monthly contribution equal to specified percentage of covered employee's salary to a trust administered by the Company. The trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the trust is notified by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

(f) Defined Contribution Plans

The Company has a Post-Retirement Medical Benefits (PRMB) and pension plan for its employees. The Company has taken the insurance policies to meet its obligations under these plans. Accordingly, the liability of the company is limited upto the amount of insurance premium paid. These plans have been treated as defined contribution plans. The insurance premium paid for these plans is recognised as employee benefit expense and charged in statement of profit and loss account.

1.2.25 Provisions

Provisions (other than employee benefits) are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

1.2.26 Claims

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

1.2.27 Adjustment pertaining to Prior Period

Income/Expenditure pertaining to prior period upto ₹ 10.00 crores in each case subject to cumulative limit of 0.50% of sales turnover of previous year are not considered material and are included under the income/expenditure of the current year.

1.2.28 Prepaid Expenditure

Prepaid expenditure upto Rupee one lakh in each case not being considered material is included under the expenditure of the current year.

1.2.29 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

1.2.30 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- (i) the profit attributable to owners of the Company
- (ii) by the weighted average number of equity shares outstanding during the financial year.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- (i) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- (ii) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note: 2 Property, Plant & Equipment (As at 31.03.2017)

₹ in crores

DESCRIPTION	Gross Carrying Amount as at 1 st April 2016	Additions	Deductions/ Adjustments	Gross Carrying Amount as at 31 st March 2017	Accumulated Depreciation as at 1 st April 2016	Depreciation For the year	Upto 31 st March, 2017	Net carrying Amount As at 31 st March, 2017
LAND								
- Freehold	11.92	0.20	-	12.12	-	-	-	12.12
- Leasehold	6.35	-	-	6.35	0.10	0.10	0.20	6.15
BUILDINGS								
- on Freehold Land	113.00	0.01	-	113.01	5.93	5.73	11.66	101.35
- on Leasehold Land	33.86	1.10	-	34.96	6.57	5.32	11.89	23.07
Leasehold Buildings	0.45	-	-	0.45	0.06	0.06	0.12	0.33
Plant and Machinery	4309.47	70.04	5.17	4374.34	245.50	247.56	493.06	3881.28
Furniture and Fixtures	0.94	0.44	0.01	1.37	0.21	0.31	0.52	0.85
Vehicles	1.00	0.27	-	1.27	0.22	0.24	0.46	0.81
Office Equipment's	1.14	0.50	0.01	1.63	0.36	0.33	0.69	0.94
OTHERS								
Electrical Installations	9.80	0.14	-	9.94	1.29	1.22	2.51	7.43
Railway Sidings	0.41	-	-	0.41	0.34	0.01	0.35	0.06
EDP Equipment's	1.85	1.55	0.03	3.37	0.41	0.61	1.02	2.35
Other Equipment's	13.57	3.10	0.05	16.62	3.33	3.36	6.69	9.93
	<u>4503.76</u>	<u>77.35</u>	<u>5.27</u>	<u>4575.84</u>	<u>264.32</u>	<u>264.85</u>	<u>529.17</u>	<u>4046.67</u>

- Title/Lease Deed for land acquired at Nangal (₹0.93 crore), Vijaipur (₹4.36 crore), Bathinda (₹0.15 crore), Building at Scope Complex, New Delhi (₹2.07 crore) and Building at Bhopal (₹0.51 crore) are pending execution.
- Out of total land of 2578 acres, land measuring 325.70 acres at Nangal (₹ 0.12 crore) had been symbolically possessed by the Punjab Government on 29.10.1998 without determination of consideration. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners.
- Catalysts having useful life exceeding one year are capitalised from the date of purchase and identified as separate component as per Schedule II of Companies Act, 2013. Accordingly, Property, Plant & Equipment (Gross) include catalysts amounting to ₹ 11.95 crore (March 2016 ₹ 2.28 crore & April 2015 ₹ 6.84 crore).
- Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat & Nangal Unit under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production have been capitalised on 11th March 2013, 28th March 2013 and 18th July 2013 respectively. Accordingly, Property, Plant & Equipment (Gross) include assets amounting to ₹3755.24 crore (March 2016 ₹ 3748.81 crore & April 2015 ₹ 3741.36 crore) represented by capital grant as disclosed in Note: 24 & 30 Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹3012.80 crore (March 2016 ₹ 3193.52 crore & April 2015 ₹ 3372.90 crore) as on 31.03.2017.
- In terms of exemption granted under Ind AS 101, the company has opted to treat exchange difference arising from translation of long term foreign currency monetary items as addition/deletion to Property, Plant & Equipment. Accordingly, an exchange loss of ₹5.13 crore (March 2016 ₹15.03 crore) has been included in the addition to Property, Plant & Equipment/Capital Work in Progress as on 31st March, 2017. The unamortized amount of exchange difference as on 31.03.2017 is ₹59.93 crore (March 2016 ₹67.68 crore & April 2015 ₹56.31 crore).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

f. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

g. Buildings includes office premises given on operating lease. The details of such leased premises are as under:

	Current Year	₹ in crores Previous year
Original Cost	1.26	2.40
Accumulated depreciation upto 31 st March 2017	0.71	1.19
Net Written Down Value as at 31 st March 2017	0.55	1.21
Depreciation recognized in Statement of Profit and Loss	0.03	0.05
Impairment losses recognized in Statement of Profit and Loss	-	-
Impairment losses reversed in Statement of Profit and Loss	-	-

Note: 2 Property, Plant & Equipment (As at 31.03.2016)

DESCRIPTION	Deemed Cost As at 1 st April, 2015	Additions	Deductions/ Adjustments	Gross carrying Amount as at 31 st March 2016	Depreciation For the year	Upto 31 st March, 2016	Net carrying Amount as at 31 st March 2016
LAND							
- Freehold	11.92	-	-	11.92	-	-	11.92
- Leasehold	6.35	-	-	6.35	0.10	0.10	6.25
BUILDINGS							
- on Freehold Land	113.00	-	-	113.00	5.93	5.93	107.07
- on Leasehold Land	30.99	2.87	-	33.86	6.57	6.57	27.29
Leasehold Buildings	0.45	-	-	0.45	0.06	0.06	0.39
Plant and Machinery	4235.50	75.74	1.77	4309.47	245.50	245.50	4063.97
Furniture and Fixtures	0.76	0.20	0.02	0.94	0.21	0.21	0.73
Vehicles	0.99	0.01	-	1.00	0.22	0.22	0.78
Office Equipment's	0.72	0.46	0.04	1.14	0.36	0.36	0.78
OTHERS :							
Electrical Installations	7.95	1.84	(0.01)	9.80	1.29	1.29	8.51
Railway Sidings	0.08	0.33	-	0.41	0.34	0.34	0.07
EDP Equipment's	1.43	0.49	0.07	1.85	0.41	0.41	1.44
Other Equipment's	11.31	2.28	0.02	13.57	3.33	3.33	10.24
	<u>4421.45</u>	<u>84.22</u>	<u>1.91</u>	<u>4503.76</u>	<u>264.32</u>	<u>264.32</u>	<u>4239.44</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 3 Capital work-in-progress

₹ in crore

	As at 31 st March, 2017	As 31 st March, 2016	As 01 st April, 2015
Building	2.36	1.09	0.01
Plant and Machinery	29.78	23.23	33.84
Capital Stores	16.89	8.30	5.15
Expenditure During Construction Period	1.54	-	-
	<u>50.57</u>	<u>32.62</u>	<u>39.00</u>
Details of Expenditure During Construction Period			
Opening Balance	-	-	-
Add: Expenditure during the year:			
Employees' Remuneration & Benefits	0.17	-	-
Project Management fee	1.37	-	-
Total	<u>1.54</u>	<u>-</u>	<u>-</u>
Total Expenditure	<u>1.54</u>	<u>-</u>	<u>-</u>
Less: Transfer to Property, Plant & Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u>1.54</u>	<u>-</u>	<u>-</u>

Note : 4 Other Intangible assets (As at 31.03.2016)

₹ in crore

DESCRIPTION	Deemed Cost As at 1 st April, 2015	Additions	Deductions/ Adjustments	Gross carrying Amount as at 31 st March 2016	Amortization For the year	Upto 31 st March, 2016	Net carrying Amount as at 31 st March 2016
Computer Software	0.41	0.13	(0.02)	0.56	0.24	0.24	0.32
Licence and Know-how	26.18	-	-	26.18	7.34	7.34	18.84
	<u>26.59</u>	<u>0.13</u>	<u>(0.02)</u>	<u>26.74</u>	<u>7.58</u>	<u>7.58</u>	<u>19.16</u>

Note : 4 Other Intangible assets (As at 31.03.2017)

₹ in crore

DESCRIPTION	Gross Block			Amortization				Net carrying Amount As at 31 st March 2017
	Gross Carrying Amount as at 1 st April 2016	Additions	Deductions/ Adjustments	Gross Carrying Amount as at 31 st March 2017	Accumulated Depreciation as at 1 st April 2016	For the year	Upto 31 st March, 2017	
Computer Software	0.56	0.18	-	0.74	0.24	0.16	0.40	0.34
Licence and Know-how	26.18	-	-	26.18	7.34	7.32	14.66	11.52
	<u>26.74</u>	<u>0.18</u>	<u>-</u>	<u>26.92</u>	<u>7.58</u>	<u>7.48</u>	<u>15.06</u>	<u>11.86</u>

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Other Intangible Assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 5 Investment

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Investment in joint venture[#]			
180002 Equity shares with face value of ₹10 each fully paid up in Urvarak Videsh Limited	0.03	0.04	0.04
Share of Loss in Joint Venture	-	(0.01)	0.00
	0.03	0.03	0.04
125440004 Equity shares with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL) ^s	151.84	24.44	2.44
Share of Loss in Joint Venture	(0.24)	(1.60)	
	151.63	22.87	2.48
Investment in Equity Instruments of Co-operative Societies			
1250 shares with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*	*
100 shares with face value of ₹50 each fully paid up (₹5000) in NFL Employees' Consumer co-operative stores	*	*	*
300 shares with face value of ₹10 each fully paid up (₹3000) in New India Co-operative Bank	*	*	*
Investment in mutual fund	*	*	*
	0.00	0.00	0.00
* Being less than ₹50,000/-, figures not given.			
# In compliance with Accounting Standard (Ind AS) 28 - Investment in Associates & Joint Venture". The Reporting information is as under :			

Joint controlled entity

Name of the Company	Country of Incorporation	Percentage of ownership interest as on		
		31.03.2017	31.03.2016	01.04.2015
Urvarak Videsh Limited	India	33.33	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00	26.00

Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited and Fertilizer Corporation of India has been incorporated on 17.02.2015 for setting up of Fertilizer Unit at Ramagundam, Telangana under New Investment Policy, 2012. The plant shall have the annual urea capacity of 12.71 Lakhs MT urea. The zero date of project is 25.09.2015 and is scheduled to be completed within 36 months from zero date.

Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited was declared Dormant Company on 04.11.2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 6 Loans

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Secured, considered good			
Loans to employees	7.15	8.32	8.80
Unsecured, considered good			
Loans to employees	4.37	5.19	7.16
	<u>11.52</u>	<u>13.51</u>	<u>15.96</u>

Note : 7 Other Financial Assets

₹ in crores

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Security Deposits	0.06	2.84	0.06
Capital Grant Recoverable from GoI\$#	102.32	835.53	1579.87
Margin Money against Bank Guarantees (more than one year)	8.09	8.10	10.88
	<u>110.47</u>	<u>846.47</u>	<u>1590.81</u>

Capital Grant recoverable from Government of India of ₹102.32 crore represents the grant to be disbursed by Government of India for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' for the FY 2018-19. Capital Grant recoverable from GOI amounting to ₹599.74 crore for the FY 2017-18 is disclosed in Note 15: Other Financial Assets. Details of Capital Grant for AFCP are disclosed in Note : 24 & 30 Deferred Government Grant.

\$ Capital grant includes cumulative foreign exchange gain of ₹0.27 crore (net) in respect of outstanding liability of AFCP recoverable from GOI as part of project cost and such exchange losses shall be adjusted in the capital cost upon final settlement of liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 8 Deferred tax assets (net)

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Deferred tax assets (A)			
Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.	104.06	106.62	97.18
MAT Credit Entitlement -Assets	64.59	70.94	-
Impact of losses/ unabsorbed depreciation carried forward for tax purposes			
Losses carried forward	-	-	79.65
Unabsorbed depreciation	-	34.24	48.28
(A)	<u>168.65</u>	<u>211.80</u>	<u>225.11</u>
Deferred tax liability (B)			
Property, Plant & Equipment: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/amortization charged in Statement of Profit and Loss.	(177.61)	(169.06)	(157.41)
Others*	-	(11.69)	(11.69)
(B)	<u>(177.61)</u>	<u>(180.75)</u>	<u>(169.10)</u>
Net deferred tax Assets (A-B)	<u>(8.96)</u>	<u>31.05</u>	<u>56.01</u>

*Adjustment through opening reserves

Movement in deferred tax components

₹ in crore

	As At April 1, 2015	Charged or (credited) to profit or loss	At March 31, 2016
Expenses allowed on cash basis	97.18	9.44	106.62
Defined benefit obligations	-	-	-
Losses carried forward	79.65	(79.65)	-
Unabsorbed depreciation	48.28	(14.05)	34.23
Property, Plant & Equipment impact	(157.41)	(11.65)	(169.05)
Provisions not allowed	-	-	-
MAT credit Entitlement	-	70.94	70.94
Set off of tax losses	-	-	-
Others	(11.69)	-	(11.69)
	<u>56.01</u>	<u>(24.97)</u>	<u>31.05</u>

₹ in crore

	As At April 1, 2016	Charged or (credited) to profit or loss	As At March 31, 2017
Expenses allowed on cash basis	106.62	2.56	104.06
Defined benefit obligations	-	-	-
Losses carried forward	-	-	-
Unabsorbed depreciation	34.23	34.23	-
Property, Plant & Equipment impact	(169.05)	8.56	(177.61)
Provisions not allowed	-	-	-
MAT credit Entitlement	70.94	6.35	64.59
Set off of tax losses	-	-	-
Others	(11.69)	(11.69)	-
	<u>31.05</u>	<u>40.01</u>	<u>(8.96)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 9 Other non-current assets

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Unsecured, considered good			
Capital advances	1.00	0.51	0.30
Others	2.03	0.01	0.12
	<u>3.03</u>	<u>0.52</u>	<u>0.42</u>

Note : 10 Inventories

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Raw materials	1.12	2.28	0.98
Add: In transit	<u>0.27</u> 1.39	<u>0.16</u> 2.44	<u>-</u> 0.98
Packing Materials	12.18	10.20	4.69
Add: In transit	0.29	0.73	0.55
Less: Provision for Obsolescence	<u>-</u> 12.47	<u>-</u> 10.93	<u>0.05</u> 5.19
Stores and spares	163.79	123.40	160.05
Add: In transit	12.47	14.94	12.21
Less: Provision for Obsolescence	<u>1.81</u> 174.45	<u>3.32</u> 135.02	<u>2.46</u> 169.80
Semi-finished goods	22.72	15.48	22.81
Traded goods	0.76	-	-
Add: In transit	<u>0.11</u> 0.87	<u>-</u> -	<u>-</u> -
Finished goods	254.10	198.07	25.65
Add: In transit	<u>109.15</u> 363.25	<u>123.66</u> 321.73	<u>42.02</u> 67.67
	<u>575.15</u>	<u>485.60</u>	<u>266.45</u>

Inventories have been valued at lower of cost (including excise duty where applicable) or net realizable value considering Note No.1.2.17 Accounting Policy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 11 Trade Receivables

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 01 st April, 2015
Trade Receivables outstanding for a period more than six months from the date they are due for payment			
Subsidy (Government of India)	136.32	516.74	29.41
Others	<u>11.62</u> 147.94	<u>11.02</u> 527.76	<u>11.38</u> 40.79
Trade Receivables less than six months			
Subsidy (Government of India)	3908.60	4087.54	4924.04
Others	<u>221.85</u> 4130.45	<u>198.44</u> 4285.98	<u>53.47</u> 4977.51
Provision for doubtful receivables	(10.96)	(10.97)	(11.30)
	<u>4267.43</u>	<u>4802.77</u>	<u>5007.00</u>
Aggregate of trade receivables:			
Unsecured, considered good (including debts backed by bank guarantees ₹1.76 crore, (previous period ₹0.42 crore)	4267.43	4802.77	5007.00
Unsecured, considered doubtful	10.96	10.97	11.30
Provision for doubtful receivables	(10.96)	(10.97)	(11.30)
	<u>4267.43</u>	<u>4802.77</u>	<u>5007.00</u>

Note: 12 Cash & Cash Equivalents

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Balances with banks			
Current accounts	0.31	0.84	0.16
Cheques in hand/remittances in transit	5.77	4.02	3.08
Cash on hand	0.03	0.09	0.09
	<u>6.11</u>	<u>4.95</u>	<u>3.33</u>

Note: 13 Other Bank Balances

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Unclaimed dividend account	0.07	0.04	0.04
Margin Money against Bank Guarantees	2.12	1.98	1.84
	<u>2.19</u>	<u>2.02</u>	<u>1.88</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 14 Loans

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Secured, considered good			
Loans to employees	1.74	1.99	2.14
Unsecured, considered good			
Loans to employees	0.43	0.61	0.62
	<u>2.17</u>	<u>2.60</u>	<u>2.76</u>

Note : 15 Other Financial Assets

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Security Deposits	23.77	24.29	17.55
Capital Grant recoverable from Government of India (GOI) ^{\$}	599.74	1079.59	1470.23
Interest Subsidy recoverable from Government of India	34.29	114.59	322.69
Claims recoverable	9.93	2.83	2.63
Provision on claim recoverables	(0.23)	(0.26)	(0.37)
Fixed deposit as case property *	1.32	1.32	1.32
	<u>668.82</u>	<u>1222.36</u>	<u>1814.05</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 24 & 30.

* As per direction of Court an amount of ₹1.32 crore (March 2016 ₹ 1.32 crore & April 2015 ₹ 1.32 crore) is being kept as case property.

Note : 16 Income Tax Assets (Net)

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Tax Refund	92.32	71.34	81.42
	<u>92.32</u>	<u>71.34</u>	<u>81.42</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note: 17 Other Current Assets

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Unsecured, considered good unless otherwise stated			
Advances			
Contractors	0.61	0.73	0.72
Suppliers \$#	261.70	290.94	139.18
Employees	1.91	0.78	1.17
Recoverable/Balances with customs and excise authorities	8.68	14.58	14.64
Others	30.90	35.23	32.11
	<u>303.80</u>	<u>342.26</u>	<u>187.82</u>
Unsecured, considered good from above	164.15	202.83	48.57
Unsecured, considered doubtful from above	139.65	139.43	139.25
Provision for doubtful advances	(10.01)	(9.79)	(9.61)
Provision for doubtful advances appropriated from reserve	<u>(129.64)</u>	<u>(129.64)</u>	<u>(129.64)</u>
	<u>164.15</u>	<u>202.83</u>	<u>48.57</u>

Includes an advance of ₹130.69 crore (March 2016 ₹ 130.69 crore & April 2015 ₹ 130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹129.64 crore (after recovery of ₹1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

\$ Includes amount recoverable on account of Gas Pooling amounting to ₹116.91 crore (March 2016 ₹ 147.94 crore & April 2015 Nil).

Note: 18 Assets held for disposal

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Assets of Ammonia Plant (AFCP)	13.47	13.55	13.55
Others	2.38	2.38	1.67
	<u>15.85</u>	<u>15.93</u>	<u>15.22</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 19 Equity Share Capital

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Authorized			
100,00,00,000 Equity Shares of ₹10 each	1000.00	1000.00	1000.00
Issued, Subscribed and Paid -up			
49,05,78,400 Equity Shares of ₹10 each fully paid up	490.58	490.58	490.58
	<u>490.58</u>	<u>490.58</u>	<u>490.58</u>

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

	31 st March, 2017		31 st March, 2016		1 st April 2015	
Equity Shares of ₹10 each fully paid	No.	%	No.	%	No.	%
Government of India	440116292	89.71	440116292	89.71	440116292	89.71

d. Movement of Equity Shares Capital

	31 st March, 2017		31 st March, 2016		1 st April 2015	
	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)
Opening Balance	490578400	490.58	490578400	490.58	490578400	490.58
Increase during the year	-	-	-	-	-	-
Closing Balance	<u>490578400</u>	<u>490.58</u>	<u>490578400</u>	<u>490.58</u>	<u>490578400</u>	<u>490.58</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 20 Other Equity

₹ in crore

		As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Capital Reserve		2.51	2.51	2.51
As per last Balance Sheet	A	2.51	2.51	2.51
General Reserve				
As per last Balance Sheet		322.85	302.75	302.75
Transferred from Statement of Profit & Loss		-	12.57	-
Transferred from Debenture Redemption Reserve		10.04	7.53	-
	B	332.89	322.85	302.75
Debenture Redemption Reserve				
As per last Balance Sheet		10.04	17.57	17.57
Less: Transferred to General Reserve		10.04	7.53	-
	C	-	10.04	17.57
Corporate Social Responsibility (CSR) Reserve*				
As per last Balance Sheet		4.01	5.26	5.26
Transferred from statement of Profit and Loss		1.11	-	-
Less: Transferred to statement of Profit and Loss (Refer Note 53)		2.62	1.25	-
	D	2.50	4.01	5.26
Surplus in Statement of Profit & Loss				
As per last Balance Sheet		859.16	689.93	662.34
Add : Transferred from CSR reserve		2.62	1.25	-
Add: Adjustment as per Transactional Cost of Ind AS		-	-	33.77
Less : Income Tax on Transaction Cost of Ind AS		-	-	11.69
Less: Transferred to General reserve		-	12.57	-
Less: Dividend Paid (including tax on Dividend)		71.44	10.04	-
Less: Transferred to CSR reserve		1.11	-	-
		789.23	668.57	684.42
Profit/(Loss) for the year transferred from Statement of Profit and Loss		207.92	197.01	5.51
Profit/(Loss) for the year transferred from Other Comprehensive Income		(0.83)	(6.42)	-
Net Surplus	E	996.32	859.16	689.93
Total (A+B+C+D+E)		1334.22	1198.57	1018.02

* In terms of Section 135 of the Companies Act, 2013 read with guidelines on corporate social responsibility issued by Department of Public Enterprises (DPE), GOI, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The Company had opening CSR Reserve of ₹ 4.01 crore in respect of unspent CSR budget as per DPE guidelines. Budget of ₹ 1.11 crore was allocated as per Companies Act, 2013 for FY 2016-17. The company has incurred an amount of ₹ 2.62 crore during the year ended 31st March, 2017 (CPLY ₹ 1.25 crore) leaving balance CSR fund of ₹ 2.50 crore as on 31st March, 2017.

In terms of Ind AS 8, opening reserves has been increased by ₹ 33.77 crore i.e. increase ₹ 58.66 crore on account of adjustment relating to actuarial valuation of Post Retirement Medical Benefit Scheme and decrease by ₹ 24.89 crore on account of freight subsidy pertaining to earlier years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 21 Borrowings

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Bonds/Debentures (Secured)			
9.42% Secured Redeemable Non - Convertible Bonds of ₹10,00,000/- each*	-	-	40.16
Term Loans			
Rupee Loans from Banks (Secured)#	-	770.94	1538.20
Foreign Currency Loans - External Commercial Borrowing from Bank (Secured)\$	172.35	215.05	206.75
	<u>172.35</u>	<u>985.99</u>	<u>1785.11</u>

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

The borrowings of Rupee loan from Banks for Ammonia Feedstock Conversion Projects of ₹770 crore being payable in next year is disclosed in Note 27 Other Financial Liabilities. Loan is secured by first charge ranking pari-passu inter-se on entire Property, Plant & Equipment, movable and immovable (present & future) properties related to Nangal, Bathinda & Panipat units and second charge over the entire current assets and subsidy (excluding reimbursement related to energy savings and interest expenses) of the Company. 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 - MCLR and during the year interest rate was from 10.70% to 10.40% p.a.

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

ECB has been refinanced through DBS Bank, Singapore on 06.01.2016. The ECB was earlier drawn from SBI, NY at rate of interest of 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility.

The rate of interest of refinanced ECB from DBS, Singapore is 6 months USD LIBOR plus margin of 1.49% p.a. Repayment of refinanced ECB loan will commence from FY 2016-17. Foreign Currency External Commercial Borrowing (ECB) loan from DBS Bank is secured by first ranking pari-passu charge on all movable and immovable Property, Plant & Equipment (both present and future) related to Vijaipur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit.

The repayment of ECB loan will fall due for ₹38.68 crore in FY 2017-18, ₹55.61 crore in FY 2018-19, ₹ 58.02 crore in FY 2019-20 and ₹58.02 crore in FY 2020-21. A sum of ₹210.33 crore (₹171.65 crore + ₹38.68 crore) is outstanding as on 31.03.2017 out of which the installments due for payment upto 31st March, 2018 amounting to of ₹38.68 crore is disclosed in Note 28 Other Financial Liabilities.

Note : 22 Other Financial Liabilities

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Security Deposits	22.19	20.96	21.38
	<u>22.19</u>	<u>20.96</u>	<u>21.38</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 23 Provisions

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Provision for employee benefits *^	150.09	134.83	134.64
	<u>150.09</u>	<u>134.83</u>	<u>134.64</u>
* Item wise breakup of Provisions for employee benefits			
Earned Leave	73.68	69.10	66.95
Half Pay Leave	61.95	51.65	53.19
Post Retirement Settlement Benefits	1.31	1.24	1.00
Long Service Award	0.65	0.50	0.66
Social Security Benefits	4.86	5.45	5.17
Employees' Family Economic Rehabilitation Scheme	7.64	6.89	7.67
	<u>150.09</u>	<u>134.83</u>	<u>134.64</u>

^Short term Provision for Employee Benefits of ₹78.87 crore is disclosed in Note 29.

Note: 24 Deferred Government Grant

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Opening Balance#			
Non Current	3007.04	3186.63	3347.45
Current	186.57	186.37	189.38
Add: Addition/Adjustment during the year (AFCP)*	6.43	7.45	22.35
Add: Addition/Adjustment during the year (Others)	0.03	-	-
Less : Depreciation transferred from Statement of Profit & loss Account	187.16	186.84	186.18
Less : Transferred Deferred Government Grant Current (Note 30)	187.17	186.57	186.37
	<u>2825.74</u>	<u>3007.04</u>	<u>3186.63</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 Ind AS 20 'Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 25 Other Non Current Liabilities

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Others [#]	14.28	12.80	11.56
	<u>14.28</u>	<u>12.80</u>	<u>11.56</u>

Includes amount of ₹9.03 crore (March 2016 ₹9.07 crore & April 2015 ₹8.03 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

Note : 26 Borrowings

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Secured			
Cash credit from banks*	9.83	25.32	2239.45
Unsecured			
Commercial Paper	1440.00	1655.00	1500.00
Short Term loans from Banks [#]	1703.90	2615.00	1262.95
	<u>3153.73</u>	<u>4295.32</u>	<u>5002.40</u>

* 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.

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 : 27 Trade Payables

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Trade Payable to Micro, Small and Medium Enterprises (MSMED)*	2.24	0.92	1.23
Others\$	398.46	305.88	173.20
	<u>400.70</u>	<u>306.80</u>	<u>174.43</u>

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

\$ Includes amount of ₹204.19 crore (March 2016 ₹205.89 crore & April 2015 ₹75.46 crore) on account of Gas supplies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note:28 Other Financial Liabilities

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Current maturities of long term borrowings *			
Bonds	-	40.17	30.12
Foreign currency loans	38.68	32.14	57.50
Rupee Term Loans	769.85	770.00	770.00
Creditors for Capital Works	185.41	174.77	208.75
Security Deposits	94.19	87.32	77.63
Unclaimed dividend	0.07	0.04	0.04
	<u>1088.20</u>	<u>1104.44</u>	<u>1144.04</u>

* Details in respect of Interest and terms of repayment of long term borrowings are disclosed in Note 21: Borrowings.

Note : 29 Provisions

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Provisions for employee benefits*^	78.87	72.15	61.33
Provision for Corporate Tax	24.12	-	-
Provision for Local Area Development tax	6.72	6.72	6.72
	<u>109.71</u>	<u>78.87</u>	<u>68.05</u>
* Item wise breakup of Provisions for employee benefits :			
Gratuity	58.17	49.38	33.70
Earned Leave	9.09	11.18	13.44
Half Pay Leave	8.24	8.53	11.09
Post Retirement Settlement Benefits	0.17	0.18	0.16
Long Service Award	0.14	0.15	0.10
Social Security Benefits	1.16	1.16	0.98
Employees' Family Economic Rehabilitation Scheme	1.90	1.57	1.86
	<u>78.87</u>	<u>72.15</u>	<u>61.33</u>

^ Long term Provision for Employee Benefits of ₹150.09 crore is disclosed in Note 23.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note: 30 Deferred Government Grant

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Deferred Government Grant*#	187.17	186.57	186.37
	<u>187.17</u>	<u>186.57</u>	<u>186.37</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 Ind AS 20 'Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government.

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

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

Non Current Deferred Government Grant is disclosed in Note No. 24.

Note: 31 Other Current Liabilities

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Advances from customers	24.73	15.16	37.43
Statutory Dues	66.61	65.35	60.45
Liability for employee benefits / remuneration	64.21	70.73	41.16
Others#	66.47	42.03	31.15
	<u>222.02</u>	<u>193.27</u>	<u>170.19</u>

Includes amount of ₹ 2.81 crore (March 2016 ₹1.37 crore & April 2015 ₹1.04 crore) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note: 32 Revenue from Operations

₹ in crore

		Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Sale of Goods			
Finished goods		2236.40	2128.51
Traded goods*		468.67	234.76
	(a)	<u>2705.07</u>	<u>2363.27</u>
Other operating revenue			
Subsidy from Government of India			
Finished goods (Urea)-Subsidy			
Price subsidy		4339.34	5018.75
Freight subsidy		382.05	362.45
		<u>4721.39</u>	<u>5381.20</u>
Traded goods (Di Ammonium Phosphate) Subsidy			
Price subsidy		191.31	41.29
Freight subsidy		45.05	8.15
		<u>236.36</u>	<u>49.44</u>
Traded goods (Compost) Subsidy			
Price subsidy		0.40	-
Freight subsidy		-	-
		<u>0.40</u>	<u>-</u>
Total subsidy[§]	(b)	<u>4958.15</u>	<u>5430.64</u>
Revenue from operations (gross)	(a)+(b)	<u>7663.22</u>	<u>7793.91</u>
Details of goods sold			
Finished goods (including subsidy)			
Urea		6767.12	7364.41
Industrial Products		188.28	142.31
Bio Fertilizers		2.39	3.01
		<u>6957.79</u>	<u>7509.73</u>
Traded goods (including subsidy)			
Seeds		14.92	16.80
Compost (including subsidy)		1.09	-
Gas Swapping (Sale)*		28.73	94.33
Di Ammonium Phosphate (Domestic)		-	41.49
Di Ammonium Phosphate (Imported)		651.76	127.07
Bentonite Sulphur (Domestic)		0.06	4.49
Bentonite Sulphur (Imported)		8.37	-
Agro Chemicals		0.50	-
		<u>705.43</u>	<u>284.18</u>
		<u>7663.22</u>	<u>7793.91</u>

* Sale of Traded Goods includes sale of Gas of ₹ 28.73 crore to M/s GAIL procured from M/s RIL in the state of Andhra Pradesh w.e.f. 1st August, 2015 under revenue neutral Gas Swapping arrangement pursuant to the OM No. 12014/6/2013-FPP dated 16th July, 2015 issued by Department of Fertilizers. It has been discontinued w.e.f 01.08.2016.

§ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year

Price Subsidy (Urea)	26.97	49.73
Freight Subsidy (Urea)	(7.56)	-
	<u>19.41</u>	<u>49.73</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 33 Other Income

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Interest income		
Term Deposits	7.10	5.40
Loan to employees	0.70	0.87
Others	7.68	4.48
(A)	15.48	10.75
Other non-operating income		
Rent	14.61	16.04
Profit on sale of Property, Plant & Equipment (Net)	1.74	0.41
Sale of Scrap	3.97	4.68
Miscellaneous income	8.79	14.65
(B)	29.11	35.78
(A+B)	44.59	46.53

Note: 34 Cost of Material Consumed

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Raw Material (A)		
Inventory at the beginning of the year	2.44	0.98
Purchases	2823.61	3465.62
	<u>2826.05</u>	<u>3466.60</u>
Less: Inventory at the end of the year	1.38	2.44
Cost of raw material consumed	<u>2824.67</u>	<u>3464.16</u>
Packing material (B)	144.61	127.67
Stores and spares (C)	45.78	44.60
Cost of material consumed (A+B+C)	3015.06	3636.43
Itemwise break up of raw material consumed		
Natural Gas	2822.17	3443.46
Others	2.50	20.70
	<u>2824.67</u>	<u>3464.16</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note 35 Purchase of Traded Goods

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Traded goods purchased		
Seeds	14.17	16.10
Compost	0.96	-
Di Ammonium Phosphate (Domestic)	-	41.12
Di Ammonium Phosphate (Imported)	531.09	108.44
Gas Swapping Purchase*	28.73	94.33
Bentonite Sulphur	0.06	4.10
Bentonite Sulphur (Imported)	3.30	-
Agro Chemicals	0.72	-
	<u>579.03</u>	<u>264.09</u>

* Purchase of Traded Goods includes purchase of Gas of ₹ 28.73 crore procured from M/s RIL and sold to M/s GAIL in the state of Andhra Pradesh w.e.f. 1st August, 2015 under revenue neutral Gas Swapping arrangement pursuant to the OM No. 12014/6/2013-FPP dated 16th July, 2015 issued by Department of Fertilizers. It has been discontinued w.e.f 01.08.2016.

Note: 36 (Increase)/decrease in inventories

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Opening inventories		
Semi-Finished	15.48	22.81
Finished goods	<u>321.73</u>	<u>67.67</u>
	<u>337.21</u>	<u>90.48</u>
Closing inventories		
Semi-Finished	22.72	15.48
Finished goods	<u>364.12</u>	<u>321.73</u>
	<u>386.84</u>	<u>337.21</u>
(Increase)/decrease in inventories	<u>(49.63)</u>	<u>(246.73)</u>
Less: Excise duty included in change in inventories	<u>(0.06)</u>	<u>(0.43)</u>
Net (Increase)/decrease in inventories	<u>(49.57)</u>	<u>(246.30)</u>

Note: 37 Employee Benefits Expense

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Salaries, Wages and Bonus*	410.75	383.26
Contribution to Provident and Other Funds	40.83	40.64
Gratuity Expenses	7.84	8.78
Welfare expenses [#]	<u>28.66</u>	<u>24.50</u>
	<u>488.08</u>	<u>457.18</u>

* Wage revision for Executives & Non-Executives is due for revision w.e.f. 01.01.2017. Pending finalization of revision of wages w.e.f. 01.01.2017, adhoc provision of ₹ 25.20 crores towards salary and wage revision has been made in the accounts for the period 01.01.2017 to 31.03.2017 based on the Report of 3rd Pay Revision Committee.

[#] Includes payment of ₹2.45 crore (Previous Year ₹2.17 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note: 38 Power and Fuel

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Purchased power	139.35	148.73
Coal	622.77	575.13
Natural gas	1431.61	1678.69
Cess on Electricity	17.74	19.61
Renewal Energy Certificate	1.65	1.77
	<u>2213.12</u>	<u>2423.93</u>

Note: 39 Repair and Maintenance

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Plant and machinery	60.90	63.89
Buildings	8.57	8.99
Others	12.72	8.71
	<u>82.19</u>	<u>81.59</u>

Note: 40 Finance Costs

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Interest :		
Cash credit	157.62	182.07
Short term loans	5.71	10.45
Rupee Term Loan	129.32	201.88
Less: Interest Subsidy recoverable/received from Government of India*	<u>129.32</u>	<u>201.88</u>
Others	23.45	32.75
Other Borrowing Cost	2.97	3.15
	<u>189.75</u>	<u>228.42</u>

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

Note: 41 Depreciation and Amortization Expense

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Depreciation / Amortization on tangible assets	264.85	265.92
Amortization of intangible assets	7.48	7.59
	<u>272.33</u>	<u>273.51</u>
Less : Depreciation on Property, Plant & Equipment against Govt Grant adjusted (Refer Note: 24 & 30)	187.16	186.85
	<u>85.17</u>	<u>86.66</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note: 42 Other Expense

₹ in crore

		Year Ended 31 st March, 2017		Year Ended 31 st March, 2016
Rent		14.94		4.98
Rates and taxes		3.36		2.66
Insurance		9.05		7.93
Auditors' remuneration:				
Audit Fee	0.24		0.21	
Tax Audit Fee	0.06		0.06	
Certification and other fee	0.23		0.12	
Out of pocket expenses	-	0.53	0.02	0.41
Cost Audit Fee		0.01		0.04
Security Expenses		52.42		43.12
Printing and Stationery		1.29		1.30
Advertisement, Publicity and Sales Promotion		8.62		2.46
Directors' Fees		0.08		0.14
Telephone and Postage		2.10		1.97
Travelling		13.80		13.20
Water Charges		15.92		16.64
Provision for:				
Doubtful Advances	0.20		(0.15)	
Others	(1.49)	(1.29)	0.86	0.71
Write Off:				
Stores and spares	7.67		3.62	
Others	0.11	7.78	0.23	3.85
Legal Expenses		0.75		0.75
Bank Charges		3.53		3.01
Demurrage and Wharfage		1.46		2.64
Exchange rate variation (net)		(0.21)		(4.31)
Retailer Incentive		19.86		18.39
CSR Expenditure		2.62		1.25
Miscellaneous expenses		35.41		26.4
		192.03		147.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 43 Income Tax Expense

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Current Tax		
Current Tax on Profits for the year	76.71	64.83
Adjustments for Current Tax of prior periods		
Total Current Tax Expense (A)	76.71	64.83
Deferred Tax		
Decrease (increase) in deferred tax assets	43.15	13.31
(Decrease) increase in deferred tax liabilities	(3.14)	11.66
Total Deferred Tax Expense / (benefits) (B)	40.01	24.97
Income Tax Expense (A+B)	116.72	89.80

Reconciliation of the tax expense and the accounting profit multiplied by tax rate

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Profit before tax	324.88	288.42
Tax at the enacted rate of 34.608%	112.44	99.82
Add :		
Tax effect of amount not deductible (taxable) while calculating taxable income		
CSR Expenses	0.91	1.25
Interest on income Tax	0.63	0.19
Payment To Special Welfare Fund Not Allowable	0.01	0.03
Adjustment for deferred tax of prior period	2.73	(1.30)
Previously unrecognised tax credit now recognised	-	(10.19)
Total income tax expense	116.72	89.80

Note: 44 Earning per share

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Profit/(Loss) after Tax (₹ Crore)	207.92	197.01
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	4.24	4.05

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note 45: Contingent Liabilities

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Claims against the Company not acknowledged as debts			
a) Pending Appellate/Judicial decisions:			
Income tax	79.34	152.15	293.47
Purchase tax	1.30	1.30	1.30
Excise, customs and service tax	26.22	28.13	25.14
Value Added Tax	0.64	0.61	0.56
Land compensation/development claims	5.88	6.10	6.26
Arbitration and civil cases	64.41	67.30	68.35
b) Other claims	1.05	1.55	0.97
c) Claims in respect of legal cases filed against the company for labour and other matters, amount where of is not ascertainable	-	-	-
	178.84	257.14	396.05

Note 46 Capital and Other Commitments

₹ in crore

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:			
i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	64.99	68.51	27.34
ii) Unutilized amount of Letter of Credit	4.31	1.71	2.59

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

47.1 Ind AS-19: Employee Benefits

47.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹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 10 days.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹9.00 lakhs with minimum benefits of ₹1.00 lakhs).
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

47.1.2 Provident Fund: The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹27.09 crore (P.Y. ₹26.56 crore) has been charged to statement of Profit and loss towards contribution by the Company.

The Provident Fund Trust set up by the Company, is treated as Defined Benefit Plan since the Company has to meet the shortfall in the fund assets, if any. Further, having regard to the assets of the Fund and the Return on the Investments, the Company does not expect any deficiency in the foreseeable future. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability and determined that there is no shortfall as at 31st March, 2017.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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

₹ in crore

	Gratuity		EL		HPL		PRSB		LSA		PF	
	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16
(i) Reconciliation of present value of defined benefit obligations and plan assets:												
1. Present value of projected benefit obligations at beginning of the year	186.32	185.96	80.28	80.39	60.18	64.27	1.42	1.18	0.65	0.60	903.97	910.51
2. Service Cost	3.99	3.95	3.86	3.51	2.91	2.43	0.06	0.06	0.03	0.03	27.09	26.56
3. Past Service Cost	-	0.07	-	-	-	-	-	-	-	-	-	-
4. Interest Cost	14.59	14.50	6.28	6.27	4.71	5.03	0.11	0.09	0.05	0.05	72.32	71.02
5. Actuarial (Gains) / Losses	1.05	9.37	23.76	27.91	9.34	(3.98)	0.15	0.25	(0.01)	0.09	6.69	6.42
6. Benefits Paid	(23.87)	(27.53)	(31.42)	(37.80)	(6.95)	(7.57)	(0.23)	(0.16)	(0.11)	(0.12)	(103.04)	(161.03)
7. Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	40.82	49.89
8. Transfer in	-	-	-	-	-	-	-	-	-	-	0.52	0.60
9. Present value of projected benefit obligations at close of the year [1 to 6]	182.08	186.32	82.76	80.28	70.19	60.18	1.51	1.42	0.61	0.65	948.37	903.97
10. Fair Value of Plan assets at close of the year	(123.91)	(136.94)	-	-	-	-	-	-	-	-	(1070.36)	(1022.58)
11. Net Liability recognized in Balance Sheet at close of the year [7-8]	58.17	49.38	82.76	80.28	70.19	60.18	1.51	1.42	0.61	0.65	-	-
(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	136.94	152.26	-	-	-	-	-	-	-	-	1022.58	1026.93
2. Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	41.34	50.48
3. Expected Return on plan assets	10.72	11.88	-	-	-	-	-	-	-	-	81.81	89.86
4. Actual Company's contribution	0.02	0.07	-	-	-	-	-	-	-	-	27.09	26.56
5. Actuarial Gains/(Losses)	(0.07)	(0.21)	-	-	-	-	-	-	-	-	0.58	(10.22)
6. Benefits Payments	(23.70)	(27.06)	-	-	-	-	-	-	-	-	(103.04)	(161.03)
7. Fair value of plan assets at close of the year	123.91	136.94	-	-	-	-	-	-	-	-	1070.36	1022.58
8. Present value of defined benefit obligation	182.08	186.32	-	-	-	-	-	-	-	-	948.37	903.97
9. Net liability recognized in the Balance Sheet at close of the year [8-7]	58.17	49.38	-	-	-	-	-	-	-	-	-	-
(iii) Expenses recognized in the Statement of Profit & Loss:												
1. Service Cost	3.99	3.95	3.86	3.51	2.91	2.43	0.06	0.06	0.03	0.03	27.09	26.56
2. Past Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest Cost	14.59	14.50	6.28	6.27	4.71	5.03	0.11	0.09	0.05	0.05	72.32	71.02
4. Actuarial (Gains) / Losses	1.12	9.58	23.76	27.91	9.34	(3.98)	0.15	0.25	(0.01)	0.09	6.69	6.42
5. Expected return on Plan Assets	(10.72)	(11.88)	-	-	-	-	-	-	-	-	(81.81)	(89.86)
6. Total charged to P&L Account	8.98	16.15	33.90	37.69	16.96	3.48	0.32	0.40	0.07	0.17	-	-
(iv) Actuarial assumptions:												
1. Method used	As at 31 st March, 2017					As at 31 st March, 2016						
2. Discount Rate (per annum)	Projected Unit credit					Projected Unit credit						
3. Mortality Rate	7.36%					7.83%						
	Indian assured lives mortality (2006-08) modified ultimate					Indian assured lives mortality (2006-08) modified ultimate						
4. Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Executives 3%/2%/1%, depending upon age					Executives and Non Executives 3%/2%/1%, depending upon age						
5. Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	5.50%					5.50%						
(v) Actuarial assumptions (PF):												
1. Discount Rate (per annum)	As at 31 st March, 2017					As at 31 st March, 2016						
2. Interest Rate Guarantee	7.50%					8.00%						
3. Yield on Assets based on the Purchase Price and Outstanding term of maturity	8.65%					8.75%						
	8.82%					8.79%						

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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 ₹ 58.17 crore (Previous year ₹49.38 crore) is unfunded as on 31st March, 2017. Other defined benefit obligations are unfunded.

47.1.4 Other Employee Benefit Schemes:

Provision of ₹0.64 crore (Previous year ₹(0.76) crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been made on the basis of actuarial valuation and charged to the Statement of Profit and Loss account. A net liability of ₹15.70 crore (Previous year ₹15.06 crore) has been recognized in the Balance Sheet as at 31st March 2017 on account of these schemes.

- 47.1.5 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.

(vi) The major categories of plans assets are as follows:

Particulars	March 31, 2017				March 31, 2016			
	Quoted ₹ in Cr.	Unquoted ₹ in Cr.	Total ₹ in Cr.	in %	Quoted ₹ in Cr.	Unquoted ₹ in Cr.	Total ₹ in Cr.	in %
Equity instruments	10.56	-	10.56	1.13	3.56	-	3.56	0.40
Debt instruments	919.05	-	919.05	98.00	889.51	-	889.51	99.60
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	8.17	8.17	0.87	-	0.03	0.03	-
	<u>929.61</u>	<u>8.17</u>	<u>937.78</u>	<u>100</u>	<u>893.07</u>	<u>0.03</u>	<u>893.10</u>	<u>100.00</u>

Note 48 Ind AS-108: Operating Segments

Ind AS-108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about product and services, geographical areas and major customers.

Business Segments:

Company's primary business segments are 'Urea' & 'Other Products'(including Industrial Products, Bio Fertilizers and Traded Products) and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

48.1.1 Geographical Segment:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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

₹ in crore

	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
SEGMENT REVENUE (NET SALES)		
Urea	6767.12	7364.41
Other Products	941.91	454.44
Less: Inter Segment Revenue	45.81	24.94
Total Segment Revenue	7663.22	7793.91
SEGMENT RESULTS		
Urea	448.34	500.02
Other Products	102.07	39.24
Total Segment Results	550.41	539.26
Less: Unallocable Expenses (Net of Unallocable Income)	36.02	24.03
Less : Finance expenses	189.75	228.42
Profit Before Tax	324.64	286.81
Provision for Tax	116.72	89.80
Profit After Tax	207.92	197.01
Other Comprehensive Income	(0.83)	(6.42)
Total Comprehensive Income	207.09	190.59
SEGMENT ASSETS		
Urea	9484.40	11640.18
Other Products	367.30	178.55
Unallocable	328.24	197.31
Segment Assets	10179.94	12016.04
SEGMENT LIABILITIES		
Urea	4122.73	4157.87
Other Products	27.81	19.66
Unallocable	4204.60	6149.36
Segment Liabilities	8355.14	10326.89
CAPITAL EXPENDITURE		
Urea	77.02	83.92
Other Products	-	-
Unallocable	0.52	0.43
Capital Expenditure	77.54	84.35
DEPRECIATION AND AMORTISATION EXPENSES		
Urea	76.08	78.99
Other Products	8.45	6.97
Unallocable	0.64	0.70
Depreciation and Amortisation expenses	85.17	86.66
NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION		
Urea	4.70	4.37
Other Products	-	-
Unallocable	(0.17)	(4.53)
Non-cash expenses	4.53	(0.16)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note 49 Ind AS-24: Related Party Disclosures

A)	Nature of Relationship	Name of the Related Party
	Joint Ventures	Urvarak Videsh Limited Ramagundam Fertilizers & Chemicals Limited

B)	Nature of Relationship	Name of the Related Party
	Key Management Personnel	(i) Shri Manoj Mishra, Chairman & Managing Director (ii) Shri R. K. Chandio, Director (Finance) (iii) Shri D.S. Ahuja Director (Technical) w.e.f 06.02.2017 (iv) Shri M. Sagar Mathew Director (Technical) upto 31.12.2016 (vi) Shri Rajkumar Company Secretary

C) Key management personnel compensation	₹ in Crores	
	31 st March 2017	31 st March 2016
Short term employee benefits	1.41	1.26
Post employment benefits	0.11	0.13
Long-term employee benefits	-	-
Termination benefits	-	-
Total Compensation	1.52	1.39

d) Transactions with Related parties:

- During the year there were transactions of ₹132.42 crore (previous year ₹25.38 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹129.00 crore (Previous Year ₹22.00 crore) and others ₹3.42 crore (Previous Year ₹3.26 crore).
- Remuneration to Key Management Personnel at B above is ₹1.52 crore (Previous period ₹1.39 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note 50: Ind AS-36: Impairment of assets

In accordance with Ind AS-36, the carrying amount of Property, Plant & Equipment have been reviewed at year-end for indication of impairment loss, if any, by considering assets of entire one plant as Cash Generating Unit. As there is no indication of impairment, no loss has been recognized during the year.

Note 51: Assets taken on Operating lease

The Company's significant leasing arrangements are in respect of operating leases of premises for offices, godowns and residential use of employees & vehicles. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employee benefit expense remuneration and benefits include ₹ 0.79 crore (Previous year ₹0.49 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, ₹11.94 crore (Previous year ₹3.52 crore) are shown in Rent (other expenses Note: 42).

Note 52 As per requirements of the listing agreements with the stock exchanges, the requisite details of loans and advances in the nature of loans given by the Company are as under:

- (i) There are no loans and advances in the nature of loans to any subsidiary.
- (ii) No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and
- iii) There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

Note 53 As per Section 135 of the Companies Act 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

₹ in crore

Particulars	Current period	Previous period
A) Balance of CSR Reserve carried forward from earlier year (As per DPE Guidelines)	4.01	5.26
B) Amount required to be spent during the year (As per Companies Act)	1.11	-
C) Total (A+B)	5.12	5.26
D) Amount Spent on CSR Expenses during the year	2.62	1.25
E) Closing Balance of CSR Reserve (D-E)	2.50	4.01

F Total amount of ₹2.62 crores has been spent in cash during the year ended 31st March, 2017.

G **Break-up of the CSR expenses under major heads is as under:**

₹ in crore

Particulars	Amount
1) Health and Sanisation	1.28
2) Environmental & Sustainability	1.27
3) Education & Skill Development	0.07
Total	<u>2.62</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note 54 Details of Specified Bank Notes(SBN) held & Transacted During the period 08.11.2016 to 30.12.2016

₹ in Crore			
Particulars	SBNs	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	0.05	0.02	0.07
(+) Permitted receipts	0.04	0.42	0.46
(-) Permitted payments	-	0.11	0.11
(-) Amount deposited in Banks	0.09	0.26	0.35
Closing cash in hand as on 30.12.2016	-	0.07	0.07

Note 55 Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders.

	Current year	Previous year
a) Number of non resident shareholders	172	133
b) Number of ordinary shares held by them	579078	470450
c) Amount of Dividend (₹ in Crore)	0.07	0.01

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note : 56 Fair Value Measurement

Financial Instrument by category

₹ in crore

Particular	March 31, 2017			March 31, 2016			March 31, 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial Assets									
Loan to Employee	13.69			16.11			18.72		-
Other Financial Assets			779.29			2068.83			3404.86
Trade Receivables			4267.43			4802.77			5007.00
Cash & Cash Equivalents			6.11			4.95			3.33
Othe Bank Balances			2.19			2.02			1.88
Total Financial Assets	13.69		5055.02	16.11		6878.57	18.72		8417.07
Financial Liabilities									
Borrowings									
ECB Loan			211.03			247.19			264.25
AFCP Loan			769.85			1540.94			2308.20
Bonds			-			40.17			70.28
Borrowings			3153.73			4295.32			5002.40
Other Financial Liabilities			185.48			174.81			208.79
Security Deposits	116.38			108.28			99.01		
Trade Payables			400.70			306.80			174.43
Total Financial Liabilities	116.38		4720.79	108.28		6605.23	99.01		8028.35

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

At 31 st March 2016	Notes	Level 1	Level 2	Level 3	Total
Financial Assets and liabilities measured at fair value - recurring fair value measurements					
Financial Assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Investment in New India Co-operative bank		-	-	-	-
Total Financial Assets					
Financial Liabilities		-	-	-	-
Total Financial Liabilities					

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in crore

At 31 st March 2017	Notes	Level 1	Level 2	Level 3	Total
Assets and liabilities which are measured at amortised cost for which fair values are disclosed					
Financial Assets					
Investment		-	-	-	-
Loans to employees		-	-	13.69	13.69
Other Financial Assets		-	-	779.29	779.29
Trade Receivables		-	-	4267.43	4267.43
Cash & Cash Equivalents		-	-	6.11	6.11
Othe Bank Balances		-	-	2.19	2.19
Total Financial Assets		-	-	5068.71	5068.71
Financial Liabilities					
Borrowings					
ECB Loan		-	-	211.03	211.03
AFCP Loan		-	-	769.85	769.85
Bonds		-	-	0.00	0.00
Borrowings		-	-	3153.73	3153.73
Other Financial Liabilities		-	-	185.48	185.48
Security Deposits		-	-	116.38	116.38
Trade Payables		-	-	400.70	400.70
Total Financial Liabilities		-	-	4837.17	4837.17
At 31st March 2016					
	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Investment		-	-	-	-
Loan to Employee		-	-	16.11	16.11
Other Financial Assets		-	-	2068.83	2068.83
Trade Receivables		-	-	4802.77	4802.77
Cash & Cash Equivalents		-	-	4.95	4.95
Othe Bank Balances		-	-	2.02	2.02
Total Financial Assets		-	-	6894.68	6894.68
Financial Liabilities					
Borrowings					
ECB Loan		-	-	247.19	247.19
AFCP Loan		-	-	1540.94	1540.94
Bonds		-	-	40.17	40.17
Borrowings		-	-	4295.32	4295.32
Other Financial Liabilities		-	-	174.81	174.81
Security Deposits		-	-	108.28	108.28
Trade Payables		-	-	306.80	306.80
Total Financial Liabilities		-	-	6713.51	6713.51

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in crore

At 1 st April 2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment		-	-	-	-
Loans to employees		-	-	18.72	18.72
Other Financial Assets		-	-	3404.86	3404.86
Trade Receivables		-	-	5007.00	5007.00
Cash & Cash Equivalents		-	-	3.33	3.33
Other Bank Balances		-	-	1.88	1.88
Total Financial Assets		-	-	8435.79	8435.79
Financial Liabilities					
Borrowings					
ECB Loan		-	-	264.25	264.25
AFCP Loan		-	-	2308.20	2308.20
Bonds		-	-	70.28	70.28
Borrowings		-	-	5002.4	5002.40
Other Financial Liabilities		-	-	208.79	208.79
Security Deposits		-	-	99.01	99.01
Trade Payables		-	-	174.43	174.43
Total Financial Liabilities		-	-	8127.36	8127.36

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value - recurring fair value measurements					
Financial Assets					
Financial Investments at FVTPL:					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
Investment in New India Co-operative bank		-	-	-	-
Total Financial Assets		-	-	-	-
Financial Liabilities					
Derivative Liabilities		-	-	-	-
Total Financial Liabilities		-	-	-	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(iii) Fair value measurements using significant unobservable inputs (level 3)

	Equity Instruments	Total
As at April 1, 2015	NA	
As at March 31, 2016	NA	
As at March 31, 2017	NA	

(iv) Fair value of financial assets and liabilities measured at amortised cost

₹ in crore

	31 st March 2017		31 st March 2016		1 st April 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Investment	-	-	-	-	-	-
Loan to Employee	13.69	13.69	16.11	16.11	18.72	18.72
Other Financial Assets	779.29	779.29	2068.83	2068.83	3404.86	3404.86
Trade Receivables	4267.43	4267.43	4802.77	4802.77	5007.00	5007.00
Cash & Cash Equivalents	6.11	6.11	4.95	4.95	3.33	3.33
Other Bank Balances	2.19	2.19	2.02	2.02	1.88	1.88
Total Financial Assets	5068.71	5068.71	6894.68	6894.68	8435.79	8435.79
Financial Liabilities						
Borrowings						
ECB Loan	211.03	211.03	247.19	247.19	264.25	264.25
AFCP Loan	769.85	769.85	1540.94	1540.94	2308.20	2308.20
Bonds	-	-	40.17	40.17	70.28	70.28
Borrowings	3153.73	3153.73	4295.32	4295.32	5002.40	5002.40
Other Financial Liabilities	185.48	185.48	174.81	174.81	208.79	208.79
Security Deposits	116.38	116.38	108.28	108.28	99.01	99.01
Trade Payables	400.70	400.70	306.80	306.80	174.43	174.43
Total Financial Liabilities	4837.17	4837.17	6713.51	6713.51	8127.36	8127.36

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans, security deposits and investment in government securities were calculated based on cash flows discounted using a current lending rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note No. 57 Financial Risk Management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost.	Aging analysis, Credit Analysis, Post Dated Cheques and Security Deposit.	Diversification of bank deposits, credit limits and Bank Guarantees
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash Flow Forecasting, Monitoring of Forex Risk Management Policy	Forward Foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Monitoring of Forex Risk Management Policy	Interest Rate Swap

The company's risk management is carried out by a central treasury department and marketing department under policies approved by the board of directors. Treasury identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, marketing manual, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, derivative financial instruments and investment of excess liquidity.

(A) Credit risk

Credit Risk refers to the risk of default on its obligations resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹4274.84 crore and ₹4802.73 crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables mainly constitute subsidy receivable from Government of India and from sale of fertilizers to dealers. Trade receivables from dealers are partially secured. Credit risk is being managed through credit approvals, establishing credit limits and monitoring the creditworthiness of customers to allow credit terms in the normal course of business.

Breakup of Trade Receivables is as under:

Party Wise breakup of Trade Receivables				
Category	31.03.2017	% of Total Debtors	31.03.2016	% of Total Debtors
Govt of India (Subsidy)	4044.92	94.54	4604.28	95.65
Institutional Dealers	53.01	1.24	78.63	1.63
Private Dealers	180.46	4.22	130.83	2.72
	31.03.2017	% of Debtors to Total Sales	31.03.2016	% of Debtors to Total Sales
Total Sales	7663.22	55.83	7793.91	61.76

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2017	31 March, 2016	1 April, 2015
Floating rate			
Expiring within one year (Bank Overdraft/ CC Limit and other facilities)	2,053.00	907.77	197.73

The Bank Overdraft/Cash Credit (CC)/Short term loan (STL) facilities may be drawn at any time and may be called back by the bank at their discretion. The credit facilities of Banks are subject to compliance with sanctioned terms & conditions. The credit facilities have an average maturity of 1 year.

Note 58 Capital Management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt as per guidelines of Government of India

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain Debt Equity ratio within 2.5:1. The Debt Equity ratio is as follows:

	31 March 2017	31 March 2016	1 April 2015
Net debt	3389.85	4,632.85	5,413.18
Total equity	1826.65	1,690.76	1,508.59
Net debt to equity ratio (in times)	<u>1.86</u>	<u>2.74</u>	<u>3.59</u>

₹ in crore

(b) Dividends

Equity shares

Final dividend for the year ended 31 March 2016 of INR 1.21
(31 March 2015 – INR 0.17) per fully paid share

59.36

8.33

Interim dividend for the year ended 31 March 2017 of
(31 March 2015 – INR 0) per fully paid share

-

-

31 March, 2017

31 March, 2016

₹ in crore

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note No. 59 Ind AS 101

First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (The company's date of transition). In preparing its opening Ind AS balance sheet, The company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected The company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, The company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Long-term foreign currency monetary items

Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period

The company has elected to apply this exemption

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

A.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 1 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes

- A) (i) During the implementation of the Ind AS, the Company has noted that an employee benefit plan relating to post-retirement medical benefits was wrongly classified as defined benefit plans instead of defined contribution plan. The Company has rectified the error in the opening balance sheet as at April 1, 2015. Consequent to this rectification, opening reserves of the Company is increased by ₹60.25 crores and the profit for the year ended March 31, 2016 has reduced by ₹1.59 crores.
- ii) During the year ended March 31, 2015, the Company wrongly estimated the amount of freight subsidy receivable from the Government of India. Accordingly, the same has been adjusted in the opening balance sheet. Opening Reserves as at April 1, 2015 are reduced by ₹ 21.95 crores and profit for the year ended March 31, 2016 has reduced by ₹ 2.94 crores

B) Remeasurement of Post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹ 9.82 crore. There is no impact on the total equity as at 31 March 2016.

C) Proposed Dividend

Under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognized as a liability. Under Ind AS, such dividends are recognized when the same is approved by the shareholders in general meeting. Accordingly, the liability for proposed dividend of INR 71.44 crore as at March 31, 2016 and ₹ 10.04 crores as at April 1, 2015 included under the provision has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by equivalent amount for these periods.

- D) The Company has received certain security deposits from its vendor and EFRS deposits from the employees which were earlier carried at cost. However, now under Ind AS, these deposits have been discounted at their present value at each reporting date and differential of ₹5.10 Crores in the opening reserve and ₹ 0.30 crores for March 2016 has been accounted in the Statement of Profit and Loss account.
- E) Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to statement of profit or loss on a straight line basis over the tenure of the loan. Accordingly, retained earning has been reduced by ₹ 0.11 crore as at March 31, 2016 (2015 — ₹ 0.32 crore). The profit for the year ended 31 March 2016 increased by ₹ 0.11 crore.
- F) Deferred tax has been recognised on the Ind AS adjustments resulting in increase in profit for the year ended March 31, 2016 by ₹ 3.40 crores.
- G) Ind AS 16 "Property, Plant and Equipments" requires that all items of spares having a life of more than one year need to be capitalized as part of the Property, Plant and Equipment (PPE). Accordingly, stores and spares which meet the above criteria has been adjusted to PPE and depreciation thereon has been recorded as an expense in the Statement of Profit and Loss Account. Also, certain stores and spares were already booked as repair and maintenance expenses during the financial year 2015-16, the same has now been capitalized.

Accordingly, retained earning for March 2015 and March 2016 is reduced by ₹13.84 crore and ₹0.76 crore respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note No. 60 Ind AS 101 - Reconciliation

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following table represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity

₹ in crore

	Notes to first-time adoption	As at 01.04.2015			As at 31.03.2016		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
I. ASSETS							
(1) NON-CURRENT ASSETS							
a) Property, Plant & Equipment	2	4416.72	(4.73)	4421.45	4236.32	(3.12)	4239.44
b) Capital Work In Progress	3	39.00	-	39.00	32.62	-	32.62
c) Other Intangible Assets	4	26.59	-	26.59	19.16	-	19.16
d) Financial Assets							
i) Investments	5	2.48	-	2.48	22.87	-	22.87
ii) Loans	6	15.96	-	15.96	13.51	-	13.51
iii) Other Financial Assets	7	1590.81	-	1590.81	846.47	-	846.47
f) Deferred Tax Assets (Net)	8	56.01	-	56.01	31.05	-	31.05
g) Other Non Current Assets	9	0.42	-	0.42	0.52	-	0.52
(2) CURRENT ASSETS							
a) Inventories	10	285.00	18.55	266.45	503.31	17.71	485.60
b) Financial Assets							
i) Trade Receivables	11	5028.95	21.95	5007.00	4827.66	24.89	4802.77
ii) Cash & Cash Equivalents	12	3.33	-	3.33	4.95	-	4.95
iii) Bank balances other than (ii) above	13	1.88	-	1.88	2.02	-	2.02
iv) Loans	14	2.76	-	2.76	2.60	-	2.60
v) Other Financial Assets	15	1815.37	1.32	1814.05	1223.08	0.72	1222.36
c) Current Tax Assets (Net)	16	81.42	-	81.42	71.34	-	71.34
d) Other Current Assets	17	48.57	-	48.57	202.83	-	202.83
		<u>13415.27</u>	<u>37.09</u>	<u>13378.18</u>	<u>12040.31</u>	<u>40.20</u>	<u>12000.11</u>
(3) Assets Held for Disposal	18	15.22	-	15.22	15.93	-	15.93
		<u>13430.49</u>	<u>37.09</u>	<u>13393.40</u>	<u>12056.24</u>	<u>40.20</u>	<u>12016.04</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in crore

	Notes to first-time adoption	As at 01.04.2015			As at 31.03.2016		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
II. EQUITY AND LIABILITIES							
EQUITY							
(a) Equity Share Capital	19	490.58	-	490.58	490.58	-	490.58
(b) Other Equity	20	990.43	(27.59)	1018.02	1114.47	(84.10)	1198.57
LIABILITIES							
(1) NON-CURRENT LIABILITIES							
a) Financial Liabilities							
i) Borrowings	21	1784.90	(0.21)	1785.11	985.06	(0.93)	985.99
ii) Other Financial Liabilities	22	19.94	(1.44)	21.38	19.98	(0.98)	20.96
b) Provisions	23	189.05	54.41	134.64	191.92	57.09	134.83
c) Deferred Government Grant	24	3186.63	-	3186.63	3007.04	-	3007.04
d) Deferred Tax Liabilities (Net)	8	-	-	-	-	-	-
e) Other non-current Liabilities	25	11.98	0.42	11.56	18.54	5.74	12.80
(2) CURRENT LIABILITIES							
a) Financial Liabilities							
i) Borrowings	26	5006.26	3.86	5002.40	4296.91	1.59	4295.32
ii) Trade Payables	27	174.43	-	174.43	306.80	-	306.80
iii) Other financial liabilities (other than those specified below)	28	1145.54	1.50	1144.04	1104.44	-	1104.44
b) Provisions	29	74.19	6.14	68.05	140.66	61.79	78.87
c) Deferred Government Grant	30	186.37	-	186.37	186.57	-	186.57
d) Other Current Liabilities	31	170.19	-	170.19	193.27	-	193.27
		13430.49	37.09	13393.40	12056.24	40.20	12016.04

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Reconciliation of total comprehensive income

₹ in crore

	Notes to first-time adoption	Previous GAAP	As at 01.04.2016 Adjustments	Ind AS
Revenue				
Revenue from operations (gross)	32	7765.88	(28.03)	7793.91
Other Income	33	46.33	(0.20)	46.53
Total Revenue (I)		7812.21	(28.23)	7840.44
Expenses				
Cost of Materials consumed	34	3637.59	1.16	3636.43
Purchase of Stock- in- Trade	35	264.09	-	264.09
Excise duty		-	(36.67)	36.67
Change in inventories of finished goods, work-in-progress and stock -in- trade goods	36	(246.30)	-	(246.30)
Employee Benefits Expense	37	465.98	8.80	457.18
Power and Fuel	38	2423.93	-	2423.93
Freight and Handling		435.81	-	435.81
Repairs and Maintenance	39	85.75	4.16	81.59
Finance Cost	40	227.88	(0.54)	228.42
Depreciation and Amortization Expense	41	80.03	(6.63)	86.66
Other Expenses	42	153.96	6.42	147.54
Total Expenses (II)		7528.72	(23.30)	7552.02
Profit/(Loss) before Tax (III)=(I)-(II)		283.49	(4.93)	288.42
Income Tax expenses:	43			
Current tax		61.43	(3.40)	64.83
Deferred tax		24.97	-	24.97
Total Tax Expense (IV)		86.40	(3.40)	89.80
Profit/(Loss) for the year (V)=(III)-(IV)		197.09	(1.53)	198.62
Other Comprehensive Income				
Items that will not be reclassified to Profit & Loss				
Remeasurement of Post Employment Benefit obligations		-	9.82	(9.82)
Income Tax relating to items that will not be reclassified to Profit & Loss		-	(3.40)	3.40
Other Comprehensive Income (VI)		-	6.42	(6.42)
Total Comprehensive Income (V-VI)		197.09	4.89	192.20

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Reconciliation between standalone and consolidated equity and financial results, as previously reported (referred to as "Previous GAAP") and IndAS for quarter/year presented are as under:

₹ in Lakhs

	Consolidated As at March 31, 2016	As at April 1, 2015
Total Equity (Shareholder's Funds as per previous GAAP)	160665	148100
Prior Period Adjustment (Net of Tax) (Refer Note)		
-Reversal of Post retirement medical benefits (PRMBS)	3836	3995
-Reversal of Freight Subsidy Receivable	(1628)	(1,334)
Adjustments under Ind AS		
Dividend and Tax on dividend	7144	1004
Fair Valuation of Security Deposits	539	510
Depreciation and Amortisation	(1460)	(1384)
Borrowings-transaction cost adjustment	(21)	(32)
Equity under Ind AS	169075	150859
Attributable to:		
National Fertilizers Limited	169075	150859

TOTAL COMPREHENSIVE INCOME RECONCILIATION

	Consolidated For the year ended March 31, 2016	Quarter ended March 31, 2016
Net Profit under Previous GAAP	19546	3144
Prior Period Adjustment (Refer Note)		
-Reversal of Post retirement medical benefits (PRMBS)	(159)	(159)
-Reversal of Freight Subsidy Receivable	(294)	(294)
Acturial (gain)/Loss on employee defined benefit funds recognised in other Comprehensive Income	983	849
Depreciation and Amortisation	(76)	(76)
Fair Valuation of Security Deposits	30	24
Borrowings-transaction cost adjustment	11	(73)
Deferred tax recognised	(340)	(674)
Share of loss of associates on account of Ind AS adjustments	-	-
Net Profit for the period under Ind AS	19701	2741
Other comprehensive Income (net of tax)	(642)	(555)
Total Comprehensive Income under Ind AS	19059	2186

For and on behalf of the Board of Directors

(Rajkumar)
Company Secretary
A-11914

For Chandio & Guliani
Chartered Accountants

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

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

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

For HDSG & Associates
Chartered Accountants

(Dalbir Gulati)
Partner
Membership No.081024
Firm Regd. No. 002871N

Place: New Delhi
Date: 18th May, 2017

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of financial statements of National Fertilizers Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Companies Act, 2013 are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 18 May, 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of National Fertilizers Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

(Nandana Munshi)
Director General of Commercial Audit
& Ex-officio Member, Audit Board - II,
New Delhi

Place: New Delhi
Date: 25th July, 2017

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of consolidated financial statements of National Fertilizers Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 18 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of National Fertilizers Limited for the year ended 31 March 2017. We conducted a supplementary audit of the financial statements of National Fertilizers Limited, but did not conduct supplementary audit of financial statements of Urvark Videsh Limited and Ramagundam Fertilizers & Chemicals Limited (Joint Ventures) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

(Nandana Munshi)
Director General of Commercial Audit
& ex-officio Member, Audit Board - II,
New Delhi

Place: New Delhi
Date: 25th July, 2017

NATIONAL FERTILIZERS LIMITED

CIN.L74899DL1974GOI007417

Registered Office: Scope Complex, Core 3, 7 Institutional Area, Lodhi Road, New Delhi 110 003.

Website: www.nationalfertilizers.com

Email ID: investor@nfl.co.in

Telephone: 011 – 24360066, 24361252 **Fax:** 011-24361553

NOTICE OF 43rd ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of the Members of National Fertilizers Limited will be held at 10:30 A.M. on Wednesday, the 27th day of September, 2017 at NCUI Auditorium & Convention Centre, 3, Siri Institutional Area, August Kranti Marg, New Delhi-110016 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended March 31st 2017, together with the Board's Report and the Auditors' Report thereon and comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013.
2. To appoint a director in place of Shri Dharam Pal (DIN 02354549), who retires by rotation and being eligible, offers himself for re-appointment.
3. To fix remuneration of Statutory Auditors for the Financial Year 2017-18 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Statutory Audit Fee for the financial year 2017-18 be and is hereby fixed at ₹ 22.50 Lakhs plus GST and reimbursement of actual TA and out of pocket expenses to the Auditors as per Company Rules."

SPECIAL BUSINESS

4. To appoint Ms. Meenakshi Gupta (DIN 07686646), as Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 152, 161 and all other applicable provisions of the Companies Act, 2013, Ms. Meenakshi Gupta (DIN 07686646) who was appointed as an Additional Director and holds Office up to the date of 43rd Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. To appoint Shri Devinder Singh Ahuja (DIN 07687173), as Director (Technical) and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 152, 161 and all other applicable provisions of the Companies Act, 2013, Shri Devinder Singh Ahuja (DIN 07687173) who was appointed as an Additional Director and holds office upto the date of 43rd Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as Director (Technical) of the Company liable to retire by rotation."

6. To appoint Shri Anil Verma, (DIN02544789), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolutions as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 152, 161 and all other applicable provisions of the Companies Act, 2013, Shri Anil Verma (DIN02544789) who was appointed as an Additional Director and holds Office upto the date of 43rd Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 01st February, 2020" and shall not be liable to retire by rotation.

7. To appoint Dr. Ramesh Kumar Agarwal, (DIN 00601353), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolutions as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 152, 161 and all other applicable provisions of the Companies Act, 2013, Dr. Ramesh Kumar Agarwal, (DIN 00601353), who was appointed as an Additional Director and holds Office upto the date of 43rd Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 01st February, 2020" and shall not be liable to retire by rotation.

8. To appoint Dr. Kalpana Saini, (DIN 07820260), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolutions as an Ordinary Resolution:-

RESOLVED THAT pursuant to the provisions of Section 152, 161 and all other applicable provisions of the Companies Act, 2013, Dr. Kalpana Saini, (DIN 07820260), who was appointed as an Additional Director and holds Office upto the date of 43rd Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013, from a Member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 24th April, 2020 and shall not be liable to retire by rotation."

9. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2018 and in this regard to consider and if thought fit, to pass, with or without modification(s), following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014 (including any statutory modification or re-enhancement thereof), the remuneration payable to Cost Auditors' M/s. K.G. Goyal & Associates, M/s. K.L. Jaisingh & Co. M/s. Subhadra Dutta & Associates, & M/s. Ravi Sahni & Co., who have been appointed by the Board as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31.03.2018 amounting to ₹ 40,000; ₹ 20,000; ₹ 20,000; ₹ 20,000 respectively and additional fee of ₹15,000 payable to M/s. Ravi Sahni & Co. as lead Cost Auditor, as also payment of TA/DA, GST and out of pocket expenses incurred by the Cost Auditors during the course of Cost Audit of the Units, as per the Company Rules, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office:

Scope Complex, Core 3, 7 Institutional Area,
Lodhi Road, New Delhi 110 003.

Date: 10th August, 2017

By Order of the Board of Directors
For National Fertilizers Limited

Raj Kumar
Company Secretary
A-11914

NOTES:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts in respect of Special Business (Item No.4,5,6,7,8,& 9) is annexed hereto. The relevant details as required under Regulations 36 (3) of SEBI (LODR) Regulations, 2015, of the person seeking appointment / re-appointment as director under item no. 2 and 4 to 8 of the Notice, are also annexed.
 2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote instead of himself. Such proxy need not be a member of the company. The instrument appointing the proxy should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting. A person can act as a proxy on behalf of members not exceeding fifty members and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
 3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
 4. The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2017 to 27.09.2017 (both days inclusive) for the purpose of AGM.
 5. Board has not recommended payment of dividend for the financial year 2016-17, considering the capex requirements of the Company.
 6. The Securities and Exchange Board of India (SEBI) has mandated the submission of copy of PAN card to the Company/Depository Participant as the case may be. Members holding shares in physical form should submit their PAN details to the Company/RTA [M/s. MAS Services Limited].
 7. Members holding shares in physical form should notify change in their addresses, if any, to the Registrar & Transfer Agent specifying full address in block letters with code of their post offices. Members holding shares in electronic form (demat), should inform the change of address to their depository participant.
 8. Members are requested to bring their Client ID and DP ID or Folio Numbers, as may be applicable, for easy identification of attendance at the meeting.
 9. Electronic copy of the Notice of the 43rd Annual General Meeting together with Annual Report for 2016-17 of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For Members who have not registered their email address, physical copy of the Notice alongwith Annual Report for 2016-17 indicating process and manner of e-voting along with attendance slip and proxy form are being sent in the permitted mode.
- Members may also note that Notice of 43rd Annual General Meeting together with Annual Report for 2016-17 are also available on the Company's website www.nationalfertilizers.com for their download. The physical copies of the aforesaid documents are also be available at the Company's Registered Office.
10. Members who hold shares in identical names or joint holding in the same order of names are requested to write to the Registrar & Transfer Agent enclosing their share certificates to enable the Company to consolidate their holdings in one Folio.

11. Unpaid/Unclaimed Dividend :

The Company has transferred the unpaid or unclaimed dividends declared upto financial year 2008-09, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Company has uploaded the details of unpaid and unclaimed amounts lying with the Company, on the website of the Company (www.nationalfertilizers.com) as also on the website of the Ministry of Corporate Affairs.

Members who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company or to the Registrar and Transfer Agents, M/s. MAS Services Limited, immediately. Members are requested to note that no claims shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first become due for payment. Due date for transfer of unclaimed dividend to IEPF for the financial year 2009-10 is 16.10.2017.

12. Transfer of shares to IEPF

The Members may kindly note that pursuant to the provisions of Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ("IEPF Rules"), all shares in respect of which dividend has remained unclaimed/unpaid for seven consecutive years or more shall be transferred by the Company in favour of IEPF.

In pursuance of the IEPF Rules, the Company has communicated individually to the concerned shareholders whose shares are liable to be transferred to IEPF. The Company has also uploaded full details of such shareholders and shares due for transfer to IEPF on its website at www.nationalfertilizers.com under the section "Investors Desk".

13. Dispatch of documents through electronic mode / Registration of E-mail addresses

In pursuance of the provisions of the Companies Act, 2013 and the Rules made thereunder, the Company proposes to send documents like notice of general meeting, annual report, etc. to the shareholders through electronic mode. The members who have not registered their e-mail address so far, are requested to register their email address (or change therein, if any) with their Depository Participants (where the shares are held in dematerialized form) or Company's Registrar and Share Transfer Agent (where the shares are held in physical form) by submitting the E-communication Registration Form attached herewith.

14. All documents referred to in the accompanying Notice are open for inspection at the registered office of the Company on all working days between 10.30 am to 12.30 pm prior to Annual General Meeting.

15. **Shareholders may kindly note that no gifts/refreshment boxes/coupons will be distributed at the Annual General Meeting.**

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

17. In case Members have any query relating to the Financial Statements or about the operations of the Company, they may send the same to the Company Secretary at the Registered Office of the Company at least seven days in advance of the Meeting so that the information called for can be made available at the meeting.

18. For the convenience of the shareholders, attendance slip-cum-entry pass is annexed, Shareholders/Proxy holders/Authorized Representatives are requested to fill and sign at the space provided therein and surrender the same at the venue. Proxy/Authorized Representatives of shareholders should state on their attendance slip-cum-entry pass as 'Proxy' or 'Authorized Representative' as the case may be.

19. 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.

20. 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.

21. In compliance with provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members with facility to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means. The members whose names appear in the Register of Members / List of Beneficial Owners as on 20.09.2017 i.e. the date prior to commencement of Book Closure are entitled to vote on the resolutions set forth in this Notice. The members may cast their vote on electronic voting system from place other than the venue of the meeting (Remote E-voting) as detailed below:-

1.	Date and time of commencement of Remote E-voting	24 th September, 2017 (9.00 AM)
2.	Date and time of ending of Remote E-voting	26 th September, 2017 (5.00 PM)
3.	The Remote E-voting shall not be allowed beyond the said date and time. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.	
4.	Website details of the Company / Agency, where the Notice of AGM is displayed	www.nationalfertilizers.com www.masserv.com www.evoting.nsdl.com
5.	Website for Remote E-voting	https://www.evoting.nsdl.com

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

I. In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):

a. Open e-mail and open PDF file viz. "NFL-remote e-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.

- b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
 - c. Click on Shareholder-Login.
 - d. Put user ID and password as initial password noted in step (a) above. Click Login.
 - e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - g. Select "EVEN" of "National Fertilizers Limited".
 - h. Now you are ready for remote e-voting as Cast Vote page opens.
 - i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - j. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - k. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sachin@companylawworld.com with a copy marked to evoting@nsdl.co.in.
- II. In case of Members receiving Physical copy of Notice of 43rd Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)
- a. Initial password is provided in the box overleaf.
 - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.
- A. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free No.: 1800-222-990.
 - B. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - C. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - D. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20.09.2017.
 - E. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 20.09.2017, may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or info@masserv.com.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
 - F. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
 - G. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
 - H. Shri Sachin Agarwal, Practicing Company Secretary of M/s. Agarwal S. & Associates (CP No.5910), Company Secretaries has been appointed as Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
 - I. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

- J. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- K. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.nationalfertilizers.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE/NSE.

Registered Office:

Scope Complex, Core 3, 7 Institutional Area,
Lodhi Road, New Delhi 110 003.

Date: 10th August, 2017

By Order of the Board of Directors

Raj Kumar
Company Secretary
A-11914

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 : Appointment of Ms. Meenakshi Gupta (DIN 07686646) as Director

Ms. Meenakshi Gupta (DIN 07686646), aged about 56 years, was appointed as non-Executive Additional Director on 11th January, 2017 and shall be holding office till the Annual General Meeting. She is presently holding the position of Additional Secretary and Financial advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

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

Ms. Gupta joined Indian Audit & Accounts Service in 1984 and has served in various offices in North East, UP and Delhi. She was Assistant CAG and Director General in the Office of CAG of India. She also has trained officers in Bhutan and Indonesia and audited United Nations and various Indian Embassies abroad. She has vast administrative experience.

Notice has been received under Section 160 of Companies Act, 2013, proposing the candidature of Ms. Meenakshi Gupta as Non-executive Director. She will be liable to retire by rotation.

Ms. Meenakshi Gupta is not disqualified from being appointed as a Director in terms of 164 of Companies Act, 2013 and has given her consent to act as a Director. Brief resume of Ms. Meenakshi Gupta, nature of her expertise are provided in the Directors' Profile annexed to Corporate Governance Report forming part of the Annual Report.

The Board of Directors is of the opinion that Ms. Meenakshi Gupta fulfills the conditions of her appointment as Director of the Company. Keeping in view her vast experience and knowledge, it will be in the interest of the Company to appoint Ms. Meenakshi Gupta as Director of the Company.

Save and except Ms. Meenakshi Gupta and her relatives, to the extent of their shareholding, interest, if any, in the Company, none of the Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 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 : Appointment of Shri Devinder Singh Ahuja (DIN 07687173) as Director Technical

Shri Devinder Singh Ahuja (DIN 07687173), aged about 57 years was appointed as Director Technical on 6th February, 2017 and shall be holding office till the Annual General Meeting. Shri Ahuja is B.Sc. (Chemical) with Hons. and also holds Post Graduate Diploma in Project Management. He has worked across entire spectrum of a project cycle starting from concept development to front end engineering, asset construction, commissioning, operation, etc. He has 36 years long experience spanning across production, technical services and other departments at different Units of NFL. He has been responsible for commissioning of Ammonia plants in India and abroad and implementing various retrofits and energy saving schemes flawlessly. Shri Ahuja is also Director of Ramagundam Fertilizers and Chemicals Limited, a JV Company of NFL.

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

Notice has been received under Section 160 of Companies Act, 2013 proposing the candidature of Shri Devinder Singh Ahuja Director Technical. He will be liable to retire by rotation.

Shri Devinder Singh Ahuja is not disqualified from being appointed as a Director in terms of 164 of Companies Act, 2013 and has given his consent to act as a Director. Brief resume of Shri Ahuja, nature of his expertise are provided in the Directors' Profile annexed to Corporate Governance Report forming part of the Annual Report.

The Board of Directors is of the opinion that of Shri Devinder Singh Ahuja fulfills the conditions of his appointment as Director (Technical). Keeping in view her vast experience and knowledge, it will be in the interest of the Company to appoint Shri Ahuja as Director (Technical).

Save and except Shri Devinder Singh Ahuja 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 : Appointment of Shri Anil Verma (DIN02544789) as an Independent Director

Shri Anil Verma, (DIN02544789), aged about 52 years was appointed as Part time Non Official Independent Additional Director of National Fertilizers Limited (NFL) on 14.02.2017 and shall be holding office till the Annual General Meeting.

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

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

Notice has been received under Section 160 of Companies Act, 2013 proposing the candidature of Shri Anil Verma as an Independent Director. He will not be liable to retire by rotation.

Shri Verma is not disqualified from being appointed as a Director in terms of 164 of Companies Act, 2013 and has given his consent to act as a Director. Company has received a declaration Shri Verma from that he meets with the criteria of independence as prescribed under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Brief resume of Shri Anil Verma, nature of her expertise are provided in the Directors' Profile annexed to Corporate Governance Report forming part of the Annual Report.

The Board of Directors is of the opinion that Shri Anil Verma 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 Anil Verma as an Independent Director.

Save and except Shri Anil Verma 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 : Appointment of Dr. Ramesh Kumar Agarwal (DIN 00601353) as an Independent Director

Dr. Ramesh Kumar Agarwal, (DIN 00601353), aged about 58 years was appointed as Non-executive Independent Additional Director on 14th February, 2017 and shall be holding office till the Annual General Meeting. By Profession he is a Eye Specialist. He is actively involved in Social Welfare Activities in the field of Medical.

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

Notice has been received under Section 160 of Companies Act, 2013 proposing the candidature of Dr. Ramesh Kumar Agarwal as an Independent Director. He will not be liable to retire by rotation.

Dr. Ramesh Kumar Agarwal is not disqualified from being appointed as a Director in terms of 164 of Companies Act, 2013 and has given her consent to act as a Director. Company has received a declaration from Dr. Ramesh Kumar Agarwal that he meets with the criteria of independence as prescribed under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Brief resume of Dr. Ramesh Kumar Agarwal, nature of his expertise are also provided in the Directors' Profile annexed to Corporate Governance Report forming part of the Annual Report.

The Board of Directors is of the opinion that Dr. Ramesh Kumar Agarwal 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 Dr. Ramesh Kumar Agarwal as an Independent Director.

Save and except Dr. Ramesh Kumar Agarwal 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.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 : Appointment of Dr. Kalpana Saini (DIN 07820260) as an Independent Director

Dr. Kalpana Saini, (DIN 07820260), as an independent director, aged about 58 years was appointed as Non-executive Independent Additional Director on 18th May, 2017 and shall be holding office till the Annual General Meeting. She holds a Ph.D degree and active in the field of education and Social activities. Dr. Saini is also a Member of Audit Committee of NFL.

Notice has been received under Section 160 of Companies Act, 2013 proposing the candidature of Dr. Kalpana Saini as an Independent Director. She will not be liable to retire by rotation.

Dr. Kalpana Saini is not disqualified from being appointed as a Director in terms of 164 of Companies Act, 2013 and has given her consent to act as a Director. Company has received a declaration from Dr.Kalpana Saini that she meets with the criteria of independence as prescribed under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Brief resume of Dr. Kalpana Saini, nature of her expertise are also provided in the Directors' Profile annexed to Corporate Governance Report forming part of the Annual Report.

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

Save and except Dr. Kalpana Saini and her relatives, to the extent of their shareholding, interest, if any, in the Company, none of the Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.8 of the Notice.

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

Item No. 9 : To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2018

Pursuant to the recommendation of the Audit Committee, Board of Directors in its meeting held on 11.07.2017 have approved the appointment of Cost Auditors and their remuneration to conduct Audit of Cost details of the Company for the financial year 2017-18 as per the following details:-

Unit	Name of Cost Auditor	Fees (₹)
Excluding GST		
Vijaipur I&II	M/s K.G. Goyal& Associates.	40000/-
Nangal	M/s K. L. Jaisingh& Co.	20000/-
Bathinda	M/s SubhadraDutta& Associates	20000/-
Panipat	M/s Ravi Sahni& Co.	20000/-
Consolidation of Cost Audit reports of all Units	M/s Ravi Sahni& Co.	15000/-

In accordance with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, requires ratification by the shareholders and hence, this resolution is put for consideration of the shareholders of the Company.

Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out at Item No.9 of the Notice for ratification of the remuneration payable to the cost auditors for the financial year ending 2017-18.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.9 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.9 of the Notice for approval of the shareholders.

Registered Office:

Scope Complex, Core 3, 7 Institutional Area,
Lodhi Road, New Delhi 110 003.

Date: 10th August, 2017

By Order of the Board of Directors

Raj Kumar
Company Secretary
A-11914

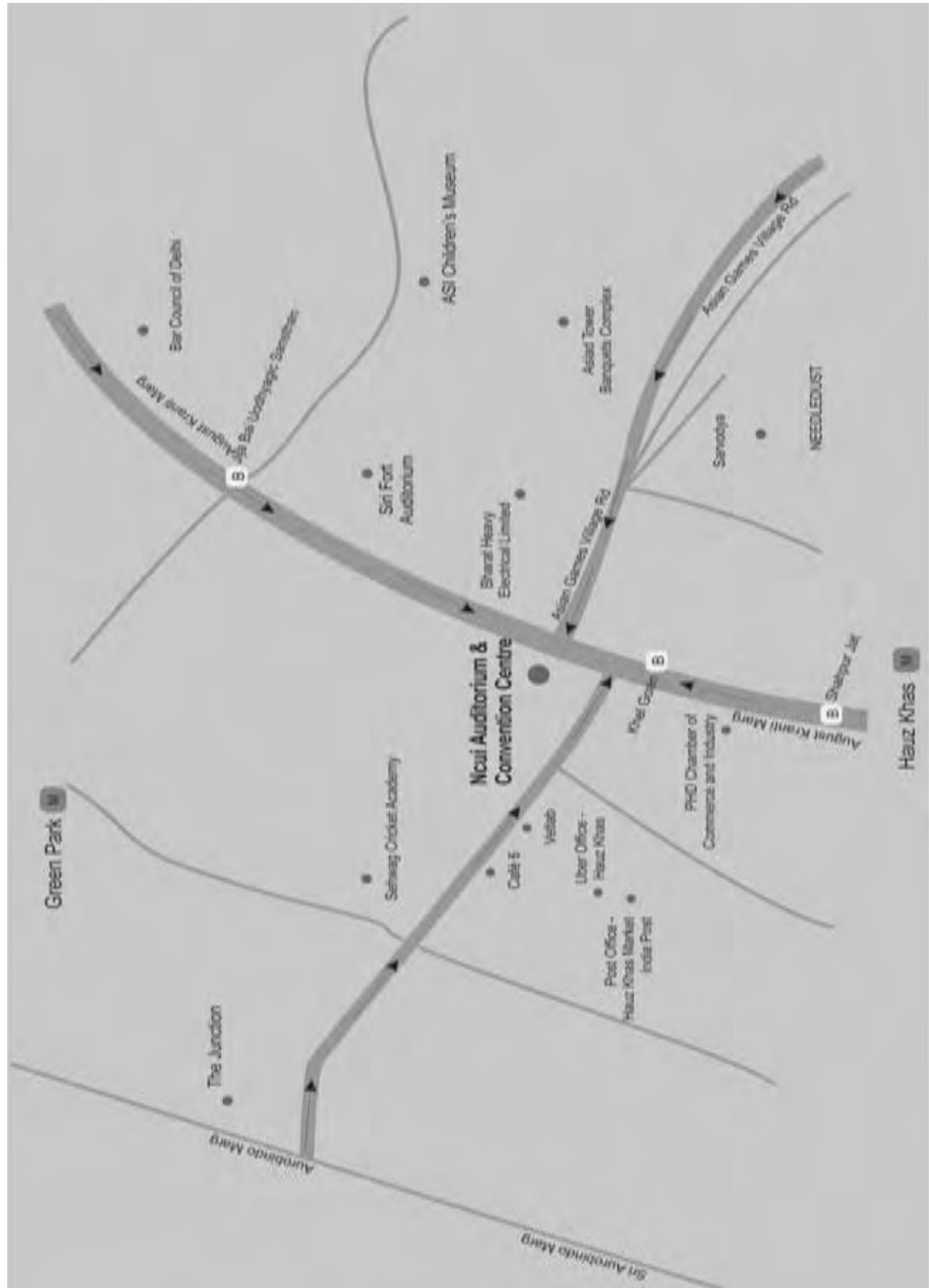
ANNEXURE TO NOTICE

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Name	Shri Dharam Pal (DIN 02354549)	Ms. Meenakshi Gupta (DIN 07686646)	Shri Devinder Singh Ahuja (DIN 07687173)	Shri Anil Verma (DIN 02544789)	Dr. Ramesh Kumar Agarwal (DIN 00601353)	Dr. Kalpana Saini (DIN 07820260)
Date of Birth & Age	25.10.1963, 54 years	27.11.1960, 57 years	18.03.1960, 57 years	25.03.1965, 52 years	13.05.1959, 58 years	01.10.1959, 58 years
Date of Appointment	09.02.2016	11.01.2017	06.02.2017	14.02.2017	14.02.2017	18.05.2017
Qualification	B.E. (Electronics & Telecommunications), Master of Technology (Computer Controls & Instrumentation), PG Diploma in Mass Communication.	M.A. (Economics) and M.Sc. (Development Studies)	B.Sc. (Chemical) with Hons. and holds post graduate Diploma in Project Management.	Chartered Accountant	MBBS, DO & M.S. Ophthalmologist	Ph. D. (Sanskrit)
Terms & Conditions of appointment	Appointed as Part-time Official Director by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time Official Director by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Director (Technical) by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time non-Official Director (Independent Director) by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time non-Official Director (Independent Director) by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time non-Official Director (Independent Director) by President of India through Ministry of Chemicals & Fertilizers.
Expertise in specific functional area	Shri Dharam Pal is a senior IAS Officer. He is presently holding the position of Additional Secretary, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Shri Pal is BE (Electronics & Telecommunications) and also holds Master of Technology (Computer Controls & Instrumentation). He is also holding PG Diploma in Disaster Management. Shri Pal has held many senior positions with the Central Government, Government of NCT of Delhi and UTs. He has also been conferred with National e-Governance Award. He is also a Director of Rashtriya Chemicals & Fertilizers Limited. He is also a Member of Nomination & Remuneration Committee of the Company.	Smt Gupta is MA (Economics) from Delhi School of Economics and also holds Master of Science (Development Studies) from University of Bath, UK. She is also a Certified Fraud Examiner and Certified Internal Auditor. Smt Gupta joined Indian Audit & Accounts Service in 1984 and has served in various offices in North East, UP and Delhi. She was Assistant CAG and Director General in the Office of CAG of India. She also has trained officers in Bhutan and Indonesia and audited United Nations and various Indian Embassies abroad.	Shri Ahuja is B.Sc. (Chemical) with Hons. and also holds Post Graduate Diploma in Project Management. He has worked across entire spectrum of a project cycle starting from concept development to front end engineering, asset construction, commissioning, operation, etc. He has 36 years long experience spanning across production, technical services and other departments at different Units of NFL. He has been responsible for commissioning of Ammonia plants in India and abroad and implementing various retrofits and energy saving schemes flawlessly.	CA Anil Verma aged about 52 years is a member of Institute of Chartered Accountants of India and has been a Practicing Chartered Accountant since 1990. His area of practice include Auditing, Taxation and Finance. Looking to his contribution to the Profession, he was nominated as Co-opted Member of Committee of Government Accounting by Institute of Chartered Accountants of India during 2009-10. He is working with many Social Organizations, Trusts and Educational Institutions. Shri Verma is also a Professional speaker and has been delivering lectures on various topics of Profession and Social issues. He is a Member of Advisory Board of Mewar University, Chittorgarh. He is also a Member of Institutional Animal Ethics Committee (IAEC) related to the Department of Pharmaceutical Sciences, Faculty of Ayurved and Medical Sciences, Gurukul Kangri University, Haridwar. Shri Verma is also Member of Advisory Board of Patanjali Research Foundation Trust.	By Profession Dr. Ramesh Kumar Agarwal is an Eye Specialist having Degree of MBBS, D.O. & M.S. Ophthalmology from Assam Medical College, Dibrugarh. He has also obtained Intra Ocular Micro Surgery Course at Madurai. He is President of Dr. Hedgewar Sewa Pratishthan & National Medicos Organisation. He is a Life Member of All India Ophthalmic Society, Dibrugarh Academy of Ophthalmology, All India Intra Ocular and Refractive Society & Marwari Arogya Bhawan. He has personally collected more than 300 corneas from Donor eye. He is a project Director of Drishti Eye Bank. He is also District Co-coordinator of CAMBA. Dr. Ramesh Kumar Agarwal is Director of Berlia Diagnostic & Research Institute Private Limited.	Dr. Kalpana Saini holds a Ph.D. degree. She began her career as lecturer and served as principal at Gandhi Mahila Shilp Vidyalaya from 1987. She has been associated with social activities. She is also associated with women welfare.

Name	Shri Dharam Pal (DIN 02354549)	Ms. Meenakshi Gupta (DIN 07686646)	Shri Devinder Singh Ahuja (DIN 07687173)	Shri Anil Verma (DIN 02544789)	Dr. Ramesh Kumar Agarwal (DIN 00601353)	Dr. Kalpana Saini (DIN 07820260)
Number of Meetings of the Board held during the year and number of Board Meetings attended	5/9	3/3	2/2	2/2	1/1	N.A.
Relationship with any other Director, Manager and other KMP of the Company	-	-	-	-	-	-
Directorship held in other companies	FCI Aravali Gypsum and Minerals India Limited Brahmaputra Valley Fertilizer Corporation Limited	Hindustan Organic Chemicals Limited Madras Fertilizers Limited Indian Potash Limited	Ramagundam Fertilizers and Chemicals Limited	Nil	Berlia Diagnostic & Research Institute Private Limited	Nil
Memberships/ Chairmanship of Committees in other companies	-	-	-	-	-	-
No. of Shares held	-	-	-	-	-	-

Route Map - Venue of 43rd Annual General Meeting





NATIONAL FERTILIZERS LIMITED

Registered Office: Scope Complex, Core-III, 7 Institutional Area, Lodhi Road, New Delhi – 110 003.

CIN.L74899DL1974GOI007417

Website: www.nationalfertilizers.com Email: investor@nfl.co.in

Tel: 011-24360066, 24361252 Fax: 011-24361553

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)		E-Mail ID:	
Registered Address:		Folio No./* DP & Client Id.	

I/We, being the members(s) of _____ shares of the above named Company, hereby appoint:-

(1) Name: _____ Address: _____

E-Mail Id: _____ Signature: _____, or falling him/her;

(2) Name: _____ Address: _____

E-Mail Id: _____ Signature: _____, or falling him/her;

(3) Name: _____ Address: _____

E-Mail Id: _____ Signature: _____

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43rd Annual General Meeting of the Company to be held on **Wednesday, 27th September, 2017 at 10.30 AM** at NCUI Auditorium & Convention Centre, 3, Siri Institutional Area, August Kranti Marg, New Delhi-110016 and at any adjournment thereof in respect of such resolutions as are indicated below:-

S.No.	Ordinary Business	**For	**Against
1.	To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended March 31 st , 2017, together with the Board's Report and the Auditors' Report thereon and comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013.		
2.	To re-appoint Shri Dharam Pal (DIN 02354549), as Director.		
3.	To fix remuneration of Statutory Auditors for the Financial Year 2017-18.		
	SPECIAL BUSINESS		
4.	To appoint Ms. Meenakshi Gupta (DIN 07686646), as Director.		
5.	To appoint Shri Devinder Singh Ahuja (DIN 07687173), as Director (Technical).		
6.	To appoint Shri Anil Verma, (DIN02544789), as Independent Director.		
7.	To appoint Dr.Ramesh Kumar Agarwal, (DIN 00601353), as Independent Director.		
8.	To appoint Dr.Kalpana Saini, (DIN 07820260), as Independent Director.		
9.	To ratify the remuneration of the Cost Auditors for the financial year ending 31 st March, 2018.		

Signed this _____ day of _____ 2017.

Signature of the Shareholder

Signature of first Proxy holder

Signature of first Proxy holder

Signature of first Proxy holder

Affix
Revenue
Stamp

Note : Please read instructions given overleaf carefully.

*Instruction for Share holders.

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. A Proxy need not be a member of the Company.
3. For Resolutions, Statement pursuant to Section 102 of the Companies Act, 2013 and Notes, please refer to the Notice of 43rd Annual General Meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. ****This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.**
6. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
7. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



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E-COMMUNICATION REGISTRATION FORM

Folio No. (FOR PHYSICAL SHARES) : _____

Name of 1st Registered Holder : _____

Name(s) of Joint holder(s) : _____

Registered Address : _____

E-mail ID (to be registered) : _____

Phone No./Mobile No. : _____

I/We, shareholders(s) of National Fertilizers Limited agree to receive communication from the Company in electronic mode. Please register my/our above e-mail in your records for sending communication through email.

Signature of Shareholders: 1. _____ 2. _____ 3. _____

(as appearing in the Company's records)

Date: _____

Notes:

1. Shareholders(s) is/are requested to keep the Company informed as and when there is any change in the email address.
2. In case, shares are held in electronic form, kindly register your email particulars with your Depository Participant.

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ATTENDANCE SLIP

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

Name of Shareholders(s) _____

Address _____

DP ID No.	
Client ID No.	

Regd. Folio No.	
No. of Share(s) held	

I/We hereby record my/our presence at the 43rd Annual General Meeting of the Company held on Wednesday, 27th September, 2017 at 10.30 A.M. at NCUI Auditorium & Convention Centre, 3, Siri Institutional Area, August Kranti Marg, New Delhi-110016.

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/ refreshment boxes/ coupons will be distributed at the meeting.

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PLANT VISIT



Sh. Mansukh L. Mandaviya, Hon'ble Minister of State for Chemicals & Fertilizers, Road Transport & Highways and Shipping along with C&MD and senior officials of the company during a visit to Panipat Plant



Sh. Manoj Mishra, C&MD and Sh. D. S. Ahuja, Director (Tech.) inspecting the Urea prills on conveyor belt at Bathinda Plant



C&MD & Director (T) in Ammonia Control Room at Bathinda Plant



Sh. Manoj Mishra, C&MD, Director (Finance) interacting with senior officials during Panipat Plant visit



C&MD visiting the Bio-fertilizer manufacturing unit at Vijaipur

CSR INITIATIVES



Shri Kiren Rijju, Hon'ble MoS (Home Affairs) along with senior officials of NFL during the handing over of Ambulances to District Administration, Seppa, Arunachal Pradesh



C&MD, Directors and others during distribution of aids & appliances to differently abled persons under CSR in Noida



A view of Cancer awareness & screening camp organised under CSR at Bathinda



Computer Hardware Technician Training programme for Skill Development of youth organised at Delhi



Toilets constructed in Government Schools under Swachh Bharat Mission in Nangal



Skill Development Programme in Sticking & Tailoring for women organised at Nangal

IN THE SERVICE OF FARMERS



Sh. Mansukh L. Mandaviya, Hon'ble Minister of State for Chemicals & Fertilizers, Road Transport & Highways and Shipping alongwith C&MD during interaction with farmers at NFL Kisan Suvidha Kendra, Panipat



Ms. Bharathi S. Sihag, Secretary (Fertilizers) alongwith C&MD, NFL at Kisan Suvidha Kendra, Panipat.



Sh. Anandrao Adsul, Chairman of Parliamentary Standing Committee on Chemicals & Fertilizers distributing Soil Health Cards and Fertilizer Kit prepared by NFL to the farmers at Mandi, H.P.



NFL officials interacting with farmers during soil testing camp



NFL showcasing its products at stall in Farmers Agricultural Expo-2016



NFL officials with farmers at Demonstration Farm

Significant Events



Shri Manoj Mishra, C&MD presenting the Dividend Cheque of Rs. 53.25 crore for the Year 2015-16 to Sh. Ananth Kumar Hon'ble Union Minister of Chemicals & Fertilizers and Parliamentary Affairs and Sh. Mansukh L. Mandaviya, Hon'ble Minister of State for Chemicals & Fertilizers, Road Transport & Highways and Shipping in New Delhi on 26.10.2016



Shri Manoj Mishra, C&MD, NFL exchanging MoU documents with Ms. Bharathi Sivaswami Sihag, Secretary (Fertilizers) after signing MoU for year 2017-18

Significant Events



Sh. Ananth Kumar, Hon'ble Union Minister of Chemicals & Fertilizers and Parliamentary Affairs alongwith Shri Manoj Mishra, C&MD and other senior officials of DoF during the first meeting of Indian Council for Fertilizers and Nutrient Research (ICFNR) held on 29th Sept., 2016 in New Delhi



Sh. Ananth Kumar, Hon'ble Union Minister of Chemicals & Fertilizers and Parliamentary Affairs addressing on the occasion of Foundation Laying ceremony of Bentonite Sulphur Plant at Panipat

Significant Events



Sh S K Jindal, ED (Panipat) welcoming Sh. Ananth Kumar Hon'ble Union Minister of Chemicals & Fertilizers and Parliamentary Affairs during his visit to Panipat



Sh. Manoj Mishra, C&MD welcomed Sh. Ananth Kumar, Hon'ble Union Minister of Chemicals & Fertilizers and Parliamentary Affairs on the occasion of 43rd Foundation Day programme



National Fertilizers Limited

(A Government of India Undertaking)

CIN: L74899DL1974GOI007417

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

Corporate Office : A-11, Sector-24, NOIDA - 201 301

Website : www.nationalfertilizers.com

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ERRATA- 43rd ANNUAL REPORT 2016-17

With reference to our 43rd Annual Report 2016-17, please be informed that the following parts of the 43rd Annual Report 2016-17 at pages 9, 11 & 51 are by this **Errata** amended/corrected/substituted and taken as read as shown herein instead of as printed in the Annual Report.

The Errata to this Annual Report is being made consequent to the advise received from Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India vide its Office Memorandum No. 5/4/2017-policy dated 29th August, 2017 to pay dividend equivalent to 20% of PAT for the year 2016-17.

1. Page No. 9

Printed:

Key Indicators :

Particulars	2016-17
Dividend (₹. In Crores)	-
Dividend as % of Net Worth	-
Dividend as % of Profit after tax (PAT)	-

Substituted

Key Indicators :

Particulars	2016-17
Dividend (₹. In Crores)	41.70
Dividend as % of Net Worth	2.28
Dividend as % of Profit after tax (PAT)	20.11

2. Page No. 11

Printed:

Dividend

Board has not recommended payment of dividend for the year 2016-17 considering the various capex requirements in line with the guidelines on Capital Restructuring of CPSEs issued by Department of Investment and Public Asset Management (DIPAM).

Substituted:

Dividend

Board has recommended a dividend of 8.50% (₹ 0.85 per equity share) for the year 2016-17 on equity share of ₹ 10/- each amounting to ₹ 41.70 Crore on its paid up share capital of ₹ 490.58 Crore. The total dividend payout including Dividend Distribution Tax of ₹ 8.49 Crore works out to 24.21% of Profit after Tax.

3. Page No. 51

Printed:

12.10 Payment of Dividend

Board has not recommended payment of dividend for the financial year 2016-17 considering the various Capex requirements.

Substituted:

12.10 Payment of Dividend

Dividend of ₹0.85 per equity share (8.5% of the paid up share capital) for the financial year 2016-17 has been recommended by the Board of Directors to the shareholders for their approval. If declared, the dividend shall be paid from 27.09.2017 onward, within prescribed time.

All other information remains unchanged.

We apologise for inconvenience caused.

Registered Office:

Scope Complex, Core 3, 7 Institutional Area,
Lodhi Road, New Delhi 110 003.

Date: 05th September, 2017

By Order of the Board of Directors

Raj Kumar
Company Secretary
A-11914