



# नेशनल फर्टिलाइजर्स लिमिटेड

(भारत सरकार का उपक्रम)

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

जिला गौतम बुद्ध नगर (उ.प्र.),

दूरभाष : 0120 2012294, 2412445, फैक्स : 0120-2412397



## NATIONAL FERTILIZERS LIMITED

(A Govt. Of India Undertaking)

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

Distt. Gautam Budh Nagar ( U.P.)

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

Ref No. NFL/SEC/SE/1136

Dated: 29.09.2023

National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (E), Mumbai-400051	BSE Limited Corporate Relationship Department, 1st Floor, New Trading Wing, Rotunda Building, Phiroze Jeejeebhoy Towers, Street, Mumbai- 400001
NSE Symbol- NFL	BSE Scrip Code -523630

**Sub: Revised Annual Report for the Financial Year 2022-23 as adopted by the members in their 49<sup>th</sup> Annual General Meeting of the Company.**

Dear Sir,

Please refer our earlier communication dated 05.09.2023 and 20.09.2023 wherein we had given Annual Report for financial year 2022-23 and Addendum to 49<sup>th</sup> Annual Report – Comments of Comptroller & Auditor General of India (C&AG) respectively.

In this regard, please find enclosed the revised Annual Report for the financial year 2022-23 incorporating Addendum to Annual Report, in terms of Regulation 34(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your intimation and records.

Thanking You,

**Yours Faithfully,  
For National Fertilizers Limited**

**(Ashok Jha)  
Company Secretary**

**Encl: As Above**



# 49<sup>TH</sup> ANNUAL REPORT 2022-2023



नेशनल फर्टिलाइजर्स लिमिटेड  
National Fertilizers Limited



# VISION



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

# MISSION



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



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# MANAGEMENT TEAM

## BOARD LEVEL

**Sh. U. Saravanan**

Chairman & Managing Director

**Sh. Atul B. Patil**

Director (Marketing)

**Sh. Hira Nand**

Director (Finance)

**Sh. Rajan Kanwar**

Director (Technical)

## CORPORATE OFFICE

Vigilance	Sh. Lalit M. Pandey, IRSME	Chief Vigilance Officer
Technical & Projects	Sh. A. K. Jain	Executive Director
Marketing	Sh. Anil Motsara	Executive Director
Human Resource	Sh. B. V. Vittal	Executive Director
Finance & Accounts	Sh. J. Ramesh	Chief General Manager
Information Technology	Sh. H. K. Varshney	Chief General Manager
Materials	Sh. B. Lakshmi Narayanan	Chief General Manager
Technical	Smt. Ritu Goswami	General Manager
Materials	Sh. Yogesh Kumar	General Manager
Project	Sh. Rakesh Kumar Gandotra	General Manager
Marketing	Smt. Poonam Chum	General Manager

## UNIT HEADS

<b>Sh. V. K. Banger</b> Executive Director Vijaipur Unit	<b>Sh. V. K. Goyal</b> Executive Director Bathinda Unit	<b>Sh. B. B. Grover</b> Chief General Manager Panipat Unit	<b>Sh. V. K. Gupta</b> General Manager (I/c) Nangal Unit
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<b>Ashok Jha</b> Company Secretary A-14100	<b>Auditors</b> <b>Arun K Agarwal &amp; Associates</b> Chartered Accountants, New Delhi	<b>Auditors</b> <b>Dhawan &amp; Company</b> Chartered Accountants, New Delhi	<b>Registrar &amp; Transfer Agents</b> <b>MAS Services Limited</b> T-34, II <sup>nd</sup> Floor, Okhla Industrial Area-II New Delhi-110020
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# BOARD OF DIRECTORS



**Sh. U. Saravanan**  
Chairman & Managing Director



**Sh. Atul B. Patil**  
Director (Marketing)



**Sh. Hira Nand**  
Director (Finance)



**Sh. Rajan Kanwar**  
Director (Technical)



**Ms. Neeraja Adidam**  
Government Nominee Director



**Dr. Prathibha Anirudhan**  
Government Nominee Director



**Dr. Poonam Sharma**  
Non-Official Independent Director



**Sh. Ritesh Tiwari**  
Non-Official Independent Director



**Dr. Venkata Sarvarayudu Thota**  
Non-Official Independent Director



**Sh. Kashi Ram Godara**  
Non-Official Independent Director



**Sh. Jyoti Bhramar Tubid**  
Non-Official Independent Director







## CHAIRMAN'S

## MESSAGE

**U. Saravanan**  
Chairman & Managing Director

### Dear Shareholders,

It gives me immense pleasure to share with you the overall performance of your company during the year 2022-23.

The year 2022-23 had been a challenging year for the Indian fertilizer Industry due to the geopolitical conflict i.e. the conflict between Russia and Ukraine which posed serious challenges to supply of adequate quantity of fertilizers to the farmers. Since India remains heavily dependent on import of fertilizers and fertilizer raw materials, there was an abnormal spurt in prices of these commodities. Very high energy prices also increased cost of production of indigenous fertilizers. The central government acted very proactively to facilitate both production and import of fertilizers. Government facilitated various agreements with foreign companies to supply of raw materials and fertilizers both for phosphatic and potassic fertilizers. But more importantly, allocation for fertilizers subsidy was increased to insulate the farmers from high prices. A hefty increase in fertilizer subsidy and hence practically no increase in farmers prices, ensured that fertilizer consumption and hence agriculture production were not affected in spite of all round negative impact on other sectors of the economy.

Despite these challenges, your company continued its journey on the growth trajectory and has excelled

in production & sales through consistent and energy efficient operations of the plants with support of Non-Urea business leading to record breaking topline and bottom-line results of the company.

I am pleased to share with all of you that your company has registered its best-ever results in the financial year 2022-23. Surpassing all previous records, the company recorded highest ever Production, Sales, Profits and Turnover. A record turnover of Rs. 29,616.52 crore was registered by your company in the financial year 2022-23 with an increase of 87% over turnover of Rs. 15,857.09 crore of previous year. The company has also recorded a threefold increase in the profit after tax (PAT) of Rs. 456.10 crore during 2022-23 which was 108.20 crore in the previous year.

Your company has achieved the best ever results despite many challenges and constraints in the global fertilizer industry. Despite unviable urea operations at Vijaipur-I due to deletion of minimum fixed cost provisions of MNPS-III resulting in under recoveries of fixed cost, increasing trend in the price of spot RLNG, volatile prices of Fertilizers in international market remained the main challenges for the company during the year.

The cumulative Urea production achieved by your company in the year is 39.35 LMT with the capacity utilization of 121.81%, which is highest ever recorded





production. The energy consumption by our plants will hold the key to our profitability in the future. I am happy to share that Company's Nangal, Panipat, Bathinda and Vijapur-I plants have registered lowest-ever energy consumption in the financial year 2022-23.

Your company produced 22302 MT of Bentonite Sulphur in the year registering an increase of 30.60% over the production of 17076 MT in FY 2021-22. With the augmentation of production capacity of Industrial Products at Nangal, the Company produced 103102 MT of Nitric Acid in the year with the increase of 23.70% over the production of 83358 MT in previous year. The production of Ammonium Nitrate is also increasing year by year. Total 26045 MT of Ammonium Nitrate was produced during 2022-23 against the 24020 MT of previous year.

I am happy to share that your company has set a new record of total fertilizer sale in the year 2022-23. The company has achieved total fertilizer sale of 66.72 LMT with a growth of 12% compared to the previous best of 59.37 Lakh MT. This also includes the highest-ever urea sales of 53.71 LMT. For the first time, your company has crossed 10 Lakh MT mark in terms of sale of P&K fertilizers leading to record breaking top line and bottom-line results of the company.

The Company has registered sale of Nitric Acid of 81,108 MT during 2022-23 as compared to previous sale of 64,008 MT during 2021-22. The Company also recorded sale of Ammonium Nitrate to the tune of 26039 MT during 2022-23 as compared to sale of 24029 MT achieved during 2021-22. In terms of revenue generation from production and sale of Industrial products, the Company achieved sale of Industrial-Products (IP) comprising of Nitric Acid, Sodium Nitrate/ Nitrite, Ammonium Nitrate, Ammonia to the tune of ₹ 748.71 crore during 2022-23 against CPLY of ₹ 569.15 crore.

The sale in agrochemicals segment in the year 2022-23 also registered an almost three fold increase at 2481.10 KL/MT compared to 848.26 KL/MT of 2021-22. This is the highest-ever sales of agrochemicals for the company. In order to strengthen Agro Chemicals business, your company is setting up manufacturing facilities of Agro-chemicals at its Bathinda unit with

the total CAPEX of approx. Rs 13 crore.

Your company is continuously enriching its product line. New addition in the product basket, Potash derived from Molasses (PDM) has been well received by the farmers in the market as a sale of 19,833 MT of PDM has been registered in 2022-23.

To give further impetus to Seed Business, 3rd Seed Processing Unit (SPU) of the company has been made operational at Indore. This Plant has a capacity to process 2 Ton seeds per hour and a storage capacity of 12,000 Quintals. Company's SPUs at Bathinda & Panipat are already operational. With the addition of this SPU, NFL, now, has a total seed processing capacity of 6 ton seeds per hour and an overall storage capacity to store 92,000 quintal seeds. This strong infrastructure in seed segment is certainly going to strengthen NFL's position in the market.

In order to promote the use of Nano Urea in the country, your company had signed MoU with IFFCO for providing technical information for setting up Nano Urea plant. The proposed Nano Urea (Liquid) production plant shall have a Capacity of plant shall be 4,95,00,000 bottles of Nano Urea of 500 ml per year. The plant is being set up at the existing premises of NFL Nangal plant. The One bottle of 500 ml of Nano Urea is equivalent to one 45 kg Urea bag. TEFR for the Nano Urea plant has been finalized and EPMC consultants are being lined up.

In order to integrate and to bring transparency in various business processes, your company is in the advance stages of implementing ERP based integrated Software solution. With the implementation, it will help in faster decision making and bring more transparency.

Your Company has always laid emphasis on upliftment of farming community by educating them on various aspects of crop production, animal husbandry and other allied agriculture sectors. Through these educational programmes, farmers were sensitized to issues related with soil fertility status including deficiency of various nutrients, their remedy to increase fertilizer use efficiency and maximize yields.

Your Company is playing a vital role in supporting



farmers by undertaking soil analysis for macro and micro nutrients through its 6 Static and 5 Mobile Soil Testing Labs (MSTLs) in various States. Based on the analysis, farmers are advised on soil fertility management through rational use of manure, fertilizers and other inputs to make agriculture more productive and sustainable. During the year, around 30000 soil samples were collected & analysed for macro and micro nutrients and recommendations were given to the farmers.

Total 8719 fertilizer shops have been converted into PMKSKs by your company with the objective to providing all the agricultural inputs and services to the farmers under one roof along with soil testing and advisory services.

Your company is organizing programs on regular basis in its Marketing territory to popularize the use of Agricultural Drone among the farmers and generate the awareness. Your company has procured five Nos. of agricultural Drones with this objective.

Your company is constantly working towards inclusive growth in society and is implementing various developmental activities under its Corporate Social Responsibility (CSR). The company allocated a CSR budget of Rs.140.00 Lakh for the FY 2022-23 and implemented various CSR projects in the areas of Healthcare, Skill Development Training, Sanitation, Environment, Education etc. for the socio economic development of communities around its plants and marketing territories.

In the year 2022-23, the focus of CSR activities of the Company was on the theme given by Department of Public Enterprises (DPE) i.e. Health & Nutrition.

The performance of your company on various fronts has been well noticed and appreciated by various organisations. The testimony is the number of awards won by your company during the year on fronts like Safety, Environment, Productivity, Swachhata, Rajbhasha and overall performance. Your company has received many awards from prestigious organisations, State and National Councils for its performance in these specific areas.

The philosophy of your Company on Corporate Governance is to ensure transparency, disclosures

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

As we continue our fulfilling journey, I express my gratitude for your continued support and faith in our endeavours. I also take this opportunity to sincerely thank and appreciate my colleagues on the Board of Directors for their valuable guidance and support in running the affairs of the Company. I also wish to express my thanks to the Department of Fertilizers, Fertilizer Industry Coordination Committee (FICC), Department of Public Enterprises (DPE), Railways, other Ministries and Departments of the Government of India and the various State Governments for their valuable guidance and look forward to their continued support.

I would like to thank Statutory, Secretarial, Cost and Government Auditors, Banks, Regulatory Authorities for their guidance and support. I sincerely thank all our customers and business associates for their continued support. I would also like to thank all my colleagues in the company for their unflinching dedication, commitment and contribution to take NFL forward. The team strived tirelessly to deliver the best-ever results.

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

With best regards,  
Yours sincerely,



**(U. Saravanan)**

Chairman & Managing Director  
DIN: 07274628





# Meeting with Hon'ble Ministers



Shri U. Saravanan, C&MD greeting Dr. Mansukh Mandaviya, Hon'ble Minister of Chemicals & Fertilizers and Health & Family Welfare after taking over the charge as C&MD, NFL



Shri U. Saravanan, C&MD greeting Sh. Bhagwanth Khuba, Hon'ble Minister of State for Chemicals & Fertilizers and New & Renewable Energy after taking over the charge as C&MD, NFL





## Performance at a Glance

### Financial Highlights

Particulars	As per IND AS									
	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Re-Assessed Capacity (RAC) (Lakh MT)	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31	32.31
Installed Capacity (Lakh MT)	35.68	35.68	35.68	35.68	35.68	35.68	35.68	35.68	35.68	35.68
Production (Urea) (Lakh MT)	39.35	35.23	37.99	37.27	38.59	38.10	38.10	37.99	36.39	36.36
Capacity Utilisation (Urea) (%) of RAC	121.8	109.0	117.6	115.4	119.4	117.9	117.9	117.6	112.6	112.5
Sales (Urea) (Lakh MT)	39.96	34.58	39.65	36.08	38.98	39.16	37.58	36.41	36.79	36.87
Bentonite Sulphur (MT)	20910	17618	20028	7974	6746	254	-	-	-	-
Bio- Fertilizers (MT)	700	745	528	713	632	496	545	530	-	-
<b>Sales (Traded Goods)</b>										
Di - Ammonium Phosphate (MT)	971979	353129	509347	685037	503858	327753	213871	50747	-	-
Bentonite Sulphur (MT)	458	519	-	-	-	63	3356	1481	866	1931
Zinc Sulphate (MT)	-	-	-	-	-	-	-	-	-	249
Compost (MT)	22071	26647	21767	25016	21315	11695	2660	-	-	-
Muriate of Potash (MOP) (MT)	13	54350	104162	74069	-	27463	-	-	-	-
Ammonium Phosphate Sulphate (APS) (MT)	133709	56221	146985	38698	25802	26435	-	-	-	-
Urea (Imported) (MT)	535935	885945	1045361	1184952	370447	-	-	-	-	-
NPK 12:32:16 (MT)	77317	111886	54089	50153	68380	-	-	-	-	-
NPK 10:26:26 (MT)	33931	65699	41966	18735	-	-	-	-	-	-
Water Soluable (NPK 19:19:19) (MT)	2455	3521	538	237	-	-	-	-	-	-
Calcium Nitrate 100 % Water Soluble Fertilizer	-	-	-	216	-	-	-	-	-	-
Fact AMFOS (CD) NPS (MT)	-	23,864	-	-	-	-	-	-	-	-
Urea (RFCL) ( MT)	838980	369012	220	-	-	-	-	-	-	-
SSP Plain Powder (MT)	17671	32651	27717	9767	-	-	-	-	-	-
Agro Chemicals (KG/Ltrs)	2213758	848282	559569	288214	640533	369533	25350			
Seeds (Quintal)	160334	246814	185550	138009	70786	53290	43754	60912	44062	76706

Sales - Finished Goods (including Urea, IP & Bio Fertilizers) (a)	2948	2433	2362	2106	2238	2271	2236	2129	2044	1936
Sales - Traded Goods (b)	4140	2456	2313	2565	1680	723	469	235	15	33
Subsidy ( c)	22265	10715	6841	8111	8296	5934	4958	5430	6461	6048
<b>TURNOVER (Net) (incl. Subsidy) (d=a+b+c)</b>	<b>29353</b>	<b>15604</b>	<b>11516</b>	<b>12782</b>	<b>12214</b>	<b>8928</b>	<b>7663</b>	<b>7794</b>	<b>8520</b>	<b>8017</b>
Other Operating Service / Revenue (e)	264	253	390	353	31	-	-	-	-	-
<b>Revenue from operations (f=d+e)</b>	<b>29617</b>	<b>15857</b>	<b>11906</b>	<b>13135</b>	<b>12245</b>	<b>8928</b>	<b>7663</b>	<b>7794</b>	<b>8520</b>	<b>8017</b>
<b>Other Income (g)</b>	<b>193</b>	<b>34</b>	<b>33</b>	<b>57</b>	<b>56</b>	<b>96</b>	<b>45</b>	<b>47</b>	<b>37</b>	<b>38</b>
<b>Total Expenses (h)</b>	<b>28545</b>	<b>15279</b>	<b>10992</b>	<b>12276</b>	<b>11420</b>	<b>8426</b>	<b>7108</b>	<b>7237</b>	<b>8138</b>	<b>7883</b>
Earnings before depreciation, interest and tax (EBIDTA) (i = f + g - h)	1265	612	947	916	881	598	600	604	419	172
Interest and Finance Charges (j)	302	133	291	406	317	190	190	228	301	204
Depreciation (k)	353	334	312	374	101	73	85	87	73	129
Exceptional Items (l)	-	-	-	389	-	-	-	-	-	-
Profit/(Loss) before Tax (m=i-j-k-l)	610	145	344	-253	463	335	325	289	45	-161
Tax Expenses (n)	154	37	94	-82	165	122	117	90	19	-71
Profit/(Loss) after Tax (o=(m-n))	456	108	250	-171	298	213	208	199	26	-90
Other Comprehensive Income (p)	4	2	1	(25)	(2)	(2)	(1)	(7)	-	-
Total Comprehensive Income (Net of tax) (o+p)	460	110	251	-196	296	211	207	192	-	-
Gross Block	6445	6363	5421	5220	5116	4926	4603	7287	7227	7182
Net Fixed Assets	3969	4230	3615	3726	3993	4080	4059	4259	4487	4682
Current Assets, Loans and Advances	8009	5761	3502	9813	9493	5193	5778	6810	7241	6743
Current Liabilities and Provisions	7217	5422	3056	9281	8351	4303	4974	5323	5888	6041
Working Capital	792	339	446	532	1142	890	804	1487	1353	702
Long Term Borrowings	535	630	648	597	280	115	172	1828	2643	3518
Short Term Borrowings	3456	2540	1135	7334	6122	2890	3154	4296	5002	4040
Net Worth (Paid up Capital*+ Reserve & Surplus)	2774	2282	2171	1921	2219	1987	1827	1691	1509	1494
Capital Employed	6832	5487	3968	9852	8682	5043	5162	2616	3424	4039



## Key Indicators

Particulars	As per IND AS									
	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
EBITDA/ Turnover (%)	4.31	3.92	8.22	7.17	7.21	6.70	7.83	7.75	4.92	2.15
EBITDA/ Revenue from Operation (%)	4.27	3.86	7.95	6.97	7.19	6.70	7.83	7.75	4.92	2.15
Receivable (in days)	51	65	83	221	214	160	203	225	215	211
Inventory (in days) - Finished Goods	35	46	7	27	41	15	17	15	3	7
Return (PAT) on Net Worth (%)	16.44	4.74	11.50	-	13.45	10.71	11.40	11.77	1.77	-
Return (EBIT) on Capital Employed (%)	13.34	5.06	16.00	5.50	8.98	10.40	9.97	5.81	0.64	-
Earning per Share of ₹10 (₹)	9.30	2.21	5.09	-	6.08	4.34	4.24	4.05	0.53	-
Debt/Equity Ratio (Long Term+Short Term)	1.44 : 1	1.39 : 1	0.82 : 1	4.13 : 1	2.88 : 1	1.51 : 1	#1.82:1	#3.62:1	#5.07 : 1	#5.06 : 1
Current Ratio	1.11 :1	1.06 :1	1.15 :1	1.06 :1	1.14 :1	1.21 :1	1.16 :1	1.28 :1	1.27 :1	1.12 :1
Value Added per Employee (₹ In Lakhs)	101	70	75	73	72	61	54	55	39	32
Dividend (₹. In Crores)	75.06 <sup>§</sup>	-	-	46.60	91.24	-	41.70	59.36	8.34	-
Dividend as % of Net Worth	2.71	-	-	2.43	4.11	-	2.28	3.51	0.56	-
Dividend as % of Profit after tax (PAT)	16.46	-	-	-	30.57	-	20.03	30.87	31.78	-
Profit (PAT) per employees (₹ In Lakhs)	15.25	3.60	7.77	-	8.95	6.20	5.92	5.35	0.69	(2.21)
Interest Coverage Ratio (No. of Times)	4.19	4.60	3.25	2.26	2.78	3.15	3.16	2.65	1.39	0.84
Debt Service Coverage Ratio (No. of Times)	2.81	2.43	1.90	2.12	2.40	1.87	1.82	2.13	0.94	0.66
Book Value per share (₹)	56.54	46.51	44.26	39.16	45.23	40.51	37.23	34.46	30.19	30.45
Price Earning Ratio **	7.79	24.00	11.06	-	5.81	12.43	18.08	6.99	67.97	-
Employees (Nos.) at the end of Financial Year	2990	3003	3213	3339	3333	3430	3517	3595	3798	4068

# Debt - Equity ratio includes debts borrowed by company for Ammonia 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 ₹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.

§ Interim dividend of ₹ 75.06 crore paid for FY 2022-23. Further, Board has approved final dividend of ₹ 61.81 crore for FY 2022-23 for approval by shareholders.





## Board's Report

To,

Dear Members,

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 49<sup>th</sup> 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 2022-23 and the Auditors' Reports and Comments of Comptroller & Auditor General of India (C&AG).

During the year, company achieved the Profit before Tax of ₹ 609.77 crore as against Profit before Tax of ₹144.82 crore during CPLY. PBT has increased mainly due to increase in profit on Urea due to energy norms extension, higher production and sale of Urea, sales of Bentonite Sulphur and industrial products.

The energy consumption per MT of Urea at NFL plants during 2022-23 was as follows:

(Gcal/MT/Urea)

Units	Energy Norms for 2022-23 as per NUP-2015	Actual Energy	
		2022-23	2021-22
Nangal	6.500	6.274	6.523
Panipat	6.500	6.334	7.048
Bathinda	6.500	6.357	6.559
Vijaipur I	5.860*	5.620	5.817
Vijaipur II	5.500	5.426	5.736

\* As per DoF OM dated 18.11.2022.

Energy consumption per MT of Urea at all Units was less than energy norms till FY 2022-23 fixed by GOI under New Urea Policy 2015 with extension with extended period upto March, 2023 for Nangal, Panipat, Bathinda and Vijaipur-I Units.

### Financial Highlights

Your Company's key financial parameters during the year 2022-23 and important financial highlights are as under:-

(₹ in crore)

Sr. No.	Particulars	2022-23	2021-22
01.	Sale of Urea quantity in (LMT)	39.96	34.58
02.	Sale quantity of traded Fertilizers (LMT)	26.76	20.02
03.	Sale of Urea own	2091.45	1807.11
04.	Subsidy on Urea	17023.48	8764.85
05.	Total Sales of Urea (3+4)	19114.93	10571.96
06.	Sale of other products including subsidy	10238.27	5032.00
07.	Sales Turnover (5+6)	29353.20	15603.96
08.	Sale of Services	28.94	18.96
09.	Other Operating Revenue	234.38	234.17
10.	Revenue from operations (7+8+9)	29616.52	15857.09
11.	Other Income	192.62	25.61



(₹ in crore)

Sr. No.	Particulars	2022-23	2021-22
12.	Total Income (10+11)	29809.14	15882.70
13.	Total Expenses	28544.89	15270.37
14.	Earnings Before Interest, Depreciation and Taxes (EBIDTA)[12-13]	1264.25	612.33
15.	Interest	301.64	132.96
16.	Depreciation	352.84	334.55
17.	Profit Before Exceptional Item and Tax (14-15-16)	609.77	144.82
18.	Exceptional Item	-	-
19.	Profit Before Tax (PBT) (17-18)	609.77	144.82
20.	Provision for tax	153.67	36.62
21.	Profit After Tax (PAT) (19-20)	456.10	108.20
22.	Other Comprehensive Income (Net of Tax)	3.56	1.90
23.	Total Comprehensive Income (21+22)	459.66	110.10

## RESERVES

### Capital Reserves

The balance as at 31.03.2023 amounted to ₹2.51 crore, which is at the same level as was in the previous year.

### Corporate Social Responsibility

Corporate Social Responsibility (CSR) fund stood at Nil as on 31.03.2023 as compared to Nil on 31.03.2022. Report on CSR is appended as **Annexure- 5** forms part of this report.

### General Reserves

During the year, an amount of ₹ 1.05 crore was adjusted from the General Reserve. The general reserve as on 31.03.2023 stood at ₹331.84 crore.

### Surplus

The balance retained in the surplus as at 31.03.2023 is ₹1948.90 crore as compared to ₹1489.24 crore during the previous year.

### Dividend

The Board of Directors declared interim dividend for the year 2022-23 @ ₹1.53 (15.30%) per share which has been paid by the Company in June, 2023. Further, the Board of Directors has recommended Final Dividend of ₹1.26 (12.60%) per equity share of Rs.10 each on the paid up equity share capital of the Company for the Financial Year 2022-23 which shall be paid after approval of the Shareholders at the Annual General Meeting.

### Major events during the year

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

During the FY 2022-23, Company has achieved sale of fertilizers to the tune of 66.72 LMT comprising of 39.96 LMT of own Urea, 5.36 LMT of imported Urea and 8.39 LMT of RFCL Urea and 13.01 LMT of non-Urea Fertilizers and against corresponding period last year (CPLY) of 54.60 LMT that comprised of 34.58 LMT of own Urea, 8.86 LMT of imported Urea and 3.69 LMT of RFCL Urea, 7.47 LMT of Non-Urea Fertilizers. NFL has achieved growth of more than 22% in total fertilizer sale during the year with respect to CPLY. Further, sales contribution from other than own





manufactured Urea of the company increased to around 35% during the year as compared to 32% of the CPLY.

Your Company has achieved the production & sale of certified seeds to the tune of 1.60 Lakh Quintals. The sale of Bio-Fertilizers & City Compost of 700 MT & 22071.25 MT respectively achieved during the year.

Your Company has achieved the ever highest production of Urea of 39.35 LMT, ever highest sale of all fertilizers of 66.72 LMT, ever highest sale of Agro-chemicals of 2213.758 KL/MT. Your company has achieved ever highest production & sale of Bentonite Sulphur to the tune of 22302 MT & 20910 MT respectively. Vijaipur Unit dispatched ever highest Bio-fertilizers to the tune of 756 MT. Your company has also sold 19,833 MT PDM (Potash Derived Molasses) during the year.

On the new investment front, your Company has commissioned its third Seed Processing Unit (SPU) at Indore in April 2023.

The setting up of an Agrochemicals plant at Bathinda is in advance stage and is likely to be commissioned shortly.

Your Company has also added some more products such as Potash derived from Molasses (PDM) in its basket during the year.

The revival of 2<sup>nd</sup> stream of Nitric Acid plant at Nangal completed during October 2022.

Your company has signed MoU for manufacture of Nano Fertilizers with IFFCO. TEFR has been finalized for manufacturing Nano Urea and EPMC consultants are being lined up. Public Hearing conducted on 27-04-2023 and revised EIA report is being submitted to MoEF & CC for grant of Environment Clearance.

### Material changes and commitments

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

### Details of revision of Financial Statements or Board's Report

Company has not revised Financial Statements or Board's Report in respect of any of the three preceding financial years. Company has re-casted/restated Financial Statement as on 31.03.2022 and as on 01.04.2021.

### General Information

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

NFL was incorporated on 23<sup>rd</sup> August 1974 at New Delhi. It has an authorized share capital of ₹ 1000 crore and paid up and subscribed share capital of ₹ 490.58 crore out of which Government of India's share is 74.71% and 25.29% share is held by financial institutions, public & others.

The Company has five gas based Urea plants viz. Nangal & Bathinda plants in Punjab, Panipat plant in Haryana and two plants at Vijaipur in Madhya Pradesh with a total annual revamped capacity of 35.68 LMT (Annual Re-assessed capacity - 32.31 LMT) of Urea. The company also has a Bio-Fertilizers Plant at Vijaipur with annual capacity of 700 tonnes and a Bentonite Sulphur plant of 25000 MT per annum at Panipat Unit. It also manufactures other allied Industrial products like Nitric Acid, Ammonium Nitrate, Sodium Nitrate & Nitrite from its Nangal Unit and undertakes import & sale of other fertilizers like DAP, MoP, NPKS along with domestic trading of various agro-inputs like certified seeds, agrochemicals, City Compost, SSP etc. through its existing vast dealer's network under single window concept. The Company has also been producing and selling its own certified Seeds under company's flagship Seed Multiplication Program (SMP).



The Company has three Seed Processing Units (SPUs) at Bathinda, Panipat and one at Indore commissioned on April'2023. The company also revived 2<sup>nd</sup> Stream of Nitric Acid plant at Nangal on October'2022. The Company is also setting up an Agrochemicals plant at Bathinda and doubling capacity of Bio-Fertilizers plant at Vijaipur, which are expected to be commissioned in the F.Y. 2023-24.

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

## b) Brief description of business segments and geographic segments;

### Business Segment

In the light of present diversified business activities vis-à-vis IND AS 108 on Segment Reporting following operating segments have been considered for Segment Reporting for the Annual Accounts for the FY 2022-23:

- i) Own Fertilizers (Urea, Bio Fertilizers and Bentonite Sulphur).
- ii) Fertilizers Trading (Indigenous and Imported).
- iii) Other Products & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme etc.).

### Geographic segments

The operation of the company is conducted within India and there is no separate reportable geographic segments.

## c) External environment and economic outlook;

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

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

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

### Capital Structure

### Preference and Equity Shares

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

### Equity Shares with Differential Rights

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

### Employees Stock Option

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

### Shares to Trustees for benefit of employees

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

### Other securities which carries right of conversion into equity shares

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





## Details of Deposits

The Company has not accepted any deposits during the year.

## Credit Rating

During FY 2022-23, the credit rating of the Company was maintained with two credit rating agencies as under:

Rated Amount (₹ in crore)

Instruments	ICRA				INDIA RATINGS			
	Credit Ratings	Limits	Credit Ratings	Limits	Credit Ratings	Limits	Credit Ratings	Limits
	2021-22		2022-23		2021-22		2022-23	
<b>Long Term Fund Based Working Capital Facilities</b>								
Cash Credit	[ICRA] AA-(Stable)	4000	[ICRA] AA-(Stable)	9000	IND AA/ Stable	4000	IND AA/ Stable	9000
Term Loan	[ICRA] AA-(Stable)	1044	[ICRA] AA-(Stable)	1044	-	-		
ECB	[ICRA] AA-(Stable)	-			IND AA-/ Stable	-		
<b>Short Term Fund Based Working Capital Facilities</b>								
Commercial Papers	[ICRA] A1+	4000	[ICRA] A1+	4000	[IND] A1+	4000	[IND] A1+	
<b>Short Term Non Fund Based Working Capital Facilities</b>								
LC/BG	[ICRA] A1+	3000	[ICRA] A1+	9600	[IND] A1+	2000	[IND] A1+	9600

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

## Buy-Back of Securities

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

## Sweat Equity

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

## Disinvestment of GOI Equity

There was no disinvestment of Government of India Shareholding during the Financial Year 2022-23. However, Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India had appointed Legal Advisors, Merchant Bankers and Selling Brokers for the disinvestment of 20% paid up equity capital in National Fertilizers Limited (NFL) out of Government of India's Shareholding through the "Offer for sale by promoters through the Stock Exchanges". In this regard, investor meet had been held from 12<sup>th</sup> December, 2022 to 15<sup>th</sup> December, 2022 in Singapore and from 16<sup>th</sup> January, 2023 to 17<sup>th</sup> January, 2023 in Mumbai.

## Statement of deviation(s) or variation(s)

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



### Foreign Exchange Earnings/Outgo

The Foreign Exchange earned in terms of actual inflows during the year were ₹ 32.10 crore and the Foreign Exchange outgo during the year in terms of actual outflow amounted to ₹ 8425.84 crore.

### Borrowings

#### Long Term Loans

To meet the funding requirement for energy saving and capex schemes, Company has entered into a Rupee Term Loan Agreement with SBI on 24.12.2018 for ₹ 1044 crore. Long term net borrowings as on 31.03.2023 were ₹ 534.71 crore outstanding against Rupee Term Loan. Further, the said term loan has been fully repaid on 09.05.2023.

#### Short Term Loans

Short Term borrowings of ₹ 3456.22 crore (previous year ₹ 2539.83 crore) were outstanding as on 31.03.2023.

### Debt Equity Ratio

Debt equity ratio as on 31.03.2023 has increased to 1.44:1 as compared to 1.37:1 of previous year due to increase in borrowings.

### Revenue

The Company has achieved Revenue from Operations of ₹ 29616.52 crore during 2022-23 as against ₹ 15857.09 crore during previous year and total income of ₹ 29809.14 crore during 2022-23 as against ₹ 15882.70 crore during previous year as detailed below:

(₹ in crore)

Particulars	2022-23	2021-22	Change
Sale of products (including subsidy)	29353.20	15603.96	13749.24
Sale of services	28.94	18.96	9.98
Other Operating revenue	234.38	234.17	0.21
Revenue from operations	29616.52	15857.09	13759.43
Other income	192.62	25.61	167.01
Total Revenue	29809.14	15882.70	13926.44

### Urea and other fertilizers

Your Company has registered ever highest Urea production of 39.35 LMT with an overall capacity utilization of 121.81% during 2022-23 against 35.23 LMT achieved during 2021-22 (CPLY).

Company achieved ever best Bentonite Sulphur production of 22302 MT against CPLY of 17076 MT achieving a growth of around 31%.

On the sales front, the Company has sale of Fertilizers of 66.72 LMT that includes sale of 39.96 LMT of own Urea, 5.36 LMT of Imported Urea, 8.89 LMT of RFCL Urea, 13.01 of Non-Urea Fertilizers including 0.22 LMT (22071 MT) of Compost during 2022-23 surpassing previous best of 54.60 LMT during 2021-22 which includes sale of 34.58 LMT of own Urea, 8.86 LMT of Imported Urea, 3.69 LMT of RFCL Urea, 7.47 LMT of Non-Urea Fertilizers including 0.27 LMT (26647 MT) of Compost.





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

(Lakh MT)

Product	2022-23	2021-22	Change
<b>1.Manufactured</b>			
a) Urea	39.96	34.58	5.38
b) Bentonite Sulphur	0.21	0.17	0.04
c) Bio-Fertilizers	0.01	0.01	0.00
<b>2.Traded Goods</b>			
a) Imported	12.17	6.41	5.76
b) Indigenous	14.37	13.43	0.94
<b>Total Fertilizers</b>	<b>66.72</b>	<b>54.60</b>	<b>12.12</b>

### Industrial Products

During the year 2022-23, the company produced & sold Industrial Products to the tune of 132271 MT & 139475 MT (comprising of Nitric Acid, Sodium Nitrite / Nitrate, Ammonium Nitrate and Ammonia) respectively against CPLY of 109973 MT & 146383 MT.

The Company registered sale of Nitric Acid of 81108 MT during 2022-23 as compared to previous sale of 64008 MT during 2021-22. The Company also recorded sale of Ammonium Nitrate to the tune of 26039 MT during 2022-23 as compared to sale of 24029 MT achieved during 2021-22.

In terms of revenue generation from production and sale of Industrial products, the Company achieved sale of Industrial-Products (IP) comprising of Nitric Acid, Sodium Nitrate, etc. to the tune of ₹ 748.71 crore during 2022-23 against CPLY of ₹ 569.15 crore during 2021-22.

### Bio-Fertilizers

The Company sold 700 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹ 2.51 crore in F.Y. 2022-23 as against 745 MT of ₹ 2.53 crore during CPLY.

### Import & sale of Fertilizers

The Company sold 12.17 LMT of imported non-Urea Fertilizers including DAP, MoP, APS, NPK etc. worth ₹ 8224.01 crore during 2022-23 against 6.41 LMT worth ₹ 3265.85 crore during 2021-22.

Apart from the above, NFL also sold 5.36 LMT of Urea imported in Government Account in FY 2022-23 against 8.86 LMT during 2021-22.

### Domestic Trading of Agro Products

The Company has registered total revenue of ₹288.12 crore towards trading of various agro products such as seeds, pesticides & compost and RFCL ammonia during the year against ₹ 219.57 crore during CPLY.



## Gross Sale Composition

Item	% of total Sale Composition		% Increase/(Decrease)
	2022-23	2021-22	
Urea (manufactured)	65.12	67.75	(2.63)
Other Products	34.88	32.25	2.63

Owing to progressive 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 65.12% while contribution of non-Urea business has increased to 34.88 % during 2022-23.

## Agriculture Extension Activities

Agriculture is the main source of livelihood for the farmers, which include crops, animals and allied activities. Agriculture Extension Activities are being undertaken by your Company by educating farmers on efficient use of all agro-inputs along with total know-how on improved and scientific methods of cultivation.

Dealers/Retailers are important link between the Company and the farmers. They are key change agents in motivating farmers to use fertilizers in a balanced manner. During the year 2022-23, 49 Dealer's/Retailer's Orientation Programmes were conducted and more than 2100 dealers/retailers were facilitated by upgrading their knowledge regarding fertilizers/ agro products and improved crop practices so that latest information can be disseminated at point of purchase to the farmers. Information on Bio-fertilizers and City Compost has also been given in each and every training programme.

Your Company has always laid emphasis on upliftment of farming community by educating them on various aspects of crop production, animal husbandry and other allied agriculture sectors. 41 Farmer Training programmes were organized during 2022-23 and more than 2400 farmers got benefitted. Through these educational programmes, farmers were sensitized to issues related with soil fertility status including deficiency of various nutrients, their remedy to increase fertilizer use efficiency and maximize yields. The farmers have also been educated on benefits of long term usage of Bio-fertilizers and City Compost through these programmes.

Agriculture Universities, Research Stations, KVKs are the knowledge centres for latest farming techniques, new and high yielding crop varieties, innovative technologies in agriculture and allied agriculture sectors etc. During the year with the objective to promote balanced and sustainable use of fertilizers, soil analysis, methodology of application of different fertilizer, new technologies etc., an opportunity was given to the farmers to practically visit the above places by organizing farmers visit to nearby Agriculture University/Research Station/ KVKs. More than 800 farmers got benefitted through 12 programmes during the year 2022-23.

During the year 2022-23, total 230 demonstrations had been laid out at farmers' fields to demonstrate benefits of use of new Bio-fertilizers (Zn/K solubilizing), City Compost, Bentonite Sulphur and water soluble NPK fertilizer on crop growth and yield as compared to farmer's own practices. 240 Field days were organized in the demonstration fields and more than 12300 farmers got benefitted from such programmes.

Your Company is playing a vital role in supporting farmers by undertaking soil analysis for macro and micro nutrients through its 6 Static and 5 Mobile Soil Testing Labs (MSTLs) in various States. Based on the analysis, farmers are advised on soil fertility management through rational use of manure, fertilizers and other inputs to make agriculture more productive and sustainable. During the year, around 30000 soil samples were collected & analysed for macro and micro nutrients and recommendations were given to the farmers.





During the year 2022-23, your Company continued its endeavour to render soil testing services at all the farmers' doorstep by organizing soil testing campaigns. During these campaigns, services of our Mobile Soil Testing Vans and laboratory staff were suitably utilized for collecting soil samples by demonstrating the correct method of sampling to the farmers and by offering on the spot soil analysis and advisory on the basis of soil test results.

Other than this, 30 Jeep campaigns were organized in the States of Punjab, Haryana, Rajasthan, HP, UP, MP, AP and Telangana. Through these campaigns, farmers were given information on new products launched by the Company and its usage and benefits. More than 11,000 farmers got benefitted by these programmes.

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 2022-23, your Company participated in 39 Krishi Melas/Agriculture Exhibitions organized by leading Agriculture Universities, Agriculture Departments etc. in the States of Punjab, Haryana, UP, Uttarakhand, Bihar, MP, Chhattisgarh, Rajasthan, AP and Telangana which was attended by more than 77,000 farmers.

As per guidelines of Department of Fertilizers (DoF) dated 24.08.2022 and with the objective to provide all the agricultural inputs and services to the farmers under one roof along with soil testing and advisory services, 22253 fertilizer retailer shops were allocated to your Company all across its marketing territory to convert the same into Pradhanmantri Kisan Samridhi Kendras (PMKSKs). Total 8719 PMKSKs has been converted into PMKSKs so far by putting up a fascia in the shops. However, installation of Fascia, Smart TVs and other facilities as per DoF guidelines dated 24.08.2022 in the remaining retailer's shops is under progress.

Your company has also signed a Memorandum of Understanding (MoU) with CSK H.P. Agriculture University, Palampur, H.P. for establishing NFL professor chair in the department of soil science with an objective of developing technologies on precision agriculture, judicious use of fertilizers and improving scientific methods of cultivation to enhance soil health and productivity. The MoU also mandates to promote use of Artificial Intelligence (AI), Information and Communication Technologies (ICT) for nutrient and water management.

As per Government directions, five Nos. of agricultural Drones were procured by NFL in the month of January 2023. Since installation, NFL is organizing programs on regular basis in its Marketing territory to popularize the use of Agricultural Drone among the farmers and generate the awareness.

## 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 and Sustainability Report

SEBI vide circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated 10.05.2021 had introduced the "Business responsibility and sustainability reporting by listed entities", which introduces new reporting requirements on Environment, Social and Governance parameters [ESG parameters] called the Business Responsibility and Sustainability Report (BRSR). The reporting as required under Regulation 34 of SEBI (LODR) Regulations, 2015 was amended for the listed entities and the same shall be mandatory for the top 1000 listed companies (by market capitalization) with effect from the financial year 2022-2023.



Your Company in adherence to the circular had prepared the Business Responsibility and Sustainability Report for the financial year ended March 31, 2023 and the same is appended as **Annexure-2** to this Report. Business Responsibility and Sustainability Policy is available on the website of the Company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

### Stakeholders' relationship

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

### Customers' relationship

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

### Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance being the fountain head of value creation for all stakeholders especially shareholders. The Company has in place a well-defined "Corporate Governance Mechanism" which considers the interest of all stakeholders.

Pursuant to SEBI (LODR) Regulations, 2015 (as amended from time to time) and DPE Guidelines on Corporate Governance, a report on Corporate Governance is appended as **Annexure-3** which forms part of this Report.

The Secretarial Auditor of the Company have examined and certified Company's compliance with respect to conditions enumerated in SEBI (LODR) Regulations, 2015 and DPE guidelines on Corporate Governance. Secretarial Auditor's Certificate on Corporate Governance and explanations of the Management to Secretarial Auditors' observations during the year 2022-2023 is appended as **Annexure-4** which forms part of this Report.

### Parliamentary Committees during 2022-23:

The following Parliamentary Committee interacted with the Company during the year 2022-23:

1. Study visit of the Standing Committee on Chemicals and Fertilizers to Srinagar, Pune, Mumbai and Ahmedabad from 10<sup>th</sup> June, 2022 to 15<sup>th</sup> June, 2022.
2. Study visit of Committee on Public Undertakings (COPU) to Chennai and Bhubaneswar from 9<sup>th</sup> to 12<sup>th</sup> January, 2023 regarding Corporate Governance.

### Material Orders of Regulators

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

#### 1.0 Amendment in import policy of Urea

Directorate General of Foreign Trade, Department of Commerce, Ministry of Commerce & Industry, Government of India issued a notification on 3<sup>rd</sup> November, 2021 regarding amendment in import policy condition of Urea [Exim Code 31021000] in the ITC (HS) 2017, Schedule - I (Import Policy) with immediate effect.

According to the revised policy, import of urea was allowed through RCF and NFL subject to Para 2.20 of Foreign Trade Policy, 2015-2020. In addition, import of urea was also allowed through IPL for a period upto 31<sup>st</sup> March, 2022. However, import of Technical Grade Urea (TGU) meant for non-agricultural purpose/ industrial use/ NPK Manufacturing shall be "Free".





## 2.0 NBS rates for P & K fertilizers for Kharif 2022-23

In order to keep the P&K fertilizer prices affordable to the farmers, DoF issued a notification on 27<sup>th</sup> April, 2022 and enhanced the subsidy rates for P&K fertilizers under NBS policy for kharif 2022 (from 1<sup>st</sup> April, 2022 upto 30<sup>th</sup> September, 2022). The per kg NBS rates of N, P, K and S increased from Rs.18.789, Rs. 45.323, Rs. 10.116 and Rs. 2.374 during rabi 2021-22 to Rs. 91.96, Rs. 72.74, Rs. 25.31 and Rs. 6.94, respectively, for kharif 2022.

Accordingly, NBS rates per MT of DAP and MOP increased from Rs. 33,000 and Rs. 6,070 per MT during rabi 2021-22 to Rs. 50,013 and Rs. 15,186 per MT, respectively, for kharif 2022. NBS rates for NP/NPK grades of fertilizers ranged between Rs. 27,947 per MT and Rs. 46,116 per MT for kharif 2022. However, subsidy on SSP and Potash Derived from Molasses remained unchanged at Rs. 7,513 per MT and Rs. 1,467 per MT, respectively, for kharif 2022. The per tonne additional subsidy for fortified fertilizers with boron and zinc continued and remained unchanged at Rs. 300 and Rs. 500, respectively.

## 3.0 NBS rates for P & K fertilizers for Rabi 2022-23

As per OM dated 2<sup>nd</sup> November, 2022, DoF revised the subsidy rates for P&K fertilizers under NBS policy for rabi 2022-23 effective from 1<sup>st</sup> October, 2022 upto 31<sup>st</sup> March, 2023. The per kg NBS rates for N has been increased while P, K and S reduced. The per kg NBS rates of N, P, K and S revised from Rs. 91.96, Rs. 72.74, Rs. 25.31 and Rs. 6.94 during kharif 2022 to Rs. 98.02, Rs. 66.93, Rs. 23.65 and Rs. 6.12, respectively, for rabi 2022-23.

Accordingly, NBS rates per MT of DAP and MOP reduced from Rs. 50,013 and Rs. 15,186 per MT during kharif 2022 to Rs. 48,433 and Rs. 14,188 per MT, respectively, for rabi 2022-23. NBS rates for NP/NPK grades of fertilizers ranged between Rs. 26,864 per MT and Rs. 46,188 per MT for rabi 2022-23. However, subsidy on SSP and Potash Derived from Molasses remained unchanged at Rs. 7,513 per MT and Rs. 1,467 per MT, respectively. The per tonne additional subsidy for fortified fertilizers with boron and zinc continued and remained unchanged at Rs. 300 and Rs. 500 respectively.

## Summary of Changes in NBS Rates during FY 2022-23 and its impact on reduction of subsidy

NBS ( Rs. Per Kg of Nutrient )				
Nutrient	OM Dt 27.04.2022	OM Dt 02.11.2022	OM Dt 18.05.2023	OM Dt 18.05.2023
	Kharif-2022	Rabi-2022-23	Revised for 01.01.2023 to 31.03.2023	Kharif-2023
N	91.96	98.02	99.27	76.49
P	72.74	66.93	49.94	41.03
K	25.31	23.65	25.70	15.91
S	6.94	6.12	2.84	2.80

## 4.0 Guidelines relating to Potash Derived from Molasses (0-0-14.5-0) under NBS scheme

DoF issued an Office Memorandum on 12<sup>th</sup> July, 2022 regarding the guidelines relating to Potash Derived from Molasses (0-0-14.5-0) under NBS scheme. The main points in the guidelines as stated below:

- Manufacturers of granulated Potash Derived from Molasses shall be provided subsidy under NBS Scheme.
- Granulated Potash derived from Molasses with a minimum 14.5% of K<sub>2</sub>O content as per FCO 1985 as amended from time to time will be allowed for claiming subsidy.
- The subsidy on Potash Derived from Molasses will be inclusive of the freight subsidy.

- d) With regard to marketing arrangement, the manufacturer of Potash Derived from Molasses shall be eligible for sale by entering into marketing arrangement with marketers under intimation to DoF and the fertilizer manufacturers including importers which are registered under the subsidy scheme of DoF shall be considered as marketer of Potash Derived from Molasses.
- e) Regarding quality, manufacturer/marketer/retailer/dealer will be jointly liable for ensuring/ maintaining quality of the fertilizer as per the extant rules/ guidelines issued by DoF. Quality testing will be done by the manufacturer in the NABL accredited labs/ State Government registered labs.

### 5.0 Implementation of One Nation One Fertilizer

DoF issued an OM on 24<sup>th</sup> August, 2022 to implement One Nation One Fertilizer by introducing Single Brand for Fertilizers and Logo under Fertilizer subsidy scheme namely "Pradhanmantri Bhartiya Janurvarak Pariyojna (PMBJP).

The single brand name for Urea, DAP, MOP and NPKs, etc. would be Bharat Urea, Bharat DAP, Bharat MOP and Bharat NPK, etc., respectively, for all fertilizer companies, State Trading Entities and fertilizer Marketing Entities. A logo indicating Fertilizer Subsidy scheme namely Pradhanmantri Bhartiya Janurvarak Pariyojna will be used on the respective fertilizer bags.

As per OM, the print will be done on one side of fertilizer's bag. Two-third of the Fertilizer's bag will be used for new brand and logo with Pradhanmantri Bhartiya Janurvarak Pariyojna and one-third will be used for using Fertilizer companies' name, logo and other information as required in different Rules & Regulations, etc.

Further, on 1<sup>st</sup> November, 2022 DoF informed all fertilizer companies that the design of urea bag and logo forwarded earlier must be adopted by fertilizer manufacturers /importers within the following timelines:

Sr. No.	Type of fertilizer	Timeline
1.	Imported Urea	30 <sup>th</sup> November, 2022
2.	Indigenous Urea	30 <sup>th</sup> November, 2022
3.	Imported P&K	30 <sup>th</sup> November, 2022
4.	Indigenous P&K	31 <sup>st</sup> December, 2022

The release of fertilizer subsidy to companies will be considered only for fertilizers dispatched in the new bags after the aforesaid cut-off dates.

### 6.0 Implementation of NUP-2015 Energy Norms:

Department of Fertilizers (DoF) vide letter dated 28-03-2018 issued a Notification revising Energy Norms under NUP-2015 for years 2018-19 and 2019-20. Through this notification, the Target Energy Norms under NUP-2015 for NFL Bathinda, NFL Panipat, NFL Nangal and NFL Vijaipur-I were extended for further period of 2 years till 31<sup>st</sup> March, 2020 with a penalty of 2% & 5% for financial years 2018-19 and 2019-20 respectively. Subsequently it was further extended till 30<sup>th</sup> September, 2020 with a penalty of 10%. The token penalty was equivalent to percentage energy difference between existing NUP Energy norms and Target Energy norms of NUP-2015.

However after notification of DoF dated 31.03.2023, the target energy norm for Bathinda, Panipat and Nangal Units of 6.5 Gcal/MT of Urea has been implemented from 01.04.2022 whereas as per notification dated 18-11-2022 of DoF, target energy norms of 5.5 Gcal/MT of Urea for Vijaipur-I shall be implemented from 01.04.2023.

To achieve these energy targets, NFL installed of GTG-HRSGs at Bathinda, Panipat and Nangal Unit at a total project cost of Rs 690 crore whereas various energy saving schemes had been implemented at Vijaipur complex at a cost of Rs 235 crores.







The GTG-HRSG plants at Bathinda & Nangal units were put into continuous operation. Similarly, at Vijaipur-I & II all the schemes and sub schemes for energy savings got completed by March, 2022.

The implementation of energy savings schemes at all NFL units got severely delayed due to spread of Covid-19 w.e.f. March, 2022.

Although target norms for all the units have been enforced by DoF, but Vijaipur-I unit could not achieve the target energy norms of as 5.5 Gcal/per tonne of Urea as also envisaged in TEFRR prepared by PDIL and its energy is expected to remain higher than norm. NFL has requested DoF that target energy norms for Vijaipur-I unit may kindly be reviewed.

## 7.0 Plastic Waste Management Rules 2016

The Ministry of Environment Forests and Climate Change (MoEF & CC), Government of India, vide Gazette Notification dated 18<sup>th</sup> March, 2016 has specified rules for Plastic Waste Management. The Rules fix the responsibility of local bodies, Gram Panchayat and Waste generators, as well as producers, importers and brand owners for collection and management of plastic waste. However, subsequent amendments have also come in 2018 and later on Plastic Waste Management Rules were amended as Plastic Waste management Rules 2022.

Fertilizer industry falls under the category of brand owners as the fertilizer products are sold in plastic bags that are multi-layered and composed of HDPE/HDPE lined with polypropylene. All the Brand Owners who introduce the products in the market have to establish a system or plan for collecting back the plastic waste generated due to their products. As per rules NFL has to register with Central Pollution Control Board (CPCB) and submit along with action plan to comply with Extended Producer Responsibility (EPR) obligation as mentioned in the rule.

Accordingly, NFL applied for the registration and after approval NFL got registration as a Brand Owner under PWM Rules on 21.06.2022 with 01 year validity. The same shall be renewed every year.

CPCB awarded the registration along with fixing an EPR target (collections & recycling of plastic waste) of 10914 MT (Cat-II)/flexible plastic in the FY 2022-23. To fulfil the EPR target, NFL engaged agencies to collect & recycle the plastic waste on behalf of NFL.

As of now NFL has completed its EPR obligation under the rule for FY 2022-23. For the current year i.e. FY 2023-24, renewal of registration shall be done shortly and according to the target fresh tender shall be floated to fulfil the statutory obligation for the year.

## The Right to Information

In consonance with the spirit of Right to Information Act, the Company has created necessary mechanism as required under the Act. The Public Information Officers and Appellate Authorities are effectively responding to the requests and appeals of the applicants. The names of all PIOs/ Appellate Authorities/ Transparency Officer are displayed on the Company's website. During the year, **312** RTI applications were received and were dealt with as per provisions under Right to Information Act, 2005.

## Vigil Mechanism

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

## Whistle Blower Policy

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

## Integrity Pact

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

## Vigilance

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

Promotion of good governance remains the core area of vigilance. Awareness is an important cornerstone for good governance. An enlightened employee not only contributes in achieving the organizational goals but is also instrumental in system improvement.

As an effort towards promoting Preventive Vigilance, Workshops / Training Programs were conducted during the year in all Offices & Production units. These training programmes focused on various issues related to manuals and procedures. In line with the guidelines of CVC & DoF with respect to Preventive Vigilance Module, two days training programmes were conducted for in service officials working on sensitive posts and also new appointees were sensitized on this.

Special Seminars on vulnerable area are being organized in all manufacturing Units and Zonal Offices involving officials at all levels who are dealing with Tenders.

Regular preventive vigilance activities such as Scrutinies, Surprise checks, Vigilance clearance for administrative decisions, enforcement of Transfer Policy and Rotation of Officers on Sensitive Posts were also carried out in close coordination with the Management. At the same time, investigation of complaints received from various sources and follow up of pending departmental action on previous investigated cases were also done with due diligence.

Periodic Vigilance Reports preparation of Agreed List of Officers, List of Officers of Doubtful Integrity, and observance of Vigilance Awareness Week in Units, Zonal Offices and Corporate Office were the major activities conducted during the year.

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

## MoU

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





Based on financial performance and achievement of other parameters laid down, your Company has been rated “Good” as per the Memorandum of Understanding (MoU), signed with the Government of India for the financial year 2021-22. From the year 2021-22 and onwards, DPE has started data entry module of digital MoU Dashboard for CPSEs for entering data. Accordingly, MoU for the year 2022-23 was generated through online MoU portal after entering requisite information. The Ministry and the CPSEs were requested to sign this system generated MoU. Further Company shall submit actual achievement against all the parameters for 2022-23 in the online MoU portal for evaluation.

### Awards & Accolades received during 2022-23

- Bathinda Unit won award for Excellent Work in Hindi from Indian Language and Cultural Centre in Lonavala, Maharashtra.
- Vijaipur Unit received FAME NATIONAL AWARD 2021-22 (PLATINUM AWARD) towards Excellence in Occupational Health and Safety in fertilizer industry.
- Bathinda Unit has received 01 no. IV level award of "Prashansa Patra" for appreciable achievement in Occupational Health and Safety during assessment period of 2018-2020 by National Safety Council, Mumbai for Safety Award-2021.
- Nangal Unit received First prize for doing excellent work in Rajbhasha for the year 2021-22 from Town Official Language Implementation Committee (TOLIC).
- NFL received First Prize from Ministry of Chemicals and Fertilizers for Best Performance in Hindi. Shri Nirlep Singh Rai, CMD received this award from Shri Mansukh Mandaviya, Hon'ble Minister of Chemicals and Fertilizers and Health in Hindi Salahkar Samiti meeting held in Delhi.
- Bathinda Unit has received Gold Award in 12<sup>th</sup> Exceed Energy Efficiency by Sustainable Development Foundation (SDF) 2022 in July 2022.
- Vijaipur Unit received “Grow Care India Training Excellence Awards 2022 under HR Category Gold Award” (GROW CARE INDIA HR AWARD 2022) and Gold Award under Grow Care India OHS Award 2022 in Fertilizer Sector.
- NFL Bathinda Unit has been declared winner of 22<sup>nd</sup> Greentech Environment Award – 2022 for outstanding achievement in Environment Protection.
- Panipat Unit has secured the silver Award in the category of Environment Preservation in the 12<sup>th</sup> Exceed Environment Award & Conference 2022 organized by Sustainable Development Foundation.
- Nangal Unit has received "WINNER" award for outstanding achievement in Environment Protection category during 22<sup>nd</sup> Genentech Environment Award 2022 held at Guwahati.
- Nangal Unit has won the GOLD Award under Apex India Occupational Health and Safety, HR Business Excellence Award 2022 in Fertilizer Sector for “Outstanding achievement in Safety Management”
- NFL Panipat received Green Crest Awards-2022 under “PLATINUM” category.
- NFL Bathinda Unit has received 02 no. awards in November:-
  - ▶ Rajbhasha Shiromani Prize from the Indian Language & Culture Centre, New Delhi and
  - ▶ 1<sup>st</sup> Prize for Excellence in Hindi from TOLIC (Narakas), Bathinda



- NFL received Eight Excellence “Awards during 16<sup>th</sup> Global” Communication Conclave organized by PRCI in Kolkata. Company received six awards for its various collaterals. In the individual category, Sh. B V Vittal, CGM (HR) and Sh. Sanjeev Randeve, DGM (CC & HR) received the awards.
- NFL Nangal Unit has been selected for “Gold Award” under Apex India Green Leaf Award 2022 for Energy Efficiency category in Fertilizer Sector.
- NFL Vijaipur Unit has been selected for Gold Award in Fertilizer Sector for
  - ▶ Grow Care India Environment Award 2022.
  - ▶ Grow Care India Waste Management Award 2022.

### Initiatives under Corporate Social Responsibility

Company is constantly working towards inclusive growth in society and is implementing various developmental activities under its Corporate Social Responsibility (CSR).

The company allocated a CSR budget of Rs.140.00 Lakh for the FY 2022-23 and incurred an expenditure of Rs.174.42 Lakh during the year. This included expenditure on schemes approved in previous years but carried forward in the year 2022-23.

In the year 2022-23, the focus of CSR activities of the Company was on the theme given by Department of Public Enterprises (DPE) i.e. Health & Nutrition. For promoting preventive Healthcare, the company undertook a project to run a Mobile Digital Health Clinic for preventive screening of the masses for the essential metabolic vitals in slums and rural areas of Delhi-NCR. Also, the Company provided Digital Programmable Hearing Aids to the hearing-impaired persons from weaker section of the society in Andhra Pradesh.

In addition, the Company undertook a project aimed at enhancing the Nutrition and Health of Government School Children through the "GiftMilk Program" in Aspirational District Guna. Under this initiative, a daily provision of 200ml of fortified, flavored, and sterilized milk is supplied to school children throughout the entire academic year.

The Company also distributed Long Lasting Insecticidal Nets (LLIN) of HIL in the rural areas of Punjab, Haryana, Madhya Pradesh & Telangana. These Mosquito nets would help in preventing vector-borne diseases and safeguarding public health.

Further, the company has also undertaken a number of projects to promote school education among students from underprivileged section of the society. The company has distributed Educational Material to the students from Government Primary Schools of remote villages near Delhi to promote regular attendance and increase interest in studies.

The Company has supported Government Schools in the vicinity of its plants with the provision of school desk & benches, IT enabled smart boards, RO Water facilities etc. In order to bring Divyangjan in mainstream of life, the Company has provided Braille Machines and special sports items to the blind students in Chandigarh.

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

### RESEARCH & DEVELOPMENT

NFL had sponsored a research project titled "Cow dung processing and its conversion to Bio- fortified fertilizer with enhanced functionality: A pilot study" undertaken by ICAR-NDRI was spread over a period of three years (2018-21). The pilot study was successfully completed in December, 2021 & final project report was submitted by ICAR-NDRI in January, 2022.





To further explore in R&D activities, NFL is setting up an R&D centre at Nangal along with setting up of a pilot plant for trial production of Nano fertilizers and other agriculture based products etc. Procurement action has been initiated for required laboratory apparatus and other setup of R&D lab at Nangal. In addition to above, NFL is exploring signing up MoU with reputed institutes like Institute of Nano Technology, Mohali and others in vicinity of NFL Nangal unit for R&D activities in Nano Fertilizers.

### 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 Earnings and Outgo is appended as **Annexure-6** forms part of this Report.

### Safety, Environment and Sustainable Development

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

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

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

### Joint venture /Associates Companies

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

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

During the year 2022-23, Company has not acquired or formed any new subsidiary, associate or joint venture. Similarly, no subsidiary, associate or joint ventures have been ceased by way of sale of shares, amalgamation, winding up etc.

### Related Party Disclosures

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

### Capital Expenditure (CAPEX)

The achievement in CAPEX is ₹ 160 crore excluding capital work in progress (CWIP) in the year 2022-23.

### Risk Management

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

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

Under Risk Management policy, all the risks along with mitigation actions undertaken have been reviewed by Risk Assessment and Risk Management Committees. Some of the major risks having severe financial impact as identified by the company include disallowing of minimum fixed cost for Vijaiapur-I Unit under MNPS – III w.e.f. 02.04.2014 and outstanding subsidiary due to delayed subsidiary payment.

### Internal Financial Controls

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

### Internal Financial Reporting/ and Control

The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31.03.2023.

### Particulars of Employees

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

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

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

Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 which stipulated that 20% of total annual procurement of goods and services shall be made by all Central Ministries /Departments /CPSUs from Micro & Small Enterprises (MSEs). Within this percentage, a sub total of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs. The requisite information for the year 2022-23 is appended as **Annexure-11** forms part of this Report.

### Procurement through GeM Portal

The total procurement through GeM portal during 2022-23 was Rs. 151.15 Crore.

### Human Resource Management

The Company has manpower strength of 2964 regular employees as on 31.03.2023, which comprises 1454 Executives and 1510 Non- Executives. 197 women employees are on its roll, which is 6.65% 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.

- Employee Strength: The Company had 2964 employees as at the end of FY 2022-2023 of which 1268 were SC/ST/OBC employees and 50 divyangjans.







- **Employee Benefits:** The vision of the Company for its human resources is to create an enabling environment to enhance the efficiency of the organization. The aim is to encourage the employees to perform their best ability by a system of proper placements and incentives, while creating an atmosphere of trust and a feeling that the organization cares about the wellbeing and personal aspirations of the staff. This helps align personal aspirations with professional goals and enhances efficiency. The Company runs multiple benefit schemes for its employees like Provident Fund, gratuity, pension, medical benefits, contributory pension scheme, concessional interest rates on loans, scholarships to employees' children, executive health check-up etc. The Company also shares part of its profit with employees under its Performance Related Pay scheme in compliance with DPE Guidelines.
- **Human Rights:** Recruitment policy of the Company does not permit any engagement of child labour, forced labour or involuntary labour, an independent Internal Complaint Committee has been constituted at Corporate Office and each Unit 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.
- **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 channelize the expertise and talent of employees for growth performance, feedback, motivation and training. The achievements and efforts are appreciated, acknowledged & rewarded.

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

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

Policy on Prevention, Prohibition and Redressal of Sexual harassment of women at work place is in line with the requirements of the Sexual Harassment of women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. No complaint of sexual harassment was received in the year 2022-23.

### Details of proceedings pending under the Insolvency and Bankruptcy Code, 2016

During the year under review, no application was made and no proceeding is pending under the Insolvency and Bankruptcy Code, 2016 during the financial year 2022-23.

### One-time Settlement and Valuation

During the financial year 2022-23, no event has taken place that gives rise to reporting of details with respect to difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions.

### Implementation of Official Language Policy

The Company is making 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 respective Office/Unit to review the progress of use of Hindi in Official work. Total 36 meetings were held during the year 2022-23.

To promote the use of Hindi, 36 Hindi Workshops were organized during the year in which 997 employees actively participated. 'Hindi Pakhwara' was organized in all the Units/Offices of the Company to commemorate 'Hindi Diwas'. During the year 57 programmes/competitions were organized for promoting the use of Hindi and a total 1773

employees participated in them out of which 531 participants were awarded prizes. Besides, under 'Cash Incentive Scheme' 85 employees were given cash prizes for doing their official work in Hindi.

Two half yearly meetings were successfully conducted in compliances of the conduct and heading of Town Official Language Committee (Undertaking), Noida on 22-07-2022 and 22-11-2022 by NFL, Corporate Office through video conferencing under the Chairmanship of Chairman & Managing Director of NFL in which 68/77 nos. of nominated heads of members offices and other Official Language Officer attended the meeting.

During the year 2022-23, the First Sub-committee of the Parliamentary Committee on Official Language successfully conducted the Inspection/Tour programme regarding the use of Official Language at Zonal Office, Lucknow on 19.05.2022, Area Office, Gorakhpur on 04.01.2023, Area Office, Agra on 11.01.2023, Area Office, Jodhpur on 13.01.2023 and Area Office, Patna on 27.02.2023 respectively.

NFL, Corporate Office, Noida was awarded First Prize for its excellent work in the field of official language implementation in the "Hindi Advisory Committee" meeting held in New Delhi on 23.06.2022 under the Chairmanship of the Hon'ble Minister of Chemicals and Fertilizers. Also, special honor was given to NFL Official Language Officer in the said meeting. All Units/ Offices of NFL participated in the "Rajbhasha Sammelan" at Surat (Gujrat) organized by Department of Official Language, GOI, from 14-15 September, 2022.

NFL's Bathinda Unit was awarded "Rajbhasha Shield" – First Prize, under PSU category for its commendable work in the field of official language during the year 2020-21 by TOLIC, Bathinda in November, 2022 and TOLIC, Chandigarh on 24.11.2022 bestowed NFL's Zonal Office, Chandigarh with "Rajbhasha Shield"– First Prize, under Board/ Corporation/Undertaking category for its commendable work in the field of official language during the year 2020-21.

The Ministry of External Affairs, Government of India organized 12<sup>th</sup> 'World Hindi Conference' from February 15<sup>th</sup> to 17<sup>th</sup>, 2023 at Nadi City, Fiji. In this conference, Hindi scholars, litterateurs, journalists, linguists and Hindi lovers from all over the world gathered on one platform. NFL, Corporate Office, Noida was represented by senior officials.

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is functional in all Units/ Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs / STs. Liasion Officer has been appointed in each Unit / Office and Chief Liasion 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. A statement showing representation of employees belonging to Scheduled Caste/Scheduled Tribes/Other Backward Classes/ Persons is appended as **Annexure-12** forms part of this Report.

### Presidential Directives

Schedule of Compliances with Presidential Directive issued during financial year 2022-23 and during last three year preceding the financial year 2022-23 is as below:

Financial Year	Content of Presidential Directives	Compliance
2022-23	NIL	NIL
2021-22	NIL	NIL
2020-21	NIL	NIL
2019-20	NIL	NIL





### Information Technology

Company has embarked on a journey to become an IT enabled organization to improve operational efficiencies and has made significant investments in digital assets and new technologies intending to address the company's future needs.

Major digital initiatives include implementation of centralized Dispatch Management System, Marketing Management & Information System, Human Resource Management System, Employees Self Service portal and On-line APAR system which are handled at Data Centre of Corporate Office, Noida. Recently PRMS (Post-Retirement Medical Scheme) portal has been made live for extending the medical benefits to the eligible ex-employees of NFL and their spouse.

In order to have secure access to business applications, SDWAN solution has been implemented. To reduce the downtime of internet access, redundant internet leased lines had been replaced at each Manufacturing Units, Zonal Offices and Corporate Office, Noida. To prevent cyber threats, UTM based security appliances have been installed.

E-Office application has been implemented across the organization. This initiative has given the twin benefit of being environment friendly (i.e. a step towards paperless office) and has resulted in reduction in file processing time, thus speeding up decision making.

To address the company's future needs, implementation of ERP solution SAP S4/HANA is under progress which is an integrated business solution and will increase productivity, efficiency and will provide data on real time. The project is named as 'SANGAM' - Software Aligned for NFL's Growth and Modernization.

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

During the FY 2022-23, there was no material impact of CoVID-19 pandemic on the operations and performance of the Company.

### AUDITORS

#### Statutory Auditors

The Statutory Audit of your Company was conducted by Chartered Accountants firms M/s. Arun K. Agarwal & Associates, Chartered Accountants and M/s Dhawan & Co., Chartered Accountants, Joint Auditors appointed by Comptroller & Auditor General of India (C&AG). Auditor's Report on the Financial Statements including consolidated Financial Statements of the Company for the financial year 2022-23 is attached.

Proposal authorising Board of Directors to decide & fix remuneration of Statutory Auditors appointed/to be appointed by the Comptroller and Auditor General of India for the F.Y. 2023-24 is placed for your approval.

### Explanation in response to Auditor's Qualification

Statutory Auditors of the Company have issued an Audit Report with Unmodified opinion on Audited Financial Results of the Company (Standalone & Consolidated) for the financial year ended 31.03.2023.

### Comments of C&AG

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

### Cost Auditors

As prescribed under Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules,





2014, the cost accounting records are being maintained by all the Units of the Company. Cost Audit for 2022-23 was carried out by Cost Auditors M/s K.G. Goyal & Associates, M/s Ravi Sahni & Co., M/s Ramanath Iyer & Co. and M/s R. K. Patel & Co., as prescribed under the Companies Act, 2013 and Rules framed thereunder. M/s Ramanath Iyer & Co. acted as the Lead Cost Auditor. Consolidated Cost Audit Report for the financial year 2021-22 was filed with Ministry of Corporate Affairs (MCA) on 07.09.2022.

### Internal Auditors

Company has an Internal Audit Department headed by Deputy General Manager. To carry out Non-technical Audit, your company had appointed nine Chartered Accountant firms namely M/s. S.K.Mehta & Co, M/s. G.S. Mathur & Co., M/s. Raj HarGopal & Co., M/s J.Singh & Associates, M/s. Goyal Parul & Co., M/s. Chaturvedi & Co., M/s.S.N. Kapur & Associates, M/s. Amit Ray & Co., and M/s J.K.S.S & Associates for the year 2022-23. Technical Audit and IT/EDP Audit were carried out by in-house internal audit teams.

### Secretarial Auditors

M/s Kumar Naresh Sinha & Associates, Practicing Company Secretaries was appointed by the Board for undertaking the Secretarial Audit for the Financial Year 2022-23 in terms of Section 204 of Companies Act, 2013 and Rules made there under. Secretarial Audit Report for the year 2022-23 and Management's explanation to Secretarial Auditor's observations are appended as **Annexure-13** which forms part of this Report.

Annual Secretarial Compliance Report for the Financial Year ended 31.03.2023 issued by M/s Kumar Naresh Sinha & Associates, Practicing Company Secretaries, under Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as **Annexure-14** which forms part of this Report.

### Compliance with Secretarial Standards

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

### Audit Committee

The detailed disclosures have been made in the Corporate Governance Report annexed to this report.

### Nomination & Remuneration Committee and Remuneration Policy

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

### Stakeholders Relationship Committee

Disclosures regarding Stakeholders Relationship Committee are given in the Corporate Governance Report annexed to this report.

### Corporate Social Responsibility and Sustainable Development Committee

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

### Company's policy on Director's appointment and remuneration

Ministry of Corporate Affairs has granted exemption vide notification No. GSR463 (E) dated 05.06.2015 to the Government Companies from the provisions of Section 134(3)(p) of the Companies Act, 2013. Director's





appointment and remuneration is decided by the Government of India. Keeping in view the exemption, no Remuneration Policy has been formulated.

### Board & Committee Meetings

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

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

The Annual Return of the Company will be made available on the website of the Company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

### Investor Education and Protection Fund

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

During the year 2022-23, an amount of ₹ 99,366 of unpaid/unclaimed dividend amount was transferred to Investor Education and Protection Fund on account of unpaid/unclaimed dividend. Accordingly as per Section 124(6) of the Companies Act, 2013 and Rules notified thereunder, 13087 shares were transferred to demat account of IEPF. The details of the unpaid/unclaimed dividend and shares transferred to IEPF Account for the previous years are available at the website of the Company [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

### Listing

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

### Listing Fee

Company has paid requisite listing fee to the stock exchanges during the year 2022-23.

### Service to Shareholders

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

### Code of Conduct

Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31.03.2023. Code of Conduct has been uploaded on the website of the Company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

### Corporate Policies & Codes

Details regarding various corporate policies & codes are given in the Corporate Governance Report and also available on the website of the Company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

### Disclosure pursuant to FEMA Regulation

FEMA Regulations applicable to Companies owned or controlled by non-resident entity(s) are not applicable to NFL.

## Key Business Development

Overview of the Indian & Global fertilizer industry is given in the Management Discussion & Analysis Report annexed to this report.

## Disclosure regarding Mis-appropriation of Funds

Statutory Auditors in its report emphasized regarding fraudulent misappropriation of seed stock amounting to ₹ 0.64 crore by a Wheat Seed Producer under Warehousing and Processing of Wheat Seed Agreement with the Company during the year. The Company has filed a police complaint in the matter.

## Disclosure regarding frauds

No fraud has been reported by the Auditor to the Audit Committee or to the Board, during the financial year 2022-23.

## Details of the sickness of the Company

Not applicable.

## Management

### Key Managerial Personnel (KMP)

In compliance with provisions of Section 203 of the Companies Act, 2013, Key Managerial Personnel (KMP) position as on 31.03.2023 is as follows:

Shri Atul Baburao Patil, had been appointed as Chairman & Managing Director (Addl. Charge) w.e.f. 01.09.2022.

Shri Hira Nand had been appointed as Chief Financial Officer w.e.f. 24.05.2022.

Shri Ashok Jha, Company Secretary.

Further, Shri U. Saravanan has been appointed as Chairman & Managing Director w.e.f. 16.06.2023.

## Board of Directors

### Changes in Composition

Shri Nirlep Singh Rai ceased to be C&MD w.e.f. 31.08.2022.

Shri Atul Baburao Patil was appointed as Additional Director [Director (Marketing)] w.e.f. 07.04.2022 in terms of DoF order 82/1/2021-HR- PSU (part) dated 25.03.2022 and was entrusted with Additional Charge of C&MD w.e.f. 01.09.2022 in terms of DoF order FI. No. 82/1/2014-HR-I dated 24.08.2022 for a period of three months which was extended for a period of three months w.e.f. 01.12.2022 vide DoF order 82/1/2014-HR-I dated 02.12.2022 which was further extended upto 15.06.2023 vide DoF order 82/1/2014-HR-I dated 27.02.2023. Further, Members of the Company appointed him as Director (Marketing), liable to retire by rotation through Postal Ballot resolution passed on 25.06.2022.

Shri Hira Nand was appointed as Chief Financial Officer w.e.f. 24.05.2022 & Additional Director [Director (Finance)] w.e.f. 17.06.2022 in terms of DoF order 82/3/2013-HR-PSU dated 17.06.2022. Further, Members of the Company appointed him as Director (Finance), liable to retire by rotation through Postal Ballot resolution passed on 03.09.2022.

Shri Rajan Kanwar was appointed as Additional Director [Director (Technical)] w.e.f. 21.10.2022 in terms of DoF order







82/1/2017-HR PSU-Part (1) dated 21.10.2022. Further, Members of the Company appointed him as Director (Technical), liable to retire by rotation through Postal Ballot resolution passed on 24.12.2022.

Shri Dharam Pal, Government Nominee Director absents himself from all the Meetings of Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board. Accordingly, he has ceased to be Government Nominee Director of the Company w.e.f. 10.06.2022.

Ms. Neeraja Adidam was appointed as Government Nominee Director (part time Government Nominee Director) on the Board of the Company w.e.f. 14.10.2021 vice Shri Partha Sarthi Sen Sharma in terms of Order No. 95/1/2019-HR-PSU dated 29.09.2021 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Further, members of the Company appointed her as Government Nominee Director, liable to retire by rotation through Postal Ballot resolution passed on 25.06.2022.

Dr. Prathibha A. was appointed as part time Government Nominee Director w.e.f. 03.08.2022 in terms of DoF order 95/1/2019-HR-PSU dated 20.07.2022. Further, Members of the Company appointed her as Government Nominee Director, liable to retire by rotation in 48<sup>th</sup> Annual General Meeting held on 29.09.2022.

Dr. Poonam Sharma, Shri Ritesh Tiwari and Shri Kashi Ram Godara were appointed as Non-official Independent Directors on the Board of the Company w.e.f. 12.11.2021 in terms of Order No. 78/2/2006-HR-PSU (pt II) dated 05.11.2021 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Further, members of the Company appointed them as Non-official Independent Directors, not liable to retire by rotation through Postal Ballot resolution passed on 25.06.2022.

Dr. Venkata Sarvarayudu Thota was appointed as Non-official Independent Director on the Board of the Company w.e.f. 30.11.2021 in terms of Order No. 78/2/2006-HR-PSU (pt II) dated 05.11.2021 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Further, members of the Company appointed him as Non-official Independent Directors, not liable to retire by rotation through Postal Ballot resolution passed on 25.06.2022.

Shri Jyoti Bhramar Tubid was appointed as Non-official Independent Director on the Board of the Company w.e.f. 21.04.2022 in terms of order 78/2/2006-HR-PSU (pt) dated 28.03.2022 issued by Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. Further, members of the Company appointed him as Non-official Independent Director, not liable to retire by rotation through Postal Ballot resolution passed on 25.06.2022.

In addition to above, Shri U. Saravanan was appointed as Additional Director (Chairman & Managing Director) w.e.f. 16.06.2023 in terms of DoF order F. No. 82/1/2014-HR-I dated 15.06.2023 for a period with effect from the date of his assumption of charge of the post till the date of his superannuation i.e. 31.01.2027 or until further orders, whichever is earlier.

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

### Re-appointment of Directors at the AGM

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Hira Nand (DIN: 09476034) and Dr. Prathibha A. (DIN: 09692712), will retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

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

All Independent Directors have given declaration that they meet the criteria of Independence as laid down in Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. In the opinion of the Board, the Independent Directors possess integrity and necessary expertise & experience.

### Re-appointment of Independent Directors

As per Section 149(10) of the Companies Act, 2013, none of the Independent Directors have been reappointed on the Board of the Company during the FY 2022-2023.

### Disqualifications of Directors

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

### Remuneration to Directors

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

### Performance evaluation of Board of Directors

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

### Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2022-2023 and of the profit of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Acknowledgements

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

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





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

**Registered Office:**

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

**Date: 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**  
Chairman & Managing Director  
DIN: 07274628



## Management Discussions and Analysis (MDA)

Annexure-I

### India Fertilizer Market

#### Fertiliser Production, Import & Sales during FY 2022 -23:

Production of Urea, DAP and NPKs in the country achieved a year-on-year increase of about 14%, 3% and 12% respectively, in the FY 2022-23. The total production of Urea, DAP and NPKs amounted to 28.49 million tons, 4.35 million tons and 10.04 million tons respectively, during this period.

Sales of Urea and DAP increased by 6% and 14% respectively, while sales of MOP and NPK decreased by 31% and 12% respectively, in comparison to FY 2021-22. The overall imports of fertilizers increased by 6% during FY 2022-23 compared to FY 2021-22. Imports of DAP and NPK Complex grew by 23% and 113% respectively, while imports of Urea and MOP decreased by 17% and 15% respectively, over the previous year.

The total urea production in the country has risen by 3.42 million MT (approximately 14%) in 2022-23, reaching to all time high of 28.49 million MT. This increase in production is due to commissioning of new HURL Urea plants at Barauni, Sindri & Gorakhpur along with contribution from Ramagundam plant (RFCL) and Matix. The Government's efforts to become AtmaNirbhar in the production of urea have borne fruits. Improved production and thus, availability resulted in reducing costlier imports of Urea by 1.52 million MT in 2022-23 over 2021-22, which declined by about 17%.

Production of DAP and complex fertilizers too has increased by around 3% and 12% respectively during the year. Simultaneously, their import has also increased due to high demand in 2022-23. The imports of DAP have risen by around 18%. Import of complex fertilizers has generally been low, but the imports also increased from 1.32 million MT to 2.82 million MT. Due to non-availability of sufficient quantities of raw materials, high input costs, production of these fertilizers is highly vulnerable. Further, there is unfair competition from imports of finished fertilizers. Taxation is also having adverse impact on viability of domestic production. Above factors are reflected in low capacity utilization of plants manufacturing complex fertilizers which are presently operating at 80% of their installed capacity. Due to unattractive returns on investment and other constraints investment in this sector has been stagnating for more than a decade.

With normal monsoon prediction, the demand for fertilizers is expected to grow further. The international prices of fertilizers and raw materials are plummeting from their peak levels in the year 2022 including natural gas. The FOB prices of urea and CFR price of DAP in February 2023 at USD 475/MT and USD 655/MT respectively have tumbled down by around 29% with respect to February 2022. During the same period, the CFR prices of major raw materials such as phosphoric acid, rock phosphate and ammonia too have declined by around 31%, 15% and 50% respectively. If the prices of these raw materials and finished fertilizers fall further in the near future, that will result in reduction of the cost of fertilizers and hence subsidy requirement for 2023-24. Use of combination of quality SSP and Urea, nano Urea, nano DAP etc. will also be helpful in supplementing supplies of fertilizers with increased level of self-sufficiency. Domestic productions of potash from various sources like molasses etc. where India is entirely dependent on imports are also being explored.

India fertilizer Industry will continue to make efforts to maximize production and imports, however, risks and challenges remain. The fertilizer industry has always been the backbone of Indian agriculture and will continue to make efforts in making the country AtmaNirbhar in production and supply of essential fertilizers.

Crisis of the past 3 years due to CoVID has once again brought food security to the forefront of global development agenda including India. Use of chemical fertilizers will continue to play a crucial role in meeting ever-growing demand of food grains with shrinking land availability for agriculture.





Fertilizer security is absolutely necessary for global as well as Indian food security. However, it should be ensured to make fertilizers use in agriculture sustainable and for this innovation in fertilizer and agriculture sectors involving development and use of more efficient fertilizer products, balanced and integrated use of fertilizers with organic manures, bio-fertilizers and secondary and micronutrients are necessary. Further, assessment of soil fertility status and better methods of fertilizer applications are also required.

### Segment Analysis:

Based on use of fertilizer products, Urea sub-segment is the most dominant, followed by DAP. Urea is the most commonly used fertiliser since it is less expensive than the other fertilisers. Excessive Urea use degrades soil levels, resulting in increased sales of DAP and other complex fertilisers.

### Growth of fertilizer industry in India:

Due to the favourable policy environment that stimulated investment in the public, cooperative and private sectors, the country's fertilizer production has surged. Currently, the country has 36 large-scale gas based urea manufacturing plants, 21 units producing DAP and complex fertilisers and 2 units producing Ammonium Sulphate as a by-product.

India now relies on imports for about 21% of its Urea requirements, 90% of its Phosphates requirements [as raw material or finished fertilisers (DAP/MAP/TSP)] and 100% of its Potash requirements. The government has encouraged Indian firms to establish joint ventures in nations with substantial fertiliser resources for production facilities with buy-back arrangements that help for long-term agreements for the supply of fertilizers input to India.

### Expenditure on fertiliser subsidies during the FY 2022-23:

GoI has significantly increased the fertilizers budget for the fiscal year 2022-23. Total available budget was ₹ 2,25,220 Crore for FY 2022-23 against the original allocation of ₹ 1,05,222 Crore i.e. an increase of about 114%. This increase in the budget ensured timely payments of subsidies to fertiliser companies and provides farmers with readily available fertilisers at reasonable prices throughout the year.

The budget allocation for fertilizer subsidy for FY 2023-24 is ₹ 1,75,100 crore which is about 22% less than the revised BE for 2022-23 i.e. 2,25,220. Budget for urea subsidy is ₹ 1,31,100 crore which is about 15% less. Similarly, the budget for P&K fertilizers subsidy is ₹ 44,000 crore which is reduced by 38%. The reason behind this reduction is due to significant downward trend in international prices of fertilizer related commodities. However, adequacy of allocation will depend on actual international prices of energy, fertilizers and raw materials during the year. The industry has no reason to worry on this count since the government has been prompt in making additional funds available when situation demanded during last three years.

The industry on its part, has continuously strived to ensure timely availability of fertilizers through domestic production and imports even at times with negative margins. The falling prices of fertilizers ironically have posed another challenge to the industry due to inventory of high cost raw materials and finished products. P&K sector is almost entirely dependent on import of raw materials due to lack of natural resources of phosphate and potash.

Timely announcement of subsidy rates under NBS policy, flexibility in deciding MRP which enables the industry to respond quickly to market conditions and to maintain production and import schedules and enabling the industry to earn reasonable return on the investment are a few measures which will help the industry ensure availability of quality fertilizers on time. Number of countries of the world has become vulnerable regarding food security due to CoVID followed by geopolitical crisis severely impacting availability and affordability of food.

### Indian Fertilizer Market Dynamics:

Food demand is expected to rise sharply over the next five years, owing to the country's rapid population increase.



Conversely, as urbanization levels rise, accessible arable land is anticipated to decline. Fertilizers are expected to play a significant influence in raising average agricultural yields per hectare. Despite great historical growth, India's fertiliser use is still extremely imbalanced. There are now a handful of states in India with very low fertiliser penetration. This offers plenty of room for planned growth. Rising rural incomes, combined with easy financing availability, are also expected to have a favourable impact on fertiliser usage in the country. Contract farming, in which the food processor (contractor) is supposed to give inputs in the form of technology and training to the farmer, is also projected to have a good impact on fertilizer usage.

Fate of fertilizer industry is intimately related to agriculture sector of the country. The performance of the agriculture sector has been very promising so far. The latest budget has measures to make it future-ready. It is very essential that in addition to ensuring food security of this vast nation, agriculture sector becomes sustainable and more remunerative to our farmers. Fertilizer industry will continue to play its role and help in greening the Indian agriculture.

Rating agencies has maintained a neutral outlook for the fertiliser sector for FY 2024, driven by the government of India's (Gol) continued policy-level support to the industry by way of the healthy subsidy budget of ₹ 1,75,100 crore. This is backed by a moderation in the raw material prices across urea coupled with the likelihood of a continued healthy demand in view of the Gol's focus to increase farmer income.

### Future of Indian Fertilizer Market:

First the pandemic due to CoVID-19 and then geopolitical conflict i.e. the conflict between Russia and Ukraine posed serious challenges to supply of adequate quantity of fertilizers to the farmers. India remains heavily dependent on import of fertilizers and fertilizer raw materials. There has been abnormal spurt in prices of these commodities. Very high energy prices also increased cost of production of indigenous fertilizers. The central government acted very proactively to facilitate both production and import of fertilizers. Government facilitated various agreements with foreign companies to supply of raw materials and fertilizers both for phosphatic and potassic fertilizers. But more importantly, allocation for fertilizers subsidy was increased to insulate the farmers from high prices. A hefty increase in fertilizer subsidy and hence practically no increase in farmers prices, ensured that fertilizer consumption and hence agriculture production were not affected in spite of all round negative impact on other sectors of the economy.

The focus should now shift to make Indian agriculture more productive, reducing its impact on environment and also reducing carbon footprint of fertilizer production. Nitrogen is the primary nutrient most used in agriculture. But its use efficiency remains poor in India which is in the range of 30-40%. The rest escapes to environment (water and air) contributing to greenhouse gases in atmosphere. Efforts to be made to increase Nitrogen efficiency from 30-40% in coming years by use of better fertilizer products like Nano urea, modified urea and other high efficiency products. It is important that integrated nutrient management which includes use of sufficient micronutrients and organics is adopted. Adoption of better agriculture systems like precision and protected farming can also help to improve fertilizer use efficiency. This will reduce the nitrogen requirement in the soil significantly. Further, there is need for increase in use of bio-fertilizers which will help to fix more nitrogen per annum from atmosphere. On the production front, at least part of nitrogenous fertilizers can be produced with green hydrogen/ ammonia, thus reducing use of fossil fuels.

Efficiency level of present fertilizer plants in the country is very high and comparable to best plants in the world. Therefore, there is little scope for further improvement of energy efficiency of existing fertilizer plants and hence reduction in carbon dioxide emission. Further improvement through plant modifications will be very small.

Improvement in nitrogen use efficiency will reduce cost of cultivation, reduce fertilizer subsidy and increase income of farmers. These measures will also reduce our dependence on imported natural gas.







In phosphate and potash, India is almost completely dependent on imports. India imports basic raw materials like sulphur and phosphate rock, intermediates like phosphoric acid, ammonia and sulphuric acid and finished products like DAP, complex fertilizers, muriate of potash (MOP) and sulphate of potash (SOP). There are challenges both on availability and price fronts. Events of last three years have increased these challenges. To address these challenges India has adopted multi-pronged strategy like opening of joint ventures abroad for production of phosphoric acid. Facilitation by Government for several agreements between Indian and foreign companies for supply of fertilizers and fertilizer raw materials. But the capacity of phosphoric acid plants in India is not fully utilized due to lack of availability of sufficient quantity of phosphate rock and unfair competition from imports. There is need for investment in phosphate rock mines abroad.

In case of potash, we face even more serious challenge in recent times due to non-availability of sufficient quantities of MOP in world markets. Investment in potash mines to increase potash-mining capacity and secure supplies is required.

## GLOBAL FERTILIZER OUTLOOK

### FERTILIZER SUPPLY

The three nutrients (N, P & K) have different levels of exposure to new supply from Russia and Belarus, based on investment in these countries. For nitrogen, almost one-third of the forecast capacity expansions between 2022 and 2026 are located in Russia or Belarus. This is similar to the share that was commissioned in the last five years, given the low cost of gas and favourable export positioning of the two countries.

The phosphate industry is the least exposed to capacity expansions in affected countries, because while around a quarter of new capacity between 2017 and 2021 was located in Russia, capacity expansions in the next five years to 2026 are located entirely outside of sanctioned countries (in Africa and East Asia).

Potassium is by far the most exposed nutrient to capacity disruptions, with more than 80% of forecast expansions located in Russia. There are some large scale projects not yet included in IFA's forecast [such as BHP's Jansen mine in Saskatchewan, Canada] but even in a best-case scenario, these projects are likely to become operational in 2026 at the earliest.

### Medium Term Outlook

In the medium-term (FY 2024 to FY 2026), global fertilizer demand is expected to continue its recovery, as can be differentiated by following scenario:

- In the pessimistic scenario, global fertilizer demand reaches 194.6 MT nutrients in FY 2026, 2 MT above FY 2019 but 9 MT below the FY 2020 level.
- In the optimistic scenario, global fertilizer demand reaches 202.1 MT, 9.5 MT above FY 2019 but 1.7 MT below FY 2020 level.

Trends in potassium consumption are expected to slow the recovery of total fertilizer use. Under the pessimistic scenario, global potassium consumption would reach only 36.6 MT in FY 2026, or just above the level reached 10 years before (36.2 MT in FY 2016) and well below the FY 2020 record level of 41.3 MT. Under the optimistic scenario, global potassium consumption would reach 38.3 MT in FY 2026, above the FY 2019 level (37.2 MT) but still well below the FY 2020 record level.

Global nitrogen and phosphorous consumption would also lag behind under the pessimistic scenario and remain below the FY 2020 record levels by the end of the outlook period. However, under the optimistic scenario, global nitrogen and phosphorous consumption would grow more quickly and exceed the FY 2020 record levels by FY 2026.

Under the pessimistic scenario, East Asia and South Asia are forecast to drive the global decline between FY 2021 and FY 2026. Under the optimistic scenario, Latin America is set to drive global growth over the five-year period.

### Fertilizer Industry Structure & Developments in India

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

In case of Urea, MRP is fixed by GoI and currently fixed at Rs. 5,360 per MT which is highly inadequate in respect of current cost of production / imported price.

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

Government of India increased fixed cost by Rs. 350 per tonne of Urea. However, Government is yet to consider the issue of minimum fixed cost of Rs. 2300 per tonne of Urea as very low fixed cost for some of the Urea Units including Vijaipur-I Unit of the company is affecting their viability.

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

Implementation of DBT which has aggravated the problem of working capital due to change of subsidy payment from supply to sale and lack of availability of domestic gas, increasing trend in the price of RLNG etc. adversely impacting the profitability of the Urea manufactures.

The response of fertilizer use to food grain productivity has been declining over the years due to multi-nutrient deficiencies cropping up in the soil. Apart from deficiencies of primary nutrients, widespread deficiencies of secondary and micro nutrients are affecting the soil health. To restore soil health for desired growth in agriculture, balanced and integrated use of various nutrients is required. To address the issue, there is ample opportunity to the industry to introduce many new products containing combination of various nutrients including primary, secondary and micro nutrients.

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

Country is also manufacturing Nano Urea. There are currently three Nano Urea plants operating in the country. Nano Urea is a nanotechnology based revolutionary Agri-input which provides nitrogen to plants. Application of 1 bottle of Nano Urea can effectively replace at least 1 bag of Urea. Nano Urea, in the coming times will ensure the progress of the farmers, increase their income. In this way it will change the future of farmers. It is the best green technology and provides solution of pollution. It saves the soil and also increases the production and hence is the best for the farmers. Further, Government's Expert Committee has also given approval to Nano DAP and it will also come to replace DAP shortly. Nano-DAP will immensely benefit farmers.





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

## Strength and Weakness

### Strengths

- ✓ Large player in domestic Urea Production (around 14% share in total production of the country).
- ✓ A multi-product Company with well established “Kisan” Brand except for subsidized fertilizers.
- ✓ Majority equity held by Govt.
- ✓ Pan India distribution and sales network with least marketing cost amongst Urea players in the Country.
- ✓ Three plants located in the most intensive fertilizers consuming States i.e. Punjab and Haryana.
- ✓ Manufacturing Facilities for Industrial Products.
- ✓ Skilled & Experienced workforce.
- ✓ Adequate Infrastructure for future expansion/sharing.
- ✓ Well established eco-system for Seed Production & Sale.
- ✓ Strong presence in the Southern market after commissioning of RFCL.

### Weaknesses

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

## Opportunities & Threats

### Opportunities

- ✓ Leverage of existing Pan India marketing network for undertaking trading and other businesses.
- ✓ Scaling up of production & sale of certified seeds.
- ✓ Increased capacity utilization of Nitric Acid & Ammonium Nitrate Plants at Nangal.
- ✓ Customized, Fortified, Water Soluble & Liquid Fertilizers for balanced fertilization.
- ✓ Manufacturing of Agro Chemicals.
- ✓ Marketing of Urea produced by RFCL
- ✓ Manufacturing of Nano Urea
- ✓ Providing O & M services to other Fertilizers Companies.



## Threats

- ✓ Increased Government regulations & procedures.
- ✓ Adverse demand supply scenario of Fertilizers due to adverse agro Climatic condition.
- ✓ Volatility in prices of Industrial Products.
- ✓ Decontrol of Urea.

## Revenue

The Company has achieved Revenue from Operations of ₹29,616.52 crore during 2022-23 as against ₹15,857.09 crore during previous year and total income of ₹29,809.14 crore during 2022-23 as against ₹15,882.70 crore during previous year as detailed below:

(in ₹ crore)

Particulars	2022-23	2021-22	Change
Sale of products (including subsidy)	29353.20	15603.96	13749.24
Sale of services	28.94	18.96	9.98
Other Operating revenue	234.38	234.17	0.21
Revenue from operations	29616.52	15857.09	13759.43
Other income	192.62	25.61	167.01
Total Revenue	29809.14	15882.70	13926.44

## Segment wise or product wise performance

### Urea and other fertilizers

Your Company has registered ever highest Urea production of 39.35 LMT with an overall capacity utilization of 121.81% during 2022-23 against 35.23 LMT achieved during 2021-22 CPLY.

Company achieved ever best Bentonite Sulphur production of 22302 MT against CPLY of 17076 MT achieving a growth of around 31%.

On the sales front, the Company has sale of Fertilizers of 66.72 LMT that includes sale of 39.96 LMT of own Urea, 5.36 LMT of Imported Urea, 8.39 LMT RFCL Urea and 13.01 LMT of Non-Urea Fertilizers including 0.22 LMT (22071 MT) of Compost during 2022-23 surpassing previous best of 54.60 LMT during 2021-22 which includes sale of 34.58 LMT of own Urea, 8.86 LMT of Imported Urea, 3.69 LMT RCFL Urea and 7.47 LMT Non-Urea Fertilizers including 0.27 LMT (26647 MT) of Compost. The detailed quantity of break-up of sale of urea and other fertilizers is as under:

(Lakh MT)

Product	2022-23	2021-22	Change
<b>1.Manufactured</b>			
a) Urea	39.96	34.58	5.38
b) Bentonite Sulphur	0.21	0.17	0.04
c) Bio-Fertilizers	0.01	0.01	0.00
<b>2.Traded Goods</b>			
a) Imported	12.17	6.41	5.76
b) Indigenous	14.37	13.43	0.94
<b>Total Fertilizers</b>	<b>66.72</b>	<b>54.60</b>	<b>12.12</b>





### Industrial Products

The Company registered sale of Nitric Acid of 81,108 MT during 2022-23 as compared to previous sale of 64,008 MT during 2021-22. The Company also recorded sale of Ammonium Nitrate to the tune of 26039 MT during 2022-23 as compared to sale of 24029 MT achieved during 2021-22. The sale of technical surplus Ammonia from its various units was 10019 MT during 2022-23 as against 37774 during 2021-22. The sale of Ammonia from RFCL, through marketing arrangement, was 18171.740 MT.

In terms of revenue generation from production and sale of Industrial products, the Company achieved sale of Industrial-Products (IP) comprising of Nitric Acid, Sodium Nitrate/ Nitrite, Ammonium Nitrate, Ammonia to the tune of ₹ 748.71 crore during 2022-23 against CPLY of ₹ 569.15 crore.

### Bio-Fertilizers

The Company sold 700 MT of Bio-Fertilizers (Solid & Liquid) to the tune of ₹ 2.51 crore in F.Y. 2022-23 as against 745 MT of ₹ 2.53 crore during CPLY.

### Import & sale of Fertilizers

The Company sold 12.17 LMT of imported non-Urea Fertilizers including DAP, MoP, APS, NPK etc. worth ₹ 8224.01 crore during 2022-23 against 6.41 LMT worth ₹ 3265.85 crore during 2021-22.

Apart from the above, NFL also sold 5.36 LMT (₹380.47 crore) of Urea imported in government account during FY 2022-23 as against 8.86 LMT (₹635.10 crore) during CPLY.

### Domestic Trading of Agro Products

The Company has registered total revenue of ₹ 288.12 crore towards trading of various agro products such as seeds, RFCL ammonia, pesticides & compost during the year against ₹ 219.57 crore during CPLY.

### Gross Sale Composition

Item	% of total Sale Composition		% Increase/(Decrease)
	2022-23	2021-22	
Urea(manufactured)	65.12	67.75	(2.63)
Other Products	34.88	32.25	2.63

Owing to progressive 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 65.12% while contribution of non-Urea business has increased to 34.88% during 2022-23.

### Projects completed / underway

The status of the NFL's ongoing projects is as under:

#### Setting up of manufacturing facilities for Agrochemicals at Bathinda

In order to make self-sufficient in Agro Chemicals business, NFL is setting up manufacturing facilities of Agro-chemicals at its Bathinda unit with the total CAPEX of approx. Rs 13 crore.

Completion of plant is in advance stage. Consent to establish (CTE) & Consent to operate (CTO) for manufacturing

facility has been obtained from Punjab Pollution Control Board (PPCB). Manufacturing license received from Deptt. of Agriculture, Punjab. Registration certificates for 133 Agrochemicals have been received from CIB&RC.

### Setting up of Nano Urea (Liquid) plant at NFL, Nangal

IFFCO has developed technology for production of Nano Urea (Liquid) fertilizer. In order to promote the use of Nano Urea in the country, NFL had signed MoU with IFFCO for providing technical information for setting up Nano Urea plant in the gracious presence of Hon'ble Cabinet Minister of Chemicals & Fertilizers and Health & Family Welfare & Hon'ble Minister of State of Chemicals and Fertilizers.

NFL Board in its 453<sup>rd</sup> meeting held on 12.08.2021 had also accorded in-principle approval for setting up of Nano Urea (Liquid) production plant of capacity of 1.5 Lakh (500 ml) bottles per day at any of NFL's existing units subject to financial viability of project. The plant will be set up at the existing premises of NFL Nangal plant.

The Capacity of plant shall be 4,95,00,000 bottles of Nano Urea of 500 ml per year (24750 KL). One bottle of 500 ml of Nano Urea is equivalent to one 45 kg Urea bag.

The subject project requires Environmental Clearance from MoEF & CC and for getting the same, public hearing was conducted on 27.04.2023 at site. EPCM consultants are being lined up for execution of project. Commercial production from the plant is expected in 2024.

### Seeds Processing Plants

NFL also produces Certified Seeds under its flagship Seeds Multiplication Program (SMP).

NFL has commissioned three Seed Processing Units (SPUs) in Bathinda, Panipat and one in Indore which commissioned on 24-04-2023, with a capacity of 20000 quintals per annum.

### Integrated Energy Saving Projects

The energy norms as per NUP-2015 were notified in 2015 wherein Nangal, Bathinda and Panipat were given target of 6.5 Gcal/MT of Urea while Vijaipur-I & II were given target of 5.5 Gcal/MT of Urea. These energy norms were envisaged to be implemented by April 2018. Later on DoF extended norms to October, 2020 & then further to 01-04-2022 for Nangal, Bathinda and Panipat and w.e.f 31.03.2023 for NFL Vijaipur-I.

In order to meet target energy norms set for Bathinda, Nangal & Panipat, the Company has installed Gas Turbine Generators (GTG) along with Heat Recovery Steam Generation (HRSG) Unit at a total project cost of Rs. 675 crore. GTG-HRSG at Bathinda & Nangal were put in commercial use from May'21, while same has been taken in line at Panipat in January, 2022.

Similarly, at Vijaipur, NFL retrofitted Syngas compressor with energy efficient rotors, changeover of LP stripper with MP stripper besides implementation of VAM/Chilling in process stream/GTG. All schemes at Vijaipur were completed in March, 2022.

After implementation of aforesaid Energy Saving Schemes, NFL units at Nangal, Panipat, Bathinda and Vijaipur-I achieved their ever lowest energy of Urea during 2022-23.

### Industrial Safety, Ecology & Pollution Control

Company strives to achieve excellence in improving employees occupational and personal health by minimizing health hazards and providing modern facilities. Company has well equipped hospitals at all the Units. In addition to that the employees have also access to specialized medical services wherever required. Employees also undergo periodic medical examinations. Company remained focused towards achieving sustained energy efficiency operations of its ageing manufacturing facilities while maintaining pollution free environment and process safety. All





manufacturing units continue to be ISO 9001, ISO 14001 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 integrated with Central and State Pollution Control Boards. Unit level Health and Safety Committees have been constituted at all the Units to address the health and safety issues. Quarterly review meetings are conducted regularly at all units. '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.

Afforestation has been adopted in all the Units to improve the environment surrounding the Units. Tree saplings were planted in and around various Units leaving a cleaner and greener earth for future generation. The cumulative plantation since commencement is about 8.85 lakhs for all the units.

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

## Outlook

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

- Maximization of Urea production in energy efficient manner.
- Maximization of production of Bentonite Sulphur & Bio-fertilizers.
- Maximization of production of Industrial Products including Ammonium Nitrate.
- Production of new products like Agro Chemicals, Water Soluble Fertilizer, Micronutrients, Zinc Solubilizing Bio-Fertilizer, Adblue etc.
- Production and sale of quality & certified seeds in own brand name through seeds multiplication program.
- Import and sale of fertilizers like Urea, DAP, MoP, Complex fertilizers, Water Soluble Fertilizer & Calcium Nitrate.
- Marketing of Urea manufactured by RFCL.
- Domestic trading of Agro products (Pesticides, Weedicides etc.), Compost, Water Soluble Fertilizers, Calcium Nitrate, SSP etc.
- Dividend from RFCL.
- Rationalization of manpower.
- New recruitment of manpower to meet the short fall arising out of massive retirements and future growth of the company.



## Risk & Concerns

The major risk & concerns of NFL are outlined below:

- Low operating margins in Urea due to tight regulations.
- Strict Energy Norms for all the plants under New Urea policy (NUP)-2015 (Dispensation sought from Gol for Vijaipur-I plant)
- Deletion of provision of minimum fixed cost retrospectively w.e.f. 02.04.2014 for Vijaipur-I.
- Dependence on subsidy. Delay in receipt of subsidy leads to higher interest cost.
- Lack of Internal resources (funds) for future investment.
- Bathinda, Nangal and Panipat being old plants consuming higher energy than new and large capacity plants.

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

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

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

## Corporate Social Responsibility

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

## Risk Management Policy

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

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

Under Risk Management policy, all the risks along with mitigation actions undertaken have been reviewed by Risk Assessment and Risk Management Committees. Some of the major risks having severe financial impact as identified by the company include disallowing of minimum fixed cost for Vijaipur-I Unit under MNPS – III w.e.f. 02.04.2014 and outstanding Subsidy due to delayed subsidy payment.

## Internal Control Systems and their adequacy

The Company has a sound system of internal controls that ensures compliance with statutory requirements, regulations and implementation of various policies and guidelines. Besides Statutory Audit by C&AG, regular and exhaustive internal audits are conducted by independent chartered accountant firms in close co-ordination with NFL's Internal Audit Division to examine, evaluate, monitor and report on adequacy and effectiveness of the system





of checks and balances is in place, compliance with policies, plans and statutory requirements to protect its resources against waste, fraud and in-efficiency and to ensure accuracy and reliability in accounting and operating data.

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

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

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

### Internal Financial Controls and its effectiveness

The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31.03.2023.

### Financial Performance

During the year, Company achieved revenue from operations of ₹ 29616.52 crore (including subsidy of ₹ 22265.30 crore) compared to ₹ 15857.09 crore of CPLY (including subsidy of ₹ 10714.82 crore). The sales turnover is mainly higher due to increase in average gas price from ₹ 7476/Gcal (US\$ 23.44/MMBTU) during the CPLY to ₹ 4678/Gcal (US\$ 15.82/MMBTU) during the year ended March, 2023.

During the year, company achieved profit before tax of ₹ 609.77 crore as against profit before tax of ₹ 144.82 crore during CPLY. PBT has increased mainly due to Department of Fertilizers notification dated 18-11-2022 conveying the extension of Revised Energy Norms of NUP-2015 for 14 Urea Manufacturing Units including 4 units of NFL i.e. Nangal, Bathinda, Panipat and Vijaipur-I higher production and sale of Urea, lower energy consumption etc.

Short term borrowings of the Company as at 31.03.2023 stood at ₹ 3456.22 crore, including cash credit utilization, short term loans and working capital demand loan etc. as compared to ₹ 2539.83 crore as at 31.03.2022. The short term borrowings have increased by ₹ 916.39 crore as on 31.03.2023 as compared to CPLY mainly due to increase in STL as compare to CPLY.

### Analysis of the Financial Performance of the Company:

#### a) Revenue from Operations

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Revenue from Operations	29616.52	15857.09	87

**Reason for variation:**

The sales turnover was increased mainly due to increase in average gas price from US\$ 15.82/MMBTU during the CPLY to US\$ 23.44/MMBTU during the year ended 31.03.2023.

**b) Materials Consumed**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Materials Consumed	10662.63	6219.44	71

**Reason for variation:**

The increase in materials consumed is mainly due to increase in average price of gas to US\$ 23.44/MMBTU during current year as compared to US\$ 15.82/MMBTU during CPLY.

**c) Finance Cost**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Finance Cost	301.64	132.96	127

**Reason for variation:**

Finance Cost increased mainly due to increased interest on working capital loans (including interest cost on trading activities) by ₹ 149.19 crore due to average higher interest rates (5.71% as compared to 3.91% during CPLY) and higher average borrowings (₹4141 crore as compared to ₹2316 crore during CPLY).

**d) Repairs & Maintenance**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Repairs and Maintenance	83.34	95.93	(13)

**Reason for variation:**

Repair and Maintenance has decreased by 13% during 2022-23 as compared to CPLY.

**e) Employees Benefits**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Employee Remuneration & Benefits	659.14	648.90	2

**Reason for variation:**

Employee Benefit Expenses has increased due to normal increments etc.

**f) Power and Fuel**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Power and Fuel	6439.04	4040.27	59

**Reason for variation:**

Power and Fuel expenses have increased mainly due to increase in average price of gas to US\$ 23.44/MMBTU during current year as compared to US\$ 15.82/MMBTU during CPLY.




**g) Freight and Handling**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Freight and Handling	1043.16	845.84	23

**Reason for variation:**

Freight & Handling expenses have increased mainly due to higher dispatches of own Urea (by 5.59 LMT) and higher sale of imported fertilizers by 6.19 LMT along with increase in rate of freight and handling charges.

**h) Other Expenses**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Other Expenses	460.84	213.95	115

**Reason for variation:**

Other expenses have increased mainly due to write off of advance for supply of urea amounting ₹ 129.64 crores given to M/s KARSON, Fixed asset (GTG plant) write off amounting ₹ 65.43 crores, higher provision for doubtful advances and debt by ₹ 17.33 crores.

**i) Other Income**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Other income comprising of interest income and other non-operating income.	192.62	25.61	652

**Reason for variation:**

Mainly on account of Provision no longer required written back amount ₹ 129.64 crores on account of advances for import of urea from M/s KARSON and exchange rate variation.

**Financial Status**
**a) Fixed Assets**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Tangible Assets	3967.27	4227.51	(6)
Intangible Assets	1.41	2.03	(31)
Capital work in progress	147.27	112.15	31
Intangible Assets under development	30.44	26.34	16
<b>Total</b>	<b>4146.39</b>	<b>4368.03</b>	<b>(5)</b>

**Reason for variation:**

The decrease was mainly on account of decrease in Tangible assets by ₹ 260.24 crore which was partially offset by increased CWIP by ₹ 35.12 crore and increase in intangible assets under development by ₹ 4.10 crores.



**b) Non-current Investment**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Investments (Net of Provisions)	491.48	491.48	-

**Reason for variation:**

No change in Non-current investment

**c) Inventories**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Raw Materials	5.25	5.76	(9)
Stores and Spares (Incl. packing material)	193.14	204.53	(6)
Semi-finished/finished products (incl. traded)	2845.87	2018.48	41
Others (carbon slurry)	25.55	26.52	(4)
<b>Total</b>	<b>3069.81</b>	<b>2255.29</b>	<b>36</b>

**Reason for variation:**

Inventories increased mainly due to increase in international price of P&amp;K fertilizers.

**d) Trade Receivables**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Gross Debtors – FICC	3522.11	2642.62	33
- Others	636.86	187.54	240
Less: Provision for Doubtful Debts	(40.44)	(21.70)	86
<b>Net Debtors</b>	<b>4118.53</b>	<b>2808.46</b>	<b>47</b>

**Reason for variation:**

Trade Receivables have increased during 2022-23 mainly due to higher subsidy receivable from Government of India due to increase in Gas price and higher sale of fertilizers.

**e) Current Assets – Other Financial Assets**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Other Financial Assets	49.97	95.50	(48)

**Reason for variation:**

Other Financial Assets decreased mainly due to decrease in Claim receivables by ₹ 46.36 crore during the year 2022-23.




**f) Current Liabilities**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Short Term Borrowings	3456.22	2539.83	36
Trade Payables	1755.93	1448.34	21
Other Financial Liabilities	1730.91	1015.39	70
Provisions	109.97	239.36	(54)
OCL	162.95	176.73	(8)
<b>Total</b>	<b>7215.98</b>	<b>5419.65</b>	<b>33</b>

**Reason for variation:**

The current liabilities are increased during 2022-23 due to increase in short term borrowing and increase in trade payable to Gas suppliers.

**g) Non-current Liabilities**

(in ₹ crore)

Particulars	FY 2022-23	FY 2021-22	Change (%)
Long Term Borrowings-SBI	534.71	629.73	(15)

**Reason for variation:**

Long term borrowing has decreased, due to repayment of Loan as per RTL agreement.

**Human Resource Management**

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

The Company has manpower strength of 2964 regular employees as on 31.03.2023, which comprises 1454 Executives and 1510 Non- Executives. 197 women employees are on its roll, which is 6.65% of the total work force.

To improve skills and instill behavioral and personality development traits in all supervisory staff and managerial cadre, NFL organized number of training programmes (in-house as well as external) on contemporary subjects during the year. The training programmes were identified through Performance Management System by synchronizing organizational needs with individual needs. The Company also organized specially designed training programmes for developing women employees in various areas of expertise. In these diverse programmes, 15761 man-days training were imparted to employees and 1257 man-days training to women employees.

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

The industrial relations at all Units/ Offices of NFL during 2022-23 remained cordial.



### Details of Significant changes in Key Financial Ratios

Details of Significant changes in Key Financial Ratios have been detailed in Note 64 of Financial Statement for FY 2022-23.

### 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-III,  
7, Institutional Area, Lodhi Road, New Delhi-110003.

**Date: 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**

Chairman & Managing Director

DIN: 07274628





# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1.	Corporate Identity Number (CIN)	L74899DL1974GOI007417
2.	Name of the Listed Entity	NATIONAL FERTILIZERS LIMITED
3.	Year of incorporation	1974
4.	Registered office address	Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi – 110003
5.	Corporate address	A – 11, Sector – 24 Noida Distt. Gautam Budh Nagar – 201301
6.	E-mail	cs@nfl.co.in
7.	Telephone	0120-2412383
8.	Website	www.nationalfertilizers.com
9.	Financial year for which reporting is being done	2022-23
10.	Name of the Stock Exchange(s) where shares are listed	NSE / BSE
11.	Paid-up Capital	INR 490.58 Crore
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. P Parthiban Dy. General Manager (Business Expenditure Control & Compliance) Telephone : 0120-2412294/2412445 Ext.3623 Fax: 0120-2412397 Email : parth@nfl.co.in
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone

### II. Products/services

#### 14. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacture and sale of fertilizer - Urea	a) Manufacture & Sale of fertilizer Grade Urea, Bentonite Sulfur and other industrial products. b) Trading of other fertilizers & Agrochemicals	>90



**15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

Sr. No.	Product / Service	NIC Code	% of total Turnover contributed
1.	Manufacture & Sale of Urea	20121	65.12
2.	Trading of Fertilizers and Agrochemicals	46692	31.96
3.	Manufacturing of Industrial Products	20123	2.00

\* Based on 2022-23 data.

**III. Operations**
**16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	Five	Five	Ten
International	Nil	Nil	Nil

**17. Markets served by the entity:**
**a) Number of locations**

Locations	Number
National (No. of States)	21
International (No. of Countries)	Nil

b) What is the contribution of exports as a percentage of the total turnover of the entity?

**Nil**

c) A brief on types of customers

**The entity is engaged in manufacturing and trading of mainly Agro Inputs which is supplied to customers (Farmers) through Wholesale and Retail dealers.**

**IV. Employees**
**18. Details as at the end of Financial Year:**

a) Employees and workers (including differently abled):

S.No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	1454	1355	93.20	99	6.80
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total employees (D + E)</b>	<b>1454</b>	<b>1355</b>	<b>93.20</b>	<b>99</b>	<b>6.80</b>
<b>WORKERS</b>						
4.	Permanent (F)	1510	1412	93.50	98	6.50
5.	Other than Permanent (G)	-	-	-	-	-
6.	<b>Total workers (F + G)</b>	<b>1510</b>	<b>1412</b>	<b>93.50</b>	<b>98</b>	<b>6.50</b>





b) Differently abled Employees and workers:

S.No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	10	10	100	0	0
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total differently abled employees (D + E)</b>	<b>10</b>	<b>10</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	40	38	95	2	5
5.	Other than permanent (G)	-	-	-	-	-
6.	<b>Total differently abled workers (F + G)</b>	<b>40</b>	<b>38</b>	<b>95</b>	<b>2</b>	<b>5</b>

#### 19. Participation/ Inclusion/ Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	11	3	27.27
Key Management Personnel *	26	2	7.69

\* Includes Senior Management

#### 20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY 2022-23 (Turnover rate in Current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	10.11	0.33	10.44	10.44	0.25	10.69	6.67	0.43	7.10
Permanent Workers	7.01	0.33	7.34	7.26	0.39	7.65	6.03	0.42	6.45

#### V. Holding, Subsidiary and Associate Companies (including joint ventures)

##### 21. (a) Names of holding / subsidiary / associate companies / joint ventures

Sr. No.	Name of the holding/ subsidiary/associate companies/ joint ventures (A)	Indicate whether Holding/Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A; participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Urvarak Videsh Limited (UVL)	Associate	33.33	NA
2.	Ramagundam Fertilizers and Chemicals Limited (RFCL)	Associate	26	-

## VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes
- (ii) Turnover (in Rs.) : 29616.52 Crore
- (iii) Net worth (in Rs.) : 2773.83 Crore

## VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	-	-	-	-	-	-	-
Investors (other than shareholders)	-	-	-	-	-	-	-
Shareholders	Yes	Nil	Nil	-	Nil	Nil	-
Employees and workers	Yes	5	Nil	-	-	-	-
Customers	-	11	Nil	-	36	Nil	-
Value Chain Partners	-	14	Nil	-	-	-	-
Other (please specify)	-	-	-	-	-	-	-

## 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format





Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	<p><b>Plastic waste Management rules-2016 :</b></p> <p>MOEF &amp; CC has notified "Plastic Waste Management Rule 2016 (amended)" wherein fertilizer manufacturing companies have to get registered with State Pollution Control Board/ Central Pollution Control Board as Brand Owner and prepare an action plan on collecting back the plastic waste and its disposal.</p>	<b>Risk</b>	<ul style="list-style-type: none"> <li>As per latest draft Notification dated 06.10.21 on the matter, 35% recycling of Plastic Waste generated is required to recycle in year 2021-22 and 70% in 2022-23.</li> <li>In the FY 23-24, it is necessary to recycle all the 100% plastic waste generated, which amounts to approximately 16000 MT.</li> </ul>	NFL has fulfilled recycling of Plastic Waste for the FY 2021-22 & FY 2022-23. However for current year 2023-24 tender is being floating to engage agencies accordingly.	<p><b>Negative</b></p> <ul style="list-style-type: none"> <li>Estimated expenditure for current year is about Rs 3 crore considering 100% recycle.</li> <li>Urea is sold at Gol controlled price. Additional expenditure will impact the financials of the company.</li> <li>However above will bring sustainability in the business thus considered as opportunity.</li> </ul>
2.	Tightening of Energy norms by DoF	<b>Risk</b>	<ul style="list-style-type: none"> <li>Already Gol has implemented revised target energy norms under NUP-2015 for Nangal, Bathinda and Panipat from 1<sup>st</sup> April, 2022 whereas same has been implemented from 1<sup>st</sup> April, 2023 for Vijaipur-I.</li> <li>It is expected that Gol will further tighten energy norm by 2025 and in such a case, non-meeting of energy norms, company operations shall be unviable. However there is opportunity to implement energy saving scheme measures &amp; reduce carbon footprints.</li> </ul>	<ul style="list-style-type: none"> <li>To meet revised Norms of NUP-2015, NFL has already spent more than Rs 1000 Crore.</li> <li>However for further energy reduction, NFL is carrying out study through process licensors.</li> <li>Further NFL has requested to DoF to exempt Vijaipur from NUP-2015 target energy norms.</li> </ul>	<p><b>Negative</b></p> <ul style="list-style-type: none"> <li>NFL has completed the energy saving projects by March 2022 leading to reduction of energy consumption and reduction of carbon footprints by more than 25%.</li> </ul>



## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and Management Processes</b>									
1. a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) <b>Yes</b> b) Has the policy been approved by the Board? (Yes/No) <b>No</b> c) Web Link of the Policies, if available <b>No</b>	The Principles of the NGRBC are, by and large, included in various policies, Vision and Mission statements of the company, even though there is no consolidated policy which covers all the nine principles of NGRBC.								
2. Whether the entity has translated the policy into procedures. (Yes / No) <b>No</b>									
3. Do the enlisted policies extend to your value chain partners? (Yes/No) <b>No</b>									
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO-9001, ISO-18001			ISO-14001		ISO-9001			
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Principles of the NGRBC are, by and large, included in various policies, Vision and Mission statements of the company, even though there is no consolidated policy which covers all the nine principles of NGRBC.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.									
<b>Governance, Leadership and Oversight</b>									
7. Statement by Director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	<b>Mr. U. Saravanan Chairman &amp; Managing Director</b>								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	<b>No</b>								





10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	No									N.A.								
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	All NFL Units are in Compliance with statutory requirements																	
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.										P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
									No									

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	No	No	No	No	No	No	No	No	No
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	No	No	No	No	No	No	No	No	No
It is planned to be done in the next financial year (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Any other reason (please specify)	-	-	-	-	-	-	-	-	-

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

### PRINCIPLE 1: Businesses should conduct and govern them with integrity, and in a manner that is Ethical, Transparent and Accountable.

#### Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programs held	Topics/principles covered under the training and its impact	%age of persons in respective category by the awareness programs
Board of Directors	5	<ul style="list-style-type: none"> <li>Orientation Programme by Department of Public Enterprises</li> <li>Corporate Governance for Directors, Independent Directors &amp; KMPs</li> <li>Fertilizers Sector by 2023</li> </ul>	72.7%
Key Managerial Personnel (KMP) (including Senior Management)	86	<ul style="list-style-type: none"> <li>Project Mind Set - the key to Competitiveness,</li> <li>Public Procurement Process &amp; CVC Guidelines,</li> <li>Retirement: A Milestone for better tomorrow,</li> <li>Programme on Safety Culture Transformation,</li> <li>Programme on Low Carbon Pathways for Industrial Sector,</li> <li>Operation and Maintenance problems of Ammonia Plant,</li> <li>Operation and Maintenance Problems of Urea Plant,</li> <li>Hazard Identification and Risk Assessment,</li> <li>Team Building, Collaboration and Cohesiveness,</li> <li>Recent Developments in Catalysis in Process Industry,</li> <li>“Only one Earth”</li> <li>Production and use of Green Hydrogen and Green Ammonia in Process Industry,</li> <li>Importance of Safety Work Permit,</li> <li>Health and Happiness Programme by Art of Living,</li> </ul>	71.4%





Segment	Total number of training and awareness programs held	Topics/principles covered under the training and its impact	%age of persons in respective category by the awareness programs
		<ul style="list-style-type: none"> <li>• Preventive Vigilance – Tool for Corruption Free India for a developed Nation,</li> <li>• Industrial Safety Awareness Programme,</li> <li>• Organizational Change Management, Case Study Discussion on Bhopal Gas Tragedy,</li> <li>• Capacity Building and Leadership Development,</li> <li>• Stress Management and Work Life Balance,</li> <li>• Green Growth through Green Ammonia and Green Hydrogen,</li> <li>• Internal Auditor Training on IMS ISO 9001:- 2015, ISO 14001:2015, ISO 45001:2018,</li> <li>• Review of Risk, Opportunities, Environment aspects,</li> <li>• Implementation of Energy Management Systems (ISO 50001 :2018),</li> <li>• Developing Occupational Safety, Health and Welfare,</li> <li>• Safety in Chemical and Other Hazardous Industries,</li> <li>• Team Building, Collaboration and Cohesiveness.</li> <li>• Training of IO/PO,</li> <li>• E Procurement,</li> <li>• Fertilizer Logistics - Port handling Operations and Coastal Shipping,</li> <li>• Recruitment Rules and Rosters,</li> <li>• Procurement by CPSEs from MSEs and through GeM,</li> <li>• Fertilizers Sector by 2023,</li> <li>• Corporate Governance for Directors, Independent Directors &amp; KMPs.</li> </ul>	
Employees other than BOD and KMPs	318	<ul style="list-style-type: none"> <li>• Preventive Vigilance Strategies- Focusing on Vulnerable Areas,</li> <li>• Purchase Procedure,</li> <li>• Sustainable built Environment for Future,</li> <li>• Project Mind Set - the key to Competitiveness,</li> <li>• Role of Employee participation in Improving</li> </ul>	48.6%





Segment	Total number of training and awareness programs held	Topics/principles covered under the training and its impact	%age of persons in respective category by the awareness programs
		<p>Occupational Safety and Health at Work Place,</p> <ul style="list-style-type: none"> <li>• Financial Awareness &amp; Money Management talk,</li> <li>• First Aid &amp; CPR,</li> <li>• “Only one Earth”</li> <li>• Production and use of Green Hydrogen and Green Ammonia in Process Industry,</li> <li>• “Presidential Directives on Reservation”,</li> <li>• Importance of Safety Work Permit,</li> <li>• Health and Happiness,</li> <li>• Onsite Emergency Plan and different types of hazards and their remedial measures,</li> <li>• Stores Manual,</li> <li>• HDPE Bag Testing Procedure,</li> <li>• Preventive Vigilance – Tool for Corruption Free India for a developed Nation,</li> <li>• Industrial Safety Awareness Programme,</li> <li>• Start up of Primary Reformer &amp; Trip Interlock System,</li> <li>• Procurement of Services through GeM Portal,</li> <li>• Organizational Change Management,</li> <li>• Capacity Building and Leadership Development,</li> <li>• Stress Management and Work Life Balance,</li> <li>• Green Growth through Green Ammonia and Green Hydrogen, Passion for Performance,</li> <li>• Internal Auditor Training on IMS ISO 9001:2015, ISO 14001:2015, ISO 45001:2018,</li> <li>• Review of Risk, Opportunities, Environment aspect,</li> <li>• Implementation of Energy Management Systems (ISO 50001:2018),</li> <li>• Developing Occupational Safety, Health and Welfare,</li> <li>• Safety in Chemical and Other Hazardous Industries,</li> <li>• Team Building, Collaboration and Cohesiveness”,</li> </ul>	





Segment	Total number of training and awareness programs held	Topics/principles covered under the training and its impact	%age of persons in respective category by the awareness programs
		<ul style="list-style-type: none"> <li>• Reservation Policy for SCs/STs/ OBCs/ EWS in Services etc.</li> <li>• Training of IO/PO,</li> <li>• E Procurement,</li> <li>• Leadership for Women Officials,</li> <li>• Recruitment Rules and Rosters,</li> <li>• Training for Company Secretaries of CPSEs,</li> <li>• Training program on RTI,</li> <li>• Administrative Vigilance with Disciplinary Rules &amp; Procedures,</li> <li>• Key Features of Various Labour Codes,</li> <li>• Transparency Audit with respect of compliance under Section 4 of RTI Act, 2005 &amp; Right to Information Act,</li> <li>• Procurement by CPSEs from MSEs and through GeM,</li> <li>• Fertilizers and Food Security Challenges and Way Forward,</li> <li>• Fertilizer Logistics, Port Handling Operations and Coastal Shipping,</li> <li>• A New Paradigm of Holistic Health,</li> <li>• Fertilizers Sector by 2023,</li> <li>• Startup &amp; Shut down activities of GTG,</li> <li>• Contract Labour Management.</li> </ul>	
Workers	116	<ul style="list-style-type: none"> <li>• Induction Programme for newly joined Non-Executives in Technical Disciplines,</li> <li>• Role of Employee participation in Improving Occupational Safety and Health at Work Place,</li> <li>• Prevention of sexual Harassment at Work place,</li> <li>• Loco Operation Training,</li> <li>• Participative Safety &amp; Health in Hazardous Process Factories etc., Passion to Performance, Stress Management,</li> <li>• Procurement of Services through GeM Portal,</li> <li>• Anti Fraud Policy.</li> </ul>	44.4%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by Directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year:

**For matters pertaining to companies Act, 2013 and SEBI Regulations, No fine or penalties have been paid by the entity or by Directors / KMPs.**

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine			Nil		
Settlement			Nil		
Compounding fee			Nil		
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions		Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment			Nil		
Punishment			Nil		

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

**For matters pertaining to companies Act, 2013 and SEBI Regulations, No fine or penalties have been paid by the entity or by Directors / KMPs.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Nil

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

**Yes, [www.nationalfertilizers.com/](http://www.nationalfertilizers.com/)**

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil





6. Details of complaints with regard to conflict of interest:

	FY 2022-23		FY 2021-22	
	Current Financial Year	Previous Financial Year	Number	Remarks
	<b>Number</b>	<b>Remarks</b>	<b>Number</b>	<b>Remarks</b>
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil*	N.A.	Nil*	N.A.
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil*	N.A.	Nil*	N.A.

\* For matters pertaining to Companies Act, 2013 and SEBI Regulations only.

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

**For matters pertaining to companies Act, 2013 and SEBI Regulations, no corrective action taken.**

**Leadership Indicators**

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
No	N.A.	N.A.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

**Yes**

**The Code of conduct of Company provides that the Board Members shall undertake to inform the Chairman & Managing Director / Company Secretary of the Company of any changes in their other Board positions, relationship with other business and other events / circumstances / conditions that may interfere with their ability to perform Board / Board Committee duties. Further, the Board Members undertake that without prior approval of the disinterested members of the Board, they will avoid apparent conflict of interest.**

**Every Director shall at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding in form MBP-1.**

**PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.





	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	Nil	INR 13 Lakhs	<p>A Pilot Study was carried out by ICAR-NDRI on Cow dung processing and its conversion to bio- fortified fertilizer with enhanced functionality with the sponsorship of NFL. The benefits envisaged from this pilot study includes:</p> <ul style="list-style-type: none"> <li>a) Bio-fertilizer with enhanced nutrient quality as an alternative to chemical fertilizer.</li> <li>b) The Biological manure shall help rejuvenate the soil health.</li> <li>c) Collateral benefits in the form of Environmental protection, savings on subsidy and sustainable agriculture.</li> <li>d) Dairy farmers to get better value for animal by-product thereby augmenting their income.</li> </ul>
Capex	Nil	<ul style="list-style-type: none"> <li>i) GTG-HRSG project has been commissioned in 2021-22 at total CAPEX of Rs 690 crore.</li> <li>ii) Energy Saving schemes at Vijaipur-I &amp; II have been implemented in 2021-22 at total CAPEX of Rs 235 Crore.</li> </ul>	<ul style="list-style-type: none"> <li>• The GTG-HRSG project commissioned in 2021-22 has led to energy reduction and carbon foot prints.</li> </ul>





2. (a) Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

**Company has undertaken various initiatives for adopting best practices for sustainable development and has policy for corporate social responsibility and sustainable development.**

**With respect to sustainable sourcing of inputs, NFL sources basic material i.e. Natural Gas from GAIL along with other material requirement from certified suppliers.**

(b) If yes, what percentages of inputs were sourced sustainably?

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

**NFL manufactures, Neem coated urea, Bentonite Sulphur, Sodium Nitrate, Sodium Nitrite, Nitric Acid etc., which are consumable and cannot be reclaimed. However, company uses plastics for packaging and e-wastes are generated due to use of various computers, controllers, and instrumentation. Hazardous wastes are generated in the form of spent resin, used catalysts and spent oil after use of it in the plants.**

**There is well defined procedure in the company for reusing, recycling and disposing at the end of life for these wastes in line with CPCB/SPCB guidelines.**

**Category wise details are as below:**

(a) **Plastics (including packaging):** NFL uses plastic as a packaging material for its products like Urea, DAP, SSP etc. NFL has obtained registration as a brand owner under Plastic Waste Management Rules 2022 as on 21.06.2022. NFL has fulfilled its obligation for FY 2021-22 and for FY 2022-23 & has uploaded the information on portal as per CPCB portal requirement.

(b) **E-waste:** Specified procedures as per E-Waste Management rule 2016 (Through e-waste policy).

(c) **Hazardous waste:** NFL has majorly three main hazardous wastes:

- i) Spent Resin
- ii) Used Catalyst
- iii) Spent Oil

To dispose of these hazardous wastes, NFL floats tender to CPCB/SPCB approved parties as and when required. Successful bidder takes away the hazardous waste to CPCB/SPCB designated places for disposal in specified manner.

(d) **Other waste:** Not Applicable

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/ No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

**Extended Producer Responsibility (EPR) under Plastic Waste Management (Amendment) Rules 2022 is applicable to NFL.**

**Waste collection/disposal plan of the organization is in line with the Pollution Control Boards guidelines and EPR plan has been submitted to CPCB.**

### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Nil					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Services	Description of risk / concern	Action taken
Chemical Fertilizers Agrochemicals	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. Use of fertilizer is for improving nutrients of soil and increasing agriculture production.	

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Not Applicable		

4. Of the product and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastic (including packaging)	Nil	Nil	Nil	Nil	Nil	Nil
E-waste	Nil	Nil	368 Nos. Desktops	Nil	Nil	Nil
Hazardous waste	Nil	Nil	Nil	Nil	Nil	Nil
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

**Note:** NFL has so far not reclaimed at the end of life of products/ reused/recycled and safely disposed any plastic (including packaging). However, as per EPR obligation, company is in process to liaison outside agency to recycle/safely dispose around 16000 MT plastic wastes in FY 2023-24.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.





Indicate product Category	Reclaimed products and their packaging materials as % of total products sold in respective category

The products i.e. Urea and other industrial chemicals are consumable and cannot be reclaimed. Packaging material i.e. plastic bags are being recycled as per latest guidelines of CPCB.

<b>PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains</b>
<b>Essential Indicators</b>

1. a) Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total	Health insurance		Accident insurance		Maternity Benefit		Paternity Benefit		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employee</b>											
Male	1355	1355	100	1355	100	To all eligible employees				N.A.	N.A.
Female	99	99	100	99	100					N.A.	N.A.
<b>Total</b>	<b>1454</b>	<b>1454</b>	<b>100</b>	<b>1454</b>	<b>100</b>					N.A.	N.A.
<b>Other than Permanent employee</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

b) Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total	Health insurance		Accident insurance		Maternity Benefit		Paternity Benefit		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employee</b>											
Male	1412	1412	100	1412	100	To all eligible employees				N.A.	N.A.
Female	98	98	100	98	100					N.A.	N.A.
<b>Total</b>	<b>1510</b>	<b>1510</b>	<b>100</b>	<b>1510</b>	<b>100</b>					N.A.	N.A.
<b>Other than Permanent employee</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

Benefits	Current Financial Year (FY 2022-23)			Previous Financial Year (FY 2021-22)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Yes	100	100	Yes
Gratuity	100	100	Yes	100	100	Yes
ESI	-	-	-	-	-	-
Others-please specify	Leave Encashment to all employees. GSLI and defined contribution superannuation pension scheme (optional) for eligible members only.					

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

**Yes**

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

**Government guidelines are being followed.**

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	100	100
Female	100	100	100	100
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes / No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Grievance may be submitted through CPGRAM portal.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	





7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>	All workers and officers (Males and females) are eligible for membership in Unions and Associations respectively.			1538	1538	100
- Male				1435	1435	100
- Female				103	103	100
<b>Total Permanent Workers</b>				1465	1465	100
- Male				1366	1366	100
- Female				99	99	100

8. Details of training given to employees and workers:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Male	1355	934	68.93	944	69.67	1435	759	52.89	1322	92.13
Female	99	49	49.49	82	82.83	103	62	60.19	100	97.09
<b>Total</b>	<b>1454</b>	<b>983</b>	<b>67.61</b>	<b>1028</b>	<b>70.70</b>	<b>1538</b>	<b>821</b>	<b>53.38</b>	<b>1436</b>	<b>93.37</b>
<b>Workers</b>										
Male	1412	968	68.56	957	67.78	1366	553	40.48	806	59.00
Female	98	40	40.82	43	43.88	99	28	28.28	49	49.49
<b>Total</b>	<b>1510</b>	<b>1008</b>	<b>66.75</b>	<b>1000</b>	<b>66.23</b>	<b>1465</b>	<b>581</b>	<b>39.66</b>	<b>847</b>	<b>57.82</b>

9. Details of performance and career development reviews of employees and worker:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	1335	1335	100	1435	1435	100
Female	99	99	100	103	103	100
<b>Total</b>	<b>1454</b>	<b>1454</b>	<b>100</b>	<b>1538</b>	<b>1538</b>	<b>100</b>
<b>Workers</b>						
Male	1412	1412	100	1366	1366	100
Female	98	98	100	99	99	100
<b>Total</b>	<b>1510</b>	<b>1510</b>	<b>100</b>	<b>1465</b>	<b>1465</b>	<b>100</b>

10. Health and safety management system:

- a) Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

**Yes, All employees.**

- b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

**To identify work-related hazards, HAZOP (Hazard and Operability study) study is conducted necessarily at the initial stage of project and at any major modification of the plant. Qualitative Risk Assessment is also carried out to identify any work-related hazard.**

**Further, Safety Audit of all the Units of NFL is conducted by External Safety Auditor annually and their recommendations implemented in the plant.**

- c) Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

**Yes**

- d) Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

**Yes**





11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.00	0.00
	Workers	0.00	0.18
Total recordable work-related injuries	Employees	0.00	0.00
	Workers	0.00	3.00
No. of fatalities	Employees	0.00	0.00
	Workers	0.00	1.00
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0.00	0.00
	Workers	0.00	0.00

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

**Safety, Health and Environment (SHE) are always a prime concern for the industries like ours. NFL management takes all necessary steps to improve the condition of employees and workers of company along with giving importance to the environment.**

**The main steps to ensure the above are as below:**

- a) Each unit of NFL has its own Fire/Safety department that is fully equipped. The company ensures that all necessary Personnel Protective Equipment (PPEs), tools, fire tenders, and tackles are accessible at each unit.
- b) Regular training sessions, workshops and seminars focusing on Safety, Health and Environment (SHE) related activities are conducted for the employees and workers at all Units and Offices.
- c) At each Unit, emergency plans (both on-site and off-site) have been devised in accordance with the rules and regulations of government agencies.
- d) Each Unit of NFL has Mutual Aid Teams consisting of the NFL Safety/Fire team and nearby industries. These teams are available to offer assistance and share Safety PPEs/equipment, fire tenders, personnel etc., in case of an emergency.
- e) Emergency Mock drills and Fire drills are conducted regularly at all Units.
- f) Third party Safety audit of all the Units of NFL are conducted annually.
- g) Monthly, quarterly and annual SHE meetings are conducted at Units and Corporate level.
- h) Regular safety surveys are conducted at each Unit to ensure the healthiness and integrity of all the plants/sections.
- i) Trees plantation to improve the greenery and eco-system of surrounding area at all the Units and Offices.
- j) Regular health check- up of employees and workers are done.
- k) Hospital facilities have been provided at all the Units.
- l) All the standards regarding Air and Water as stipulated by CPCB/SPCB is rigorously monitored and maintained at each Unit of NFL etc.



13. Number of Complaints on the following made by employees and workers:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Issues if any are discussed in Plant Level Committee and Works Committee meetings which have equal representatives of workmen union and management.					
Health & Safety						

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100 %
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

**There was no reportable accident in none of the NFL unit in FY 2022-23. Moreover, all efforts are being taken to achieve net zero accident target at all units of NFL.**

#### Leadership Indicators

- Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).
  - Employees:** Yes, NFL provides for Group Personal Accident Insurance to employee died in accident while in service and NFL provides Employees Family Economic & Social Rehabilitation Scheme to all employees who died while in service.
  - Workers:** Yes, NFL provides for Group Personal Accident Insurance to employee died in accident while in service and NFL provides Employees Family Economic & Social Rehabilitation Scheme to all employees who died while in service.
- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.
 

**ECI challan are checked before releasing payment to contractors.**
- Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:





	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

**No**

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100% for all plants
Working Conditions	100%

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

**Not Applicable.**

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

1. Describe the processes for identifying key stakeholder groups of the entity.

**For identification of one of the Key Stakeholders i.e. investor/shareholder, the Company submits shareholding pattern with the Stock Exchanges within 21 days of every quarter by which top shareholders/investor of the Company are identified.**

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

**With respect to Investors the engagement is continuous as we need to have several communications with the shareholders during the year as per the requirement of the law.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/ Half yearly/Quarterly/ others-please specify)	Purpose and scope as of engagement including key topics and concerns raised during such engagement
Shareholder	No	Shareholder's meetings, Emails, Public Notifications & Website etc.	Annually, Half yearly Quarterly, Event based	Quarterly financial performance of the Company, Credit Rating, Shareholder's returns & New Projects
Dealers	Yes	Meetings, emails, Public Notifications & Website etc.	Continuous engagement through-out the year.	To generate awareness among the dealers about the company's growth plan and latest developments in the field of fertilizer and agriculture.

**Leadership Indicators**

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

**Board of Directors interacts with dealers during Dealers Conferences where dealers give their feedback and suggestions directly to the Board members which help in continuous improvement in product quality and customer service.**





2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

**Nil. (Pertaining to one of the key stakeholders i.e. shareholder/ investor)**

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

**The engagement with the dealers is ensured during Dealer Orientation Programmes and Dealers Conferences. During these programmes, Company educates them about the product, their judicious usage, latest developments and addresses the concerns of the dealers including Vulnerable & Marginalized Groups.**



**PRINCIPLE 5: Businesses should respect and promote human rights**

**Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	1454	415	28.54	1538	277	18.01
Other than permanent	16	16	100	-	-	-
<b>Total Employees</b>	<b>1470</b>	<b>431</b>	<b>29.32</b>	<b>1538</b>	<b>277</b>	<b>18.01</b>
<b>Workers</b>						
Permanent	1510	419	27.75	1465	589	40.20
Other than permanent	720	391	54.31	-	-	-
<b>Total Workers</b>	<b>2230</b>	<b>810</b>	<b>36.32</b>	<b>1465</b>	<b>589</b>	<b>40.20</b>

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No.(B)	% (B/A)	No. (C)	% (C/A)		No.(E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>	1454	0	0	1454	100	1538	0	0	1538	100
Male	1355	0	0	1355	100	1435	0	0	1435	100
Female	99	0	0	99	100	103	0	0	103	100
<b>Other than Permanent</b>	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
<b>Workers</b>										
<b>Permanent</b>	1510	0	0	1510	100	1465	0	0	1465	100
Male	1412	0	0	1412	100	1366	0	0	1366	100
Female	98	0	0	98	100	99	0	0	99	100
<b>Other than Permanent</b>	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0





3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	4	4290992.82	-	-
Key Managerial Personnel	1	2314906.00	-	-
Employees other than BoD and KMP	1593	1615267.00	114	1487785.00
Workers	1551	1265033.00	102	668529.00

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No) **Yes**
5. Describe the internal mechanisms in place to redress grievances related to human rights issues.  
**CPGRAMS portal also caters to grievances related human rights issues.**
6. Number of Complaints on the following made by employees and workers:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment			Nil			
Discrimination at workplace			Nil			
Child Labour			Nil			
Forced Labour/ Involuntary Labour			Nil			
Wages			Nil			
Other human rights related issues			Nil			

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.  
**Prevention of Sexual Harassment (PoSH) and Whistle Blower Policy.**
8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)  
**No**  
There is no specific mention of human right requirement in business agreements and contracts (i.e. work orders) issued to concerned parties for execution of jobs. However, a clause regarding compliances of all applicable and governing laws, rules and regulations and by-laws both of the Central and state Government and all other local authorities is included in the work order.



9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	No
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

**No corrective action was required to be taken.**

**Leadership Indicators**

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

**CPGRAM portal caters to human right grievances/ complaints also.**

2. Details of the scope and coverage of any Human rights due-diligence conducted.

**No human rights due-diligence has been conducted.**

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

**Yes**

4. Details on assessment of value chain partners:

**The performance of the Value chain partner (concerned party / contractor) is assessed based on pre-defined deliverables and compliances of all applicable and governing laws, rules and regulations and by-laws both of the Central and state Government and all other local authorities (including Sexual Harassment, Discrimination at workplace, Child Labour etc.)**

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

**Corrective actions are undertaken if required.**





## PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

### Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Total electricity consumption (A)	<b>As per attached Annexure - I</b>	
Total fuel consumption (B)		
Energy consumption through other sources (C)		
<b>Total energy consumption (A+B+C)</b>		
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)		
Energy intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The electricity figures are metered reading and all the data is submitted to FICC after Audit. Further, all units are getting third party energy audit once in three year as per Energy Conservation Act.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

**Yes, NFL has been identified as designated consumer (DC) under PAT cycle. Under PAT Cycle-I, NFL has achieved energy targets which have been surrendered /sold in PAT Cycle-2. However for ongoing PAT cycle, no notification has been issued for energy reduction in fertilizer sector.**

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Water withdrawal by source (in kilolitres)</b>	<b>As per attached Annexure - II</b>	
(i) Surface water		
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv +v)	<b>As per attached Annexure - II</b>	
Total volume of water consumption (in kiloliters)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

**All the technical operating parameters/ figures such as raw material consumption, water consumption, power consumption etc. are submitted to FICC cell of DoF after audit.**

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

**All the units of NFL have mechanism for zero liquid discharge. Effluent generated is being treated & used for Horticulture in all its Units. At the unit using coal, treated effluent is also being used for de-ashing inside the premises. The treated effluent is maintained to meet the MINAS standard and the online real time data being uploaded on CPCB site on regular basis.**

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
NOx		<b>Parameters remained within norms of CPCB and being monitored online by CPCB / SPCBs</b>	
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

**No independent assessment has been carried. However NFL has provided all emissions parameters online as per CPCB guideline and all remain within prescribed norms of CPCB.**

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tons of CO <sub>2</sub> equivalent	Nangal: 384100 Panipat: 448487 Bathinda: 534947 Vijaipur Complex: 1959242	Nangal: 389947 Panipat: 475036 Bathinda: 524365 Vijaipur Complex: 1959257







Parameter	Unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tons of CO <sub>2</sub> equivalent		
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>		0.0000112 MT/Re (Turnover Rs. 29616 Cr.)	0.0000211 MT/Re (Turnover Rs. 15857 Cr.)
<b>Total Scope 1 and Scope 2 emission intensity (optional)</b> – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

**No independent evaluation has been carried out.**

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.
- **GTG-HRSG project at Nangal, Bathinda & Panipat Units has been commissioned in 2021-22 leading to reduction of CO<sub>2</sub> emission by 23%.**
  - **At Vijaipur Energy saving schemes implemented to bring down energy consumption by 0.19 Gcal/MT urea.**

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	Approx. 16000 MT	Approx. 15000 MT
E-waste (B)	368 Nos. Desktops	2.19 MT
Bio-medical waste (C)	2.228	2.149
Construction and demolition waste (D)	Nil	
Battery waste (E)	4.577 MT	9.847 MT
Radioactive waste (F)	Not Applicable	
Other Hazardous waste. Please specify, if any. (G)	221.06 MT	380.48 MT
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) (H)	16213 MT	14023 MT
<b>Total (A+B+C+D+E+F+G+H)</b>	<b>32440.865 MT</b>	<b>29417.666 MT</b>

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	-	-
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	-	-
(ii) Landfilling	16213 MT	14023 MT
(iii) Other disposal operations	Hazardous Waste (HW) is disposed-off as per HW guidelines.	
<b>Total</b>	<b>16213 MT</b>	<b>14023 MT</b>

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

**No independent assessment is being carried out.**

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

- **Hazardous wastes being generated in our industry are Used Catalyst, spent oil, and resin. As per rules HW rules authorization has been taken for storage and disposal. Further, HW storage has been clearly marked and all the storage of HW (till disposal) is done as per HW rules. Total monitoring of HW material is done and same is disposed-off as per timelines for disposal of such waste. Proper record is kept and same is shared with statutory authorities.**
- **Bio-medical waste is disposed-off as per Bio-medical waste management rules or through authorized external agencies.**
- **E-waste is also disposed-off as per E-waste policy.**

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

**Not Applicable**

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
N.A.			

NFL has taken all the required clearance such as for “Consent to Operate” for water & air at all the sites i.e. Bathinda, Panipat, Vijaipur & Nangal.





11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/No)	Relevant Web link
Setting up of Nano Urea (Liquid) plant at Nangal	-	-	Yes	Under process	-

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act and Environment Protection Act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Sr. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	All NFL Units are compliant with the applicable law/ regulations/ guidelines.			

#### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>From renewable sources</b>		
Total electricity consumption (A)	<b>NIL except minor solar power consumption from Solar power plants of around 100 KW capacities each at Bathinda and Corporate Office, Noida for non-plant use.</b>	
Total fuel consumption (B)		
Energy consumption through other sources (C)		
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>Nil</b>	<b>Nil</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D)	<b>Nil</b>	<b>Nil</b>
Total fuel consumption (E)	<b>Nil</b>	<b>Nil</b>
Energy consumption through other sources (F)	<b>Nil</b>	<b>Nil</b>
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>Nil</b>	<b>Nil</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

**No independent assessment is being carried out.**

2. Provide the following details related to water discharged:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Water discharge by destination and level of treatment (in kiloliters)</b>		
(i) To Surface water		
- No treatment	23032093	19953895
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	N.A	N.A
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater	N.A	N.A
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties	N.A	N.A
- No treatment		
- With treatment – please specify level of treatment		
(v) Others	N.A	N.A
- No treatment		
- With treatment – please specify level of treatment		
<b>Total water discharged (in kiloliters)</b>	<b>23032093</b>	<b>19953895</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

**No independent assessment is being carried out.**

3. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters): **N.A.**

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Water withdrawal by source (in kiloliters)</b>		
(i) Surface water	Not Applicable	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		





Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
(v) Others		
<b>Total volume of water withdrawal (in kiloliters)</b>		
<b>Total volume of water consumption (in kiloliters)</b>		
<b>Water intensity per rupee of turnover</b> <i>(Water consumed / turnover)</i>		
<b>Water intensity (optional)</b> – the relevant metric may be selected by the entity		
<b>Water discharge by destination and level of treatment (in kiloliters)</b>		
(i) Into Surface water		
- No treatment		Not Applicable
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		Not Applicable
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
<b>Total water discharged (in kiloliters)</b>		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric (tons of CO <sub>2</sub> equivalent)		
<b>Total Scope 3 emissions per rupee of turnover</b>			Not Applicable
<b>Total Scope 3 emission intensity (optional)</b> – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**





5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

**Not Applicable.**

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	NFL carried out its in-house study based on its existing NOx abatement plant for reduction of NOx emissions in Nitric Acid Plant of 1960s and successfully implemented the same.	No web-link	Reduction of NOx emissions from 600 ppm to below 200 ppm

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

**NFL has well defined Disaster Management Plan in the form of On-Site Emergency Plans. The On-Site Emergency Plans have been prepared by all the 04 Units of NFL individually to take prompt and appropriate action in case Disaster happens.**

**All Units review / evaluate their Emergency Plans on regular basis and Update in every three years.**

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

**There is no adverse impact. All units are complying statutory requirements.**

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

**Not applicable**





**PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/ associations.  
**6 (Six)**
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	The Fertilizers Association of India	National
2	SCOPE	National
3	International Fertilizer Association	International
4	Confederation of Indian Industry	National
5	Delhi Management Association	National
6	National Safety Council	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Nil		

**Leadership Indicators**

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly/ Others – please specify)	Web Link, if available
1.	Right To Information (RTI)	As per RTI Act	Yes	As per RTI Act.	<a href="http://www.nationalfertilizers.com">www.nationalfertilizers.com</a>

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief of project	SIA Notification	Date of Notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Results
Nil					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Nil						

3. Describe the mechanisms to receive and redress grievances of the community.

4. Percentage of input material (inputs to total inputs by value\*) sourced from suppliers:

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directly sourced from MSMEs/ small producers	60.48 %	54.80 %
Sourced directly from within the district and neighboring districts	3 % (Approx.)	2 % (Approx.)

\* Total Procurement of Goods and Services after excluding raw materials, traded products, power, fuel & other goods / services which can't be procured from MSEs.

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Nil	Nil

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:





S. No.	State	Aspirational District	Amount Spent (In INR)
1.	Madhya Pradesh	Guna	19.50 Lakh
2.	Bihar	Sheikh Pura	1.00 Lakh

3.

a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

**Yes, MSEs Policy order 2012.**

b) From which marginalized /vulnerable groups do you procure?

**SC/STs and Women**

c) What percentage of total procurement (by value) does it constitute?

**SC/STs (4%) and Women (3%)**

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
			Nil	

5. Details of corrective actions taken or underway based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Providing Digitally Programmable hearing Machines/ Aids to hearing impaired person in Andhra Pradesh	51	The projects are majorly targeted towards the benefit of underprivileged, poor & marginalized section of the Society in rural areas and in Urban slums areas.
2.	To run Mobile Digital Health Clinic for preventive screening of the masses for the essential 20+ metabolic vitals	525	
3.	Distribution of 5000 nos. Long Lasting Insecticidal Nets (LLIN) of HIL in the regions of Bhopal, Chandigarh, Lucknow & Hyderabad	5000	
4.	Improving Nutrition & Health of the Government School children through "Gift Milk Program" in Vijaipur, Distt.-Guna (MP)	500	
5.	Providing dual desk for students of Government Schools in Distt.- Panipat (Haryana)	1860	
6.	Provision of 7 nos. Swings in 3 Government Schools	1390	

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**

**Essential Indicators**

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

**Consumer complaints on National Fertilizers Limited are received through email or phone. By sending the complaints/feedback received to the concerned officer of the company (Zonal Manager/State Manager/Port Officer or other concerned officer), by coordinating and making necessary efforts with them. Proper resolution of complaints and feedback is done at the company level.**

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Nil
Safe and responsible usage	Nil
Recycling and/or safe disposal	Nil

3. Number of consumer complaints in respect of the following:

	FY 2022-23 Current Financial Year		Remarks	FY 2021-22 Previous Financial Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	-	-	Nil	-	-
Advertising	-	-	-	-	-	-
Cyber-security	Nil	-	-	Nil	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other	25	-	-	36	-	-

4. Details of instances of product recalls on account of safety issues:

	Number Reasons for recall	Number Reasons for recall
Voluntary recalls	Nil	Nil
Forced recalls	Nil	Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

**Yes, NFL has Anti-Virus Policy, Internet Usage Policy and Removable Storage Policy which covers areas related**







to cyber security and risk related to data privacy. Web-link of the policies is :

**Internet Usage Policy** - <https://nfl.co.in/nflportal/manuals/Internet.pdf>

**Anti-Virus Policy** - <https://nfl.co.in/nflportal/manuals/loMAntivirus.pdf>

**Removable Storage Policy** - [https://nfl.co.in/nflportal/manuals/IOM\\_Removable.pdf](https://nfl.co.in/nflportal/manuals/IOM_Removable.pdf)

6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable

### Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

**a) For general purpose:**

**Web Link:** <https://www.nationalfertilizers.com>

Information can be obtained from the company's Kisan Call Center by dialing toll-free number 1800-180-6435, 9:30 am to 5:30 pm on any working day (Monday-Friday).

**b) For Specific Products :**

Name of Product	Web Link
Neem Coated Urea	<a href="https://www.nationalfertilizers.com/our-products/neem-coated-urea/">https://www.nationalfertilizers.com/our-products/neem-coated-urea/</a>
Bio- Fertilizers	<a href="https://www.nationalfertilizers.com/product-categories/bio-fertilizer/">https://www.nationalfertilizers.com/product-categories/bio-fertilizer/</a>
Bentonite Sulphur	<a href="https://www.nationalfertilizers.com/our-products/bentonite-sulphur/">https://www.nationalfertilizers.com/our-products/bentonite-sulphur/</a>
Industrial Products	<a href="https://www.nationalfertilizers.com/product-categories/industrial-products/">https://www.nationalfertilizers.com/product-categories/industrial-products/</a>
Traded Products	<a href="https://www.nationalfertilizers.com/product-categories/traded-products/">https://www.nationalfertilizers.com/product-categories/traded-products/</a>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

**The entity is engaged in sale and marketing of agriculture inputs, hence, periodic training is being organized in marketing territory for the consumers i.e. dealers/retailers and farmers for updating their knowledge on safe and responsible use of products.**

**In addition to this, the entity is also engaged in organizing promotional campaigns and participation in Krishi Melas and Agriculture Exhibitions organized by Agricultural Universities/ State Agriculture Departments where products and services are displayed and related information is given to the consumers.**

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

**Not Applicable**

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

**Mandatory information is displayed on the product packing by complying with the local laws. Product information like usage, dosage, Do's & Don'ts, Customer Care No./ Email etc. is also displayed on the packing for its judicious use by the consumers.**



Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

**Yes, the entity conducts various periodical meetings with the consumers i.e. farmers to have the comprehensive feedback of the products and take the steps for continuous improvement in quality and services.**

5. Provide the following information relating to data breaches:

a) Number of instances of data breaches along-with impact.

**None**

b) Percentage of data breaches involving personally identifiable information of customers.

**No**

**Registered Office:**

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

**Date: 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**

Chairman & Managing Director

DIN: 07274628




**Annexure-I**

Parameter	Current Year (FY 2022-23)					Previous Year (FY 2021-22)				
	Nangal	Panipat	Bathinda	Vijaipur-I	Vijaipur-II	Nangal	Panipat	Bathinda	Vijaipur-I	Vijaipur-II
Total electricity consumption (A)	112944	90391	573518	523894	422392	580945	176914	657352	558284	406960
Total fuel consumption (B)	4935757	6947840	4568723	10034071	13027112	6237607	6859127	4342641	10801856	11629767
Energy consumption through other sources (C)	8091259	8718676	10698262	13830513	15452048	8150068	7381126	10072189	14044341	13200541
<b>Total energy consumption (A+B+C)</b>	<b>13139960</b>	<b>15756907</b>	<b>15840503</b>	<b>24388477</b>	<b>28901551</b>	<b>14968621</b>	<b>14417166</b>	<b>15072182</b>	<b>25404481</b>	<b>25237268</b>
<b>Total NFL Energy Consumption</b>	<b>98027398</b>					<b>95099718</b>				
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	<b>0.000330 (NFL turn over Rs. 29616 Cr.)</b>					<b>0.000599 (NFL Turn Over Rs. 15857 Cr.)</b>				
<i>(Total energy consumption/ Energy intensity (optional)– the relevant metric may be selected by the entity</i>										

Parameter	Current Year (FY 2022-23)				Previous Year (FY 2021-22)			
	Nangal	Panipat	Bathinda	Vijaipur-I + Vijaipur-II	Nangal	Panipat	Bathinda	Vijaipur-I + Vijaipur-II
<b>Water withdrawal by source (In kilolitres)</b>								
(i) Surface water	29226014	0	0	0	25899529	0	0	0
(ii) Groundwater	0	0	0	0	0	0	0	0
(iii) Third party water	0	0	0	0	0	0	0	0
(iv) Seawater/desalinated water	0	0	0	0	0	0	0	0
(v) Others	0	8254589	5689037	9232329	0	8667949	4923262	8819299
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>29226014</b>	<b>8254589</b>	<b>5689037</b>	<b>9232329</b>	<b>25899529</b>	<b>8667949</b>	<b>4923262</b>	<b>8819299</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>6193921</b>	<b>8254589</b>	<b>5310074</b>	<b>8103098</b>	<b>5945634</b>	<b>8727949</b>	<b>4743062</b>	<b>8498608</b>
<b>Water intensity per rupee of turnover (Water consumed/ Turnover in Rupee)</b>	<b>0.0000940764</b>				<b>0.000175</b>			





## Corporate Governance Report (2022-23)

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

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

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

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

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





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

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

Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in dealing with stakeholders of the Company. Company has adopted various codes and policies to carry out its business in an ethical and transparent manner. Some of those codes and policies are mentioned herein below and the same can be accessed by clicking <https://www.nationalfertilizers.com/archive-section/policies-and-codes/> :-

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

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





### 1.1. The Rights of Shareholders

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

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

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

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

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

### 1.2 Timely Information

The Company sends notices through email to all shareholders who have provided their e-mail id with the Company and/ or depository participants for providing timely information.

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

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

### 1.3 Equitable Treatment

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

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

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

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

The code is applicable to all the Insiders of the Company, which also ensures to prevent unauthorized dealing by them in shares of the Company. The code is also available at the website of the Company i.e. [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

#### 1.4. Role of Stakeholders in Corporate Governance

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

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

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

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

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

The Company has a Vigilance Department which is headed by Chief Vigilance Officer on deputation from the Government of India.

#### 1.5 Disclosure and Transparency

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

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

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

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

Pursuant to the DPE Guidelines on Corporate Governance, quarterly compliance report is being submitted to the Ministry of Chemicals and Fertilizers through DPE, within the stipulated time.

#### 1.6 Responsibilities of the Board of Directors

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

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





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

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

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

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

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

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

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

## 2. BOARD OF DIRECTORS

The Board of Directors of NFL is entrusted with the responsibility of the affairs of the Company. The Board is also responsible for the ultimate superintendence and control of the Company. The Board protects shareholders' interests, establishes policies for management, oversees the corporation, and makes decisions about important issues the company faces.

### 2.1 Size of the Board

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

### 2.2 Composition of the Board

The composition of Board of Directors of the Company is very balanced and diverse. The Board of Directors as on 31<sup>st</sup> March, 2023 comprised of Eleven Directors i.e. Three Whole-time Functional Directors i.e. Director (Marketing), who has been entrusted with the additional Charge of Chairman & Managing Director, Director (Finance) and Director (Technical), Two Government of India Nominee Directors and Six Independent Directors. Brief profile of the Directors is set-out at **Annexure 16** of the Annual Report.

The SEBI (LODR) Regulations, 2015 stipulates that where the Chairman of the Board is a Non-Executive Director, at least one third of the Board should comprise of Independent Directors and in case Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. The composition of the Board as detailed below is in conformity with SEBI (LODR) Regulations, 2015 and Companies Act, 2013:-

S.No.	Period		Composition of the Board		
	From	To	Total Directors	Independent Directors	Other Directors
01.	01.04.2022	06.04.2022	8	5	3
02.	07.04.2022	20.04.2022	9	5	4
03.	21.04.2022	09.06.2022	10	6	4
04.	10.06.2022	16.06.2022	9	6	3
05.	17.06.2022	02.08.2022	10	6	4
06.	03.08.2022	30.08.2022	11	6	5
07.	31.08.2022	20.10.2022	10	6	4
08.	21.10.2022	31.03.2023	11	6	5

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

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

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

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

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 31.03.2023 are tabulated below:-

S. No.	Director (S/Shri)	Category	Tenure		Number of Directorships in other Public Companies		Number of Committees positions held in other Public Companies	
			From	To	Chairman	Directorship	Chairman	Member
01.	Nirlep Singh Rai ^	C&MD	06.09.2021	31.08.2022	-	2	-	-
02.	Atul Baburao Patil*	ED	07.04.2022	Continuing	-	1	-	-
		Additional Charge of C&MD	01.09.2022	15.06.2023				
03.	Hira Nand**	ED	17.06.2022	Continuing	-	2	-	-
04.	Rajan Kanwar***	ED	21.10.2022	Continuing	-	1	-	-
05.	Dharam Pal #	NED-Govt. Nominee	09.02.2016	10.06.2022	-	2	-	-







S. No	Director (S/Shri)	Category	Tenure		Number of Directorships in other Public Companies		Number of Committees positions held in other Public Companies	
			From	To	Chairman	Directorship	Chairman	Member
06.	Neeraja Adidam	NED- Govt. Nominee	14.10.2021	Continuing	-	2	-	-
07.	Dr. Prathibha A. <sup>###</sup>	NED Govt. Nominee	03.08.2022	Continuing	-	-	-	-
08.	Pandya Ashwinkumar Balvantray <sup>####</sup>	NEID	04.05.2020	03.05.2023	-	-	-	-
09.	Dr. Poonam Sharma	NEID	12.11.2021	Continuing	-	-	-	-
10.	Ritesh Tiwari	NEID	12.11.2021	Continuing	-	-	-	-
11.	Kashi Ram Godara	NEID	12.11.2021	Continuing	-	-	-	-
12.	Dr. Venkata Sarvarayudu Thota	NEID	30.11.2021	Continuing	-	-	-	-
13.	Jyoti Bhramar Tubid <sup>#####</sup>	NEID	21.04.2022	Continuing	-	-	-	-

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

<sup>^</sup>Shri Nirlep Singh Rai ceased to be C&MD w.e.f. 31.08.2022,

\*Shri Atul Baburao Patil was appointed as Additional Director [Director (Marketing)] w.e.f. 07.04.2022 in terms of DoF order 82/1/2021-HR-PSU (part) dated 25.03.2022 and was entrusted with additional charge of C&MD w.e.f. 01.09.2022 in terms of DoF order FI. No. 82/1/2014-HR-I dated 24.08.2022 for a period of three months which was extended for a period of three months w.e.f. 01.12.2022 vide DoF order 82/1/2014-HR-I dated 02.12.2022 which was further extended upto 15.06.2023 vide DoF order 82/1/2014-HR-I dated 27.02.2023. Further, Members of the Company appointed him as Director (Marketing), liable to retire by rotation through Postal Ballot resolution passed on 25.06.2022.

\*\*Shri Hira Nand was appointed as Chief Financial Officer w.e.f. 24.05.2022 & Additional Director [Director (Finance)] w.e.f. 17.06.2022 in terms of DoF order 82/3/2013-HR-PSU dated 17.06.2022. Further, Members of the Company appointed him as Director (Finance), liable to retire by rotation through Postal Ballot resolution passed on 03.09.2022.

\*\*\*Shri Rajan Kanwar was appointed as Additional Director [Director(Technical)] w.e.f. 21.10.2022 in terms of DoF order 82/1/2017-HR PSU-Part (1) dated 21.10.2022. Further, Members of the Company appointed him as Director (Technical), liable to retire by rotation through Postal Ballot resolution passed on 24.12.2022.

<sup>#</sup>Shri Dharam Pal ceased to be part time Government Nominee Director w.e.f. 10.06.2022.

<sup>###</sup>Dr. Prathibha A. was appointed as part time Government Nominee Director w.e.f. 03.08.2022 in terms of DoF order 95/1/2019-HR-PSU dated 20.07.2022.

<sup>####</sup>Shri Pandya Ashwinkumar Balvantray ceased to be Non-Executive Independent Director w.e.f. 04.05.2023 on completion of his tenure.

<sup>#####</sup>Shri Jyoti Bhramar Tubid was appointed as Non-Executive Independent Director w.e.f. 21.04.2022 in terms of DoF order 78/2/2006-HR-PSU (pt) dated 28.03.2022.

In addition to above, Shri U. Saravanan was appointed as Additional Director (Chairman & Managing Director) w.e.f. 16.06.2023 in terms of DoF order F. No. 82/1/2014-HR-I dated 15.06.2023 for a period with effect from the date of his assumption of charge of the post till the date of his superannuation i.e. 31.01.2027, or until further orders, whichever is earlier.

### 2.3 Tenure of Directors

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

### 2.4 Independent Directors

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

The Independent Directors meet the criteria of independence as defined under Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations and provides an annual confirmation under Regulation 25(8) that they meet such criteria. Based on these declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of Independence and they are Independent of the management.

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

During the year, Shri Jyoti Bhramar Tubid was appointed as NEID on the Board of NFL w.e.f. 21.04.2022 in terms of DoF Order No. 78/2/2006-HR-PSU (pt) dated 28.03.2022.

Further, Shri Pandya Ashwinkumar Balvantray ceased to be Non-Executive Independent Director w.e.f. 04.05.2023 on completion of his tenure.

### 2.5 Board Meetings, Agenda & Minutes

The Board members are expected to rigorously prepare for, attend and participate in Board and applicable committee meetings. The Board Meeting forms an essential part of how a company operates. They are equally crucial for the survival as well as the growth of the business. The strategy of the company, on which the whole organization works, is decided by the board members in these meetings.

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 ensures 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.

## 2.6 Board Meetings held

During the year, Board met Ten (10) times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	458	24.05.2022
02.	459	16.06.2022
03.	460	29.06.2022
04.	461	09.08.2022
05.	462	02.09.2022
06 .	463	18.10.2022
07 .	464	14.11.2022
08 .	465	29.12.2022
09 .	466	13.02.2023
10.	467	30.03.2023

The minimum and maximum interval between any two Board Meetings was 13 days and 46 days respectively.

## 2.7 Attendance at the Board Meetings and Annual General Meeting

Details of attendance of the Directors at the Board Meetings and at the last Annual General Meeting held on 29<sup>th</sup> September, 2022 are as follows:

S.No.	Name of the Director (S/Shri)	Category	Board Meetings held during 2022-23 and Attendance thereat		Attendance at last Annual General Meeting
			Held	Attended	
01.	Nirlep Singh Rai <sup>^</sup>	ED & C&MD	4	4	N.A.
02.	Atul Baburao Patil <sup>^^</sup>	ED& C&MD	10	9	Present
03.	Hira Nand <sup>*</sup>	ED	8	8	Present
04.	Rajan Kanwar <sup>**</sup>	ED	4	4	N.A.
05.	Dharam Pal <sup>#</sup>	NED-Govt. Nominee	1	NIL	N.A
06.	Neeraja Adidam	NED-Govt. Nominee	10	1	Not Present
07.	Dr. Prathibha A. <sup>###</sup>	NED-Govt. Nominee	7	2	Not Present

08.	Pandya Ashwinkumar Balvantray***	NEID	10	8	Present
09.	Dr. Poonam Sharma	NEID	10	10	Present
10.	Ritesh Tiwari	NEID	10	10	Present
11.	Kashi Ram Godara	NEID	10	10	Present
12.	Dr. Venkata Sarvarayudu Thota	NEID	10	10	Present
13.	Jyoti Bhramar Tubid†	NEID	10	8	Present

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

^Shri Nirlep Singh Rai ceased to be C&MD w.e.f. 31.08.2022,

^^Shri Atul Baburao Patil was appointed as ED w.e.f. 07.04.2022 and was entrusted with additional charge of C&MD w.e.f. 01.09.2022 to 15.06.2023,

\*Shri Hira Nand appointed as ED w.e.f. 17.06.2022,

\*\*Shri Rajan Kanwar appointed as ED w.e.f. 21.10.2022,

#Shri Dharam Pal has ceased to be NED Govt. Nominee w.e.f. 10.06.2022,

###Dr. Prathibha A. appointed as NED Govt. Nominee w.e.f. 03.08.2022,

\*\*\*Shri Pandya Ashwinkumar Balvantray ceased to be Non-Executive Independent Director w.e.f. 04.05.2023,

†Shri Jyoti Bhramar Tubid appointed as NEID w.e.f. 21.04.2022

## 2.8 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 Chief Financial Officer and the Company Secretary;
- Major capital investments, formation of Joint Ventures, R&D project or technical collaboration agreement;
- Significant labour problems and their proposed solutions. Any significant development in the areas of Human Resource/Industrial Relations like signing of wage agreement, Incentive Schemes, Medical facilities, implementation of Voluntary Retirement Scheme etc.;
- Disclosure of Interest by Directors about Directorships and Committee positions occupied by them in other companies;





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

## 2.9 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.



4. Scrutinizing the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

During the year under review, one meeting of Independent Directors was held on 29.03.2023 wherein Shri Pandya AshwinKumar Balvantray chaired the meeting and the same was attended by four other Independent Directors (Dr. Poonam Sharma, Shri Ritesh Tiwari, Dr. Venkata Sarvarayudu Thota and Shri Jyoti Bhramar Tubid).

### 2.10 Disclosure of relationships between Directors inter-se

No relationships between Directors inter-se have been reported.

### 2.11 Number of shares and convertible instruments held by Non-Executive Directors

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

### 2.12 Web link details of familiarization programs imparted to Independent Directors

As per Company's Directors' Training Policy, on their joining, the Directors are given presentation on the overview of the company with the object to familiarize them with the Company's business and other activities. To provide an overview of our operations and familiarize the Independent Director on matters related to our values and commitments, they are introduced to our organizations structure, our services, constitutions, board procedures, our major risks and risk management and strategy etc. In terms of Regulation 25(7) of SEBI (LODR) Regulations, 2015, familiarization programs are also organized. Further, in terms of Regulation 46 of SEBI (LODR) Regulations, 2015, the details of the training program are available on the website [www.nationalfertilizers.com](http://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.

### 2.13 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](http://www.nationalfertilizers.com).

### 2.14 Performance evaluation of Directors

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

Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149(8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors to decide their continuance or otherwise. However, the MCA vide its notification No.GSR463(E) dated 5<sup>th</sup> June, 2015 notified exemptions applicable to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sub-Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.

MCA vide notification dated 5<sup>th</sup> June, 2015 has also notified that in case of government companies, Section 134(3)(p) shall not apply in case the directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company.





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

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

- (i) All the Functional Directors (through C&MD) and C&MD are accountable to the Board and the Administrative Ministry.
- (ii) For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is negotiated by Department of Public Enterprises, NITI Aayog, Ministry of Statistics & Programme Implementation and the Administrative Ministry officials. Targets are set for various MoU parameters. The performance of the Company vis-à-vis MoU indicates the overall performance of the Board and individual Directors. Performance of the Company is reviewed on quarterly basis through Quarterly Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters.
- (iii) Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive Directors, Functional Directors and C&MD, major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters.
- (iv) Annual performance appraisal of the C&MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by concerned Minister.
- (v) Tenure of Functional Directors and C&MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry.
- (vi) The assessment of Performance of Independent Directors is done annually by Department of Public Enterprises, Ministry of Finance, Government of India. The assessment / evaluation of performance of Independent Directors is to be undertaken on the basis of their attendance, contributions during the assessment period, suggestions for improving the performance of concerned CPSE and assessment of their professional and ethical conduct and contributions.
- (vii) All the Government Companies are also subject to regular review by various Parliamentary Committees on different subjects.

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

## 2.15 Skills, expertise and competencies of the Board of Directors

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

### 3. COMMITTEES OF THE BOARD

The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness to ensure that stakeholders' long-term interests are served. Committees appointed by the Board focus on specific areas and take informed decisions within the framework of delegated authority and make specific recommendations to the Board on matters in their areas or purview. All decisions and recommendations of the committees are placed before the Board for information or for approval. The Board has constituted the following mandatory committees of the Board of Directors:

- (i) Audit Committee;
- (ii) Stakeholders Relationship Committee;
- (iii) Nomination and Remuneration Committee;
- (iv) Corporate Social Responsibility & Sustainable Development Committee; and
- (v) Risk Management Committee;

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

#### 3.1 Audit Committee

The Company endeavours that the constitution, quorum, scope etc. of the Audit Committee is in line with Section 177 of the Companies Act, 2013, Regulation 18 of SEBI(LODR) Regulations, 2015 and guidelines on Corporate Governance as issued by Department of Public Enterprises. During the year under review, the Composition of Audit Committee was proper and in compliance with applicable provisions. 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 appointment, remuneration and terms of appointment of auditors of the listed entity\*;  
\*[In case of Government Companies, recommendation for appointment and the terms of appointment of Statutory Auditors (including Casual Vacancy) shall be made by CAG and not by the Shareholders of the Company.]
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a) matters required to be included in the director's responsibility statement to be included in the Board's Report in terms of clause (c) of Sub-Section (3) of Section 134 of the Companies Act, 2013;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of any related party transactions;
  - g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;





6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the listed entity with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up thereon;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;
19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

### 3.1.1 Meetings

During the year 2022-23, the Audit Committee met Five(5) times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	137	24.05.2022
02.	138	09.08.2022
03.	139	02.09.2022
04.	140	14.11.2022
05.	141	13.02.2023

### 3.1.2 Composition & Attendance at the Meetings

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

(in Nos.)

S.No.	Name of the Member (S/Shri)	Status	Category	Period		Meetings during 2022-23	
				From	To	Held	Attended
01.	Jyoti Bhramar Tubid*	Chairperson	NEID	15.11.2022	Continuing	02	01
		Member		02.09.2022	Continuing		
02.	Pandya Ashwin kumar Balvantray**	Chairperson	NEID	14.05.2020	14.11.2022	05	04
		Member		14.05.2020	Continuing		
03.	Nirlep Singh Rai <sup>#</sup>	Member	C&MD	14.05.2020	31.08.2022	02	02
04.	Atul Baburao Patil <sup>###</sup>	Member	C&MD	02.09.2022	Continuing	02	02
05.	Dr. Poonam Sharma	Member	NEID	07.12.2021	Continuing	05	05
06.	Kashi Ram Godara	Member	NEID	07.12.2021	Continuing	05	05

Table Key: C&MD – Chairman & Managing Director, ED – Executive Director, NEID – Non-Executive Independent Director.

\*Shri Jyoti Bhramar Tubid has been a member of Audit Committee w.e.f. 02.09.2022 and became Chairperson of Audit Committee w.e.f. 15.11.2022.

\*\* Shri Pandya Ashwinkumar Balvantray has been ceased to be Chairperson of Audit Committee w.e.f. 15.11.2022 and continued as member of the Audit Committee.

<sup>#</sup> Shri Nirlep Singh Rai has been ceased to be member of Audit Committee w.e.f. 31.08.2022.

<sup>###</sup> Shri Atul Baburao Patil became a member of Audit Committee w.e.f. 02.09.2022.

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

### 3.2 Stakeholders Relationship Committee

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

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.







### 3.2.1 Meetings

During the year 2022-23, the Stakeholders Relationship Committee met once as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	10	14.11.2022

### 3.2.2 Composition & Attendance at the Meetings

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

(in Nos.)

S.No.	Name of the Member (S/Shri)	Status	Category	Period		Meetings during 2022-23	
				From	To	Held	Attended
01.	Dr. Venkata Sarvarayudu Thota*	Chairperson	NEID	15.11.2022	Continuing	NIL	NIL
02.	Pandya Ashwinkumar Balvantray**	Chairperson	NEID	14.05.2020	14.11.2022	01	01
03.	Nirlep Singh Rai <sup>#</sup>	Member	C&MD	30.06.2020	31.08.2022	NIL	NIL
04.	Atul Baburao Patil <sup>##</sup>	Member	C&MD	02.09.2022	Continuing	01	01
05.	Hira Nand <sup>*</sup>	Member	ED	02.09.2022	Continuing	01	01
06.	Rajan Kanwar <sup>**</sup>	Member	ED	15.11.2022	Continuing	NIL	NIL
07.	Ritesh Tiwari	Member	NEID	07.12.2021	Continuing	01	01
08.	Jyoti Bhramar Tubid <sup>+++</sup>	Member	NEID	02.09.2022	Continuing	01	NIL

Table Key: C&MD – Chairman & Managing Director, ED – Executive Director, NEID – Non-Executive Independent Director

\*Dr. Venkata Sarvarayudu Thota appointed as Chairperson w.e.f. 15.11.2022,

\*\*Shri Pandya Ashwinkumar Balvantray has been ceased to be Chairperson w.e.f. 15.11.2022,

<sup>#</sup>Shri Nirlep Singh Rai has been ceased to be member w.e.f. 31.08.2022,

<sup>##</sup>Shri Atul Baburao Patil has become member w.e.f. 02.09.2022,

<sup>\*</sup>Shri Hira Nand has become member w.e.f. 02.09.2022,

<sup>\*\*</sup>Shri Rajan Kanwar has become member w.e.f. 15.11.2022,

<sup>+++</sup>Shri Jyoti Bhramar Tubid has become member w.e.f. 02.09.2022.

### 3.2.3 Compliance Officer

Shri Ashok Jha, Company Secretary, is the Compliance Officer and has been entrusted with the responsibility for redressal of Shareholders and investors' grievances and reports the same to the Committee. Details of the same are also available on the website of the company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

### 3.2.4 Summarized information on complaints

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

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

Quarter Ended	Complaints Received	Complaints Resolved	Complaints Pending
30.06.2022	NIL	NIL	N.A
30.09.2022	NIL	NIL	N.A
31.12.2022	NIL	NIL	N.A
31.03.2023	NIL	NIL	N.A
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>N.A</b>

### 3.3 Nomination and Remuneration Committee

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. During the year under review, the composition of Nomination & Remuneration Committee was proper and in compliance with the applicable provisions.

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

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

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

#### 3.3.1 Meetings

During the year 2022-23, the Nomination and Remuneration Committee met three times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	17	29.06.2022
02.	18	18.10.2022
03.	19	29.12.2022





### 3.3.2 Composition & Attendance at the Meetings

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

(in Nos.)

S.No.	Name of the Member (S/Shri)	Status	Category	Period		Meetings during 2022-23	
				From	To	Held	Attended
01.	Pandya Ashwinkumar Balvantray	Chairperson	NEID	14.05.2020	Continuing	03	02
02.	Nirlep Singh Rai <sup>#</sup>	Member	C&MD	20.09.2021	31.08.2022	01	01
03.	Atul Baburao Patil <sup>##</sup>	Member	C&MD	02.09.2022	Continuing	02	01
04.	Neeraja Adidam	Member	NEID	25.10.2021	Continuing	03	01
05.	Dr. Poonam Sharma	Member	NEID	07.12.2021	Continuing	03	03
06.	Kashi Ram Godara	Member	NEID	07.12.2021	Continuing	03	03
07.	Dr. Venkata Sarvarayudu Thota	Member	NEID	07.12.2021	Continuing	03	03

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

<sup>#</sup>Shri Nirlep Singh Rai has ceased to be Member w.e.f. 31.08.2022,

<sup>##</sup>Shri Atul Baburao Patil has been inducted as Member w.e.f. 02.09.2022.

### 3.4 Corporate Social Responsibility and Sustainable Development Committee

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

The Company has also formulated "CSR Policy" to effectively serve the interests of the society by taking the responsibility for the impact of their activities on customers, employees, shareholders, communities, environment in all aspects of their operation. The CSR Policy of the company is available at the website of the company [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

#### 3.4.1 Meetings

During the year 2022-23, the Corporate Social Responsibility and Sustainable Development Committee met four (4) times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	30	24.05.2022
02.	31	29.06.2022
03.	32	09.08.2022
04.	33	14.11.2022

### 3.4.2 Composition & Attendance at the Meetings

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

(in Nos.)

S.No.	Name of the Member (S/Shri)	Status	Category	Period		Meetings during 2022-23	
				From	To	Held	Attended
01.	Dr. Poonam Sharma <sup>#</sup>	Chairperson	NEID	15.11.2022	Continuing	04	04
		Member		07.12.2021	Continuing		
02.	Pandya Ashwinkumar Balvantray <sup>##</sup>	Chairperson	NEID	14.05.2020	14.11.2022	04	03
03.	Nirlep Singh Rai <sup>+</sup>	Member	C&MD	14.05.2020	31.08.2022	03	03
04.	Atul Baburao Patil <sup>**</sup>	Member	C&MD	02.09.2022	Continuing	01	01
05.	Hira Nand <sup>*</sup>	Member	ED	02.09.2022	Continuing	01	01
06.	Ritesh Tiwari	Member	NEID	07.12.2021	Continuing	04	04
07.	Kashi Ram Godara	Member	NEID	07.12.2021	Continuing	04	04
08.	Jyoti Bhramar Tubid <sup>**</sup>	Member	NEID	15.11.2022	Continuing	NIL	NIL

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

<sup>#</sup>Dr. Poonam Sharma has been member w.e.f. 07.12.2021 and became Chairperson w.e.f. 15.11.2022,

<sup>##</sup>Shri Pandya Ashwinkumar Balvantray has been ceased to be Chairperson and Member w.e.f. 15.11.2022,

<sup>+</sup>Shri Nirlep Singh Rai has been ceased to be Member w.e.f. 31.08.2022,

<sup>\*\*</sup>Shri Atul Baburao Patil appointed as Member w.e.f. 02.09.2022,

<sup>\*</sup>Shri Hira Nand has become member w.e.f. 02.09.2022,

<sup>\*\*</sup>Shri Jyoti Bhramar Tubid has become member w.e.f. 15.11.2022.

### 3.5 Risk Management Committee

Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is applicable to top 1000 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year w.e.f. 05.05.2021 (which was earlier applicable to top 500 listed entities). NFL's Rank was 499 as per data Published by NSE based on market capitalization as on 31.03.2018. Board of Director in its Meeting held on 1<sup>st</sup> February, 2019 constituted Risk Management Committee to monitor, approve and review the risk policies/plan and associated practices of the Company. Currently NFL's Ranking is 568 as on 31.03.2023 as per data published by NSE based on market capitalization. The role and responsibilities of the Risk Management Committee inter-alia includes the following:

- Assist the board in fulfilling its corporate governance in overseeing the responsibilities with regard to the Identification, evaluation and mitigation of operational, strategic and external environment risks.
- Monitor, approve and review the risk policies/ plans and associated practices of the company.
- Review and approve risk disclosure statements in any public documents or disclosures.





- Carry out any other function as required by the provisions of the Companies Act, 2013, Listing Agreement including SEBI (LODR) Regulations, 2015 and Corporate Governance Guidelines issued by DPE.
- Ensure that appropriate systems are in place to manage the identified risks, so that the organizations assets and reputation are suitably protected.
- Ensure that responsibility and authorities are clearly defined and adequate resources are assigned to implement the Risk Management Policy.
- Review the reports from the Risk Assessment Committee and take remedial action.

### 3.5.1 Meetings

During the year 2022-23, the Risk Management Committee met four (4) times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	15	24.05.2022
02.	16	09.08.2022
03.	17	14.11.2022
04.	18	13.02.2023

### 3.5.2 Composition & Attendance at the Meetings

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

(in Nos.)

S.No.	Name of the Member (S/Shri)	Status	Category	Period		Meetings during 2022-23	
				From	To	Held	Attended
01.	Ritesh Tiwari*	Chairperson	NEID	15.11.2022	Continuing	01	01
02.	Pandya Ashwinkumar Balvantray**	Chairperson	NEID	14.05.2020	14.11.2022	04	03
		Member		14.05.2020	Continuing		
03.	Nirlep Singh Rai <sup>^</sup>	Member	C&MD	14.05.2020	31.08.2022	02	02
04.	Atul Baburao Patil <sup>^^</sup>	Member	C&MD	02.09.2022	Continuing	02	02
05.	Hira Nand <sup>#</sup>	Member	ED	14.02.2022	Continuing	04	04
06.	Rajan Kanwar <sup>##</sup>	Member	ED	15.11.2022	Continuing	01	01
07.	Dr. Venkata Sarvarayudu Thota	Member	NEID	07.12.2021	Continuing	04	04
08.	Dinesh Sood	Member	ED(HR)	30.06.2020	Continuing	04	03

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

\*Shri Ritesh Tiwari has been appointed as Chairperson w.e.f. 15.11.2022,

\*\*Shri Pandya Ashwinkumar Balvantray ceased to be Chairperson w.e.f. 15.11.2022 and continued as a member,

<sup>^</sup>Shri Nirlep Singh Rai ceased to be Member w.e.f. 31.08.2022,

<sup>^^</sup>Shri Atul Baburao Patil has been appointed as Member w.e.f. 02.09.2022,

<sup>#</sup>Shri Hira Nand inducted as Member w.e.f. 14.02.2022 and later became Director (Finance) w.e.f. 17.06.2022,

<sup>##</sup>Shri Rajan Kanwar inducted as Member w.e.f. 15.11.2022.



#### 4. SENIOR MANAGEMENT

Particulars of senior management including the changes therein since the close of the previous financial year

S.No.	NAME (S/Shri)	DESIGNATION	DEPARTMENT
01.	A K JAIN	ED	ED Technical Head
02.	DINESH SOOD	ED (HR) **	HR Head (Retired on 30-06-2023)
03.	ANIL MOTSARA	ED (Mktg)	Marketing Head
04.	VIJAY KUMAR BANGAR	ED	Vijaipur Unit Head
05.	VIJAY KANT GOYAL	ED	Bathinda Unit Head
06.	J RAMESH	CGM(F&A)	F&A Head
07.	H K VARSHNEY	CGM(IT)	IT Head
08.	L N BHAKTAVATSALAM	CGM(MLS)	Materials Head
09.	B B GROVER	CGM	Panipat Unit Head
10.	V K GUPTA	GM I/c	Nangal Unit Head
11.	P PARTHIBAN	DGM(IA/CA)	IA/CA

\*\*Shri B.V. Vittal has been appointed as ED (HR) on 08.08.2023

#### 5. DETAILS OF REMUNERATION AND SITTING FEE PAID TO DIRECTORS DURING 2022-23

##### 5.1 Remuneration to Executive Directors and Company Secretary

(₹ in Lakh)

S.No.	Name of Director (S/Shri)	Salary including perks	Retirement Benefits	Total
01.	Atul Baburao Patil, Director (Marketing) <sup>^</sup>	42.78	4.59	47.37
02.	Nirlep Singh Rai, C&MD**	19.41	39.04	58.45
03.	Hira Nand, Director (Finance)***	34.93	3.42	38.35
04.	Rajan Kanwar, Director (Technical) <sup>†</sup>	17.88	2.16	20.04
05.	Ashok Jha, Company Secretary	25.19	2.53	27.72
	<b>Total</b>	<b>140.19</b>	<b>51.74</b>	<b>191.93</b>

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

<sup>^</sup>Shri Atul Baburao Patil, Director (Marketing) has been entrusted the additional charge of C&MD w.e.f. 01.09.2023,

\*\*Shri Nirlep Singh Rai has been ceased to be C&MD w.e.f. 31.08.2022,

\*\*\*Shri Hira Nand became Director (Finance) w.e.f. 17.06.2022,

<sup>†</sup>Shri Rajan Kanwar became Director (Technical) w.e.f. 21.10.2022.

The terms of appointment with respect to the severance notice period and fees payable to the Directors is as per the orders issued by Department of Fertilizers, Ministry of Chemicals and Fertilizers, Government of India.

##### 5.2. Sitting Fee to Independent Directors

The Non-executive Independent Directors are paid sitting fee of ₹ 25,000/- for attending each meeting of the Board and/or Committee thereof. Sitting fee paid to Independent Directors during 2022-23 is as follows:





(Amount in ₹)

S.No.	Name of the Independent Director (S/Shri)	Board Meetings	Audit Committee & other Board Sub-Committee Meetings	Total
01.	Pandya Ashwinkumar Balvantray	200000	400000	600000
02.	Dr. Poonam Sharma	250000	300000	550000
03.	Ritesh Tiwari	250000	150000	400000
04.	Kashi Ram Godara	250000	300000	550000
05.	Dr. Venkata Sarvarayudu Thota	250000	175000	425000
06.	Jyoti Bhramar Tubid*	200000	25000	225000
	<b>TOTAL</b>	<b>1400000</b>	<b>1350000</b>	<b>2750000</b>

The criteria of making payments to Non-Executive Directors is available at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

\*Jyoti Bhramar Tubid appointed as NEID w.e.f. 21.04.2022.

### 5.3 Government Nominee Directors

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

### 5.4 Stock Options

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

## 6. GENERAL BODY MEETINGS

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

Type of Meeting	Date of Annual General Meeting	Time of Annual General Meeting	Place of Annual General Meeting	Whether any special resolution passed
<b>Year 2019-20</b>				
Annual General Meeting	17.12.2020	02:30 PM	Through Video Conferencing (VC) or Other Audio Visual Means (OAVM)	-
<b>Year 2020-21</b>				
Annual General Meeting	29.09.2021	02:30 PM	Through Video Conferencing (VC) or Other Audio Visual Means (OAVM)	-
<b>Year 2021-22</b>				
Annual General Meeting	29.09.2022	02:30 PM	Through Video Conferencing (VC) or Other Audio Visual Means (OAVM)	Yes

## 7. POSTAL BALLOT

During the year, the Company had sought the approval of Shareholders through Postal Ballot by remote e-voting process.


Details of Resolutions passed through Postal Ballot are as follows:

Particulars	Postal Ballot Notice dated May 17, 2022	Postal Ballot Notice dated July 25, 2022	Postal Ballot Notice dated November 16, 2022
<b>Resolution(s)</b>	<ol style="list-style-type: none"> <li>1. Appointment of Shri Atul Baburao Patil (DIN: 09557730) as Director (Marketing) of the Company – Ordinary Resolution</li> <li>2. Appointment of Ms. Neeraja Adidam (DIN: 09351163) as Government Nominee Director of the Company - Ordinary Resolution</li> <li>3. Appointment of Dr. Poonam Sharma (DIN: 09392920) as Non-Official Independent Director of the Company – Special Resolution</li> <li>4. Appointment of Shri Kashi Ram Godara (DIN: 09393859) as Non-Official Independent Director of the Company - Special Resolution</li> <li>5. Appointment of Shri Ritesh Tiwari (DIN: 07082681) as Non-Official Independent Director of the Company - Special Resolution</li> <li>6. Appointment of Dr. Venkata Sarvarayudu Thota (DIN: 01631664) as Non-Official Independent Director of the Company - Special Resolution</li> <li>7. Appointment of Shri Jyoti Bhramar Tubid (DIN: 02442295) as Non-Official Independent Director of the Company - Special Resolution</li> </ol>	<ol style="list-style-type: none"> <li>1. Appointment of Shri Hira Nand (DIN: 09476034) as Director (Finance) of the Company - Ordinary Resolution</li> </ol>	<ol style="list-style-type: none"> <li>1. Appointment of Shri Rajan Kanwar (DIN: 09772867) as Director (Technical) of the Company - Ordinary Resolution</li> </ol>





Particulars	Postal Ballot Notice dated May 17, 2022	Postal Ballot Notice dated July 25, 2022	Postal Ballot Notice dated November 16, 2022
<b>Remote e- voting Facility</b>	National Securities Depository Limited (NSDL)	National Securities Depository Limited (NSDL)	National Securities Depository Limited (NSDL)
<b>Scrutinizer</b>	Shri Naresh Kumar Sinha, Proprietor of M/s Kumar Naresh Sinha & Associates, Company Secretaries (FCS No.: F1807 & COP No.: 14984)	Shri Sachin Agarwal, Partner of M/s Agarwal S. & Associates, Company Secretaries (FCS No.: F5774 & COP No.: 5910)	Shri Sachin Agarwal, Partner of M/s Agarwal S. & Associates, Company Secretaries (FCS No.: F5774 & COP No.: 5910)
<b>Cut-off Date</b>	Friday, May 20, 2022	Friday, July 29, 2022	Friday, November 18, 2022
<b>Dispatch Date of Notice</b>	Wednesday, May 25, 2022	Wednesday, August 03, 2022	Wednesday, November 23, 2022
<b>Remote e-voting period</b>	Commenced from Friday, 27 <sup>th</sup> May, 2022 at 09:00 A.M. (IST) and ended on Saturday, 25 <sup>th</sup> June, 2022 at 05:00 P.M. (IST)	Commenced from Friday, 5 <sup>th</sup> August, 2022 at 09:00 A.M. (IST) and ended on Saturday, 3 <sup>rd</sup> September, 2022 at 05:00 P.M. (IST)	Commenced from Friday, 25 <sup>th</sup> November, 2022 at 09:00 A.M. (IST) and ended on Saturday, 24 <sup>th</sup> December, 2022 at 05:00 P.M. (IST)

The results of the voting conducted through Postal Ballots are as under: 

**A. Postal Ballot Notice dated May 17, 2022:** 

Resolution	No. of votes in favour	% of votes in favour (approx.)	No. of votes in against	% of votes in against (approx.)
Resolution No.-01	424079299	99.99	48326	0.01
Resolution No.-02	424021498	99.98	104264	0.02
Resolution No.-03	422135318	99.53	1989747	0.47
Resolution No.-04	422132017	99.53	1992328	0.47
Resolution No.-05	422131700	99.53	1991740	0.47
Resolution No.-06	424073152	99.99	51613	0.01
Resolution No.-07	424074583	99.99	50181	0.01

Accordingly, the Resolutions as set out in the Postal Ballot Notice dated May 17, 2022 were passed with requisite majority on June 25, 2022.

**B. Postal Ballot Notice dated July 25, 2022** 

Resolution	No. of votes in favour	% of votes in favour (approx.)	No. of votes in against	% of votes in against (approx.)
Resolution No.-01	417086939	99.98	63194	0.02

Accordingly, the Resolution as set out in the Postal Ballot Notice dated July 25, 2022 was passed with requisite majority on September 03, 2022.

### C. Postal Ballot Notice dated November 16, 2022:

Resolution	No. of votes in favour	% of votes in favour (approx.)	No. of votes in against	% of votes in against (approx.)
Resolution No.-01	422005541	100.00	11942	0.00

Accordingly, the Resolution as set out in the Postal Ballot Notice dated November 16, 2022 was passed with requisite majority on December 24, 2022.

### 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 Penalties etc.

BSE has levied monetary fines for non-compliance with Regulation 52(4) of SEBI (LODR) Regulations, 2015 against the Company as detailed in Secretarial Compliance Report (**Annexure- 14**). BSE vide its email dated 14.12.2022 and 30.12.2022 imposed fine on National Fertilizers Limited (“NFL”) for non-disclosure of line items as prescribed under Regulation 52(4) of the SEBI (LODR) Regulations, 2015. NFL has made appeal to BSE for withdrawal of the Notice and waiver of fine.

#### 9.3 Details of Vigil Mechanism/Whistle Blower Policy

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

#### 9.4 Related Party Transactions Policy

Related Party Transaction Policy of the Company is available at [www.nationalfertilizers.com](http://www.nationalfertilizers.com) and the same can also be downloaded by clicking on <https://www.nationalfertilizers.com/wp-content/uploads/2023/01/policy19.08.2015.pdf>







### 9.5 Policy for Determining 'Material' Subsidiaries

Policy for determining 'material' subsidiaries is available at [www.nationalfertilizers.com](http://www.nationalfertilizers.com) and the same can also be downloaded by clicking on [https://www.nationalfertilizers.com/wp-content/uploads/2023/01/Policy\\_Material21042016.pdf](https://www.nationalfertilizers.com/wp-content/uploads/2023/01/Policy_Material21042016.pdf)

### 9.6 Foreign Exchange risk or Commodity price risk and hedging activities

Hedging activities/ transactions during the financial year 2022-23 have been undertaken by the company in line with the Board approved foreign exchange risk management policy. The basic philosophy is that the risk should be limited to what company can bear. Based on this, the risk appetite of the Company (generally linked to % of profits) open position of unhedged forex exposure is worked out for monitoring with pre - determined stop loss limits.

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

### 9.7 Compliance with Mandatory Requirements for Corporate Governance Report

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

### 9.8 Compliance of discretionary requirements specified in Part-E of Schedule-II

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

1. **The Board:** The Company is headed by an Executive Chairman.
2. **Shareholder Rights:** The quarterly financial results of the Company are published in leading newspapers as mentioned under heading 'Means of Communication' and also hosted on the website of the Company.
3. **Modified opinion(s) in audit report:** The Auditor's Report for F.Y. 2022-23 was unmodified.
4. **Reporting of the Internal Auditor:** Internal Auditors are appointed by the Board on the recommendation of Audit Committee. Internal Audit Programs are approved by the Audit Committee. The Internal Auditors reports to the Audit Committee on significant observations.

### 9.9 Investor Education and Protection Fund

During the year 2022-23 company has transferred an amount of Rs. 99365.68 to Investor Education and Protection Fund with respect to unpaid/unclaimed dividend.

### 9.10 Transfer of Shares to Investor Education and Protection Fund

In accordance with the applicable provisions of Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Company has transferred 13,087 equity shares to the Investor Education and Protection Fund Authority during the year 2022-23. Thus total number of equity shares of IEPF Authority Demat Account as on 31.03.2023 stands at 37,124.

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

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

### 9.11.1 Nodal Officer

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

## 9.12 Monitoring of Foreign Investment

Pursuant to the Circular No. IMD/FPIC/CIR/P/2018/61 dated April 05, 2018 issued by SEBI regarding Monitoring of Foreign Investment Limits in listed companies by the depositories, the Company has appointed National Securities Depository Limited (NSDL) as Designated Depository for the purpose of monitoring the foreign investment limits.

### 9.12.1 Designated Official

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

## 9.13 Implementation of System-driven Disclosures in Securities Market

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

### 9.13.1 Designated Official

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

## 9.14 Deposits

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

## 9.15 Fee to Statutory Auditor

Total fee of ₹ 84.05 Lakh (₹ Eighty Four Lakh Five Thousand only) plus GST was paid for all services rendered by Statutory Auditor (on consolidation basis) during 2022-23.





### 9.16 Disclosure under Sexual Harassment of Women at Workplace Officer

During the year 2022-23, disclosure in relation to the Sexual Harassment of Women at workplace is as under:

- |  |   |     |
|--|---|-----|
| a) No. of complaints filed during the FY         | - | NIL |
| b) No. of complaints disposed off during the FY  | - | NIL |
| c) No. of complaints pending as at the end of FY | - | NIL |

### 9.17 SEBI (LODR) Regulation, 2015:- Certification from Company Secretary in Practice regarding debarred or disqualification of Directors on the Board for the year ended 31<sup>st</sup> March, 2023.

Mr. Naresh Kumar Sinha, Proprietor of M/s Kumar Naresh Sinha & Associates, Company Secretaries has issued Annual Secretarial Compliance Report for the year ended 31<sup>st</sup> March, 2023 and a Certificate as required under the listing regulations, confirming that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or any such authority annexed as **Annexure -15** to this Report.

## 10. Compliance Officer

Shri Ashok Jha, Company Secretary is the Compliance Officer.

## 11. Means of Communication

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, the Company has taken the following initiatives

### 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 Exchange.

### 11.2 Newspapers Wherein Results Published

Quarterly / Annual Financial Results for 2022-23 were published in prominent newspapers as below: -

Sr. No.	Date of Publication	Period	Name of Newspaper
1.	10.08.2022	30 <sup>th</sup> June, 2022	Hindustan Times (English), Delhi Edition Hindustan (Hindi), Delhi Edition Mint (English), Delhi Edition Millennium Post (English), Delhi edition
2.	14.11.2022	30 <sup>th</sup> September, 2022	Hindustan Times (English), Delhi Edition Hindustan (Hindi), Delhi Edition Mint (English), Delhi Edition Free Press Journal (English), Mumbai
3.	13.02.2023	31 <sup>st</sup> December, 2022	The Indian Express (English), Delhi NCR Financial Express (English), Delhi NCR Jansatta (Hindi), Delhi NCR The Statesman (English), Delhi NCR The Business Standard (English), Delhi NCR

4.	30.05.2023	31 <sup>st</sup> March, 2023	Hindustan Times (English), Delhi NCR Hindustan (Hindi), Delhi NCR Mint (English), Delhi NCR Edition Divya Himachal (Hindi), Shimla edition Free Press (English), Mumbai edition Millennium Post (English), Delhi edition
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The quarterly results are also displayed on the official website of the Company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com)

### 11.3 Shareholding Pattern

Shareholding Pattern at the end of each quarter is also conveyed to the Stock Exchanges and available at the website of the Company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com)

### 11.4 Intimation to Stock Exchanges

Stock Exchanges are kept posted with all periodical compliance filings and other major events related to the Company.

### 11.5 Designated exclusive email ID

Company has designated exclusive email ID: [investor@nfl.co.in](mailto:investor@nfl.co.in) for the investors.

### 11.6 Displays official news release

All official Press Releases are posted on the Company's website [www.nationalfertilizers.com](http://www.nationalfertilizers.com)

### 11.7 Presentations

Presentations were made to institutional investors or to the analysts. Stock Exchanges were informed within the prescribed timelines.

### 11.8 Website

The Company's website is a comprehensive reference on its management, vision, policies, corporate governance, and investor relations. The Members can access the details of the Board, the Board Level Committees, Policies, Financial Information, statutory filings, shareholding information, details of unclaimed dividend and shares transferred /liable to be transferred to IEPF etc. In addition, various downloadable forms required to be executed by the shareholders have also been provided on the website of the Company.

### 11.9 Electronic Communication

The Company had during FY 2022-23 sent various communications including Annual Reports, by email to those shareholders whose email addresses were registered with the Company/ Depositories. In support of the 'Green Initiative' the Company encourages members to register their email address with their Depository Participant or the Company, to receive soft copies of the Annual Report, Notices and other information disseminated by the Company, on a real-time basis without any delay.





### 11.10 Scores

A centralised web based complaints redress system 'SCORES' which serves as a centralised database of all complaints received, enables uploading of Action Taken Reports by the concerned companies and online viewing by the investors of actions taken on complaint and its current status.

### 11.11 Green Initiative

All agenda papers for the Board and Committee meetings are disseminated electronically on a real-time basis, by uploading them on a secured online application.

## 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** : 29<sup>th</sup> September, 2023

**Time** : 2:30 P.M.

**Venue** : Meeting is being conducted through Video Conferencing / Other Audio Visual Means (VC/OAVM) pursuant to the MCA Circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, May 5, 2022 and December 28, 2022.

### 12.3 Financial Year

1<sup>st</sup> April to 31<sup>st</sup> March

### 12.4 Address for Communication

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

**Corporate Office** : A-11, Sector-24, Noida-201301, Uttar Pradesh.

### 12.5 Website

Information related to shareholders like Annual Report, Quarterly Financial Results, Shareholding Pattern etc. is available at Company's website [www.nationalfertilizers.com](http://www.nationalfertilizers.com)

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

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



## 12.7 Financial Calendar for FY 2023-24

Particulars	Period
Accounting Period	01 <sup>st</sup> April, 2023 to 31 <sup>st</sup> March, 2024
Un-audited Financial Results for the first three quarters	Within a period of 45 days from the end of each quarter
Fourth Quarter Results	Within a period of 60 days from the end of financial year
AGM (Next Year)	September, 2024 (Tentative)

## 12.8 Cut - Off date

The cut-off date for the purpose of AGM for recognizing the voting rights of Shareholders is 22.09.2023.

## 12.9 E-voting

Members will be provided e-voting facility to exercise their right to vote at the 49<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services through National Securities Depository Services Limited (NSDL). The e-voting facility will be available from 26.09.2023 (from 09.00 AM) to 28.09.2023 (up to 5.00PM).

## 12.10 Payment of Dividend

During the year under review, Board of Directors has declared Interim dividend of ₹ 1.53/- (15.30%) per equity share of the face value of Rs. 10/- each for the financial year 2022-2023 and the payment was made in June, 2023. Further, the Board of Directors has recommended Final Dividend of ₹1.26 (12.60%) per equity share of ₹ 10 each on the paid up equity share capital of the Company for the Financial Year 2022-23 which shall be paid after approval of the Shareholders at the Annual General Meeting.

The Company has the Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is available on the Company's website at <https://www.nationalfertilizers.com/wp-content/uploads/2023/01/FINAL-DIVIDEND-DISTRIBUTION-POLICY-FINAL.pdf>

## 12.11 Listing on Stock Exchanges

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

### 12.11.1 The BSE Limited (BSE)

Name, Address and contact details	Security Code	Security
BSE Limited (BSE) P.J. Towers, Dalal Street, Mumbai –400001. Telephone: 022-22721233/4 Fax: 022-22721919 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	Security
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 2659 8100/ 2659 8114 / 66418100 Fax: 022 -2659 8120 Email: cc_nse@nse.co.in Website: www.nseindia.com	NFL	Equity

### 12.11.3 Commercial Paper Listed During The Year-2022-23

Name, Address and contact details of stock exchange	Scrip Code BSE	ISIN Code	Amount(Rs)
<b>NATIONAL STOCK EXCHANGE</b>			
Name: Mr Santosh Kumar (Sr. Manager, Listing Business Development) Address: National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051 Telephone: 8105677272 Email: spotlacheru@nse.co.in Website: www.nse-india.com	722805	INE870D14DY9	3,00,00,00,000
	723263	INE870D14DZ6	2,60,00,00,000
	723479	INE870D14EA7	1,75,00,00,000
	723515	INE870D14EB5	3,75,00,00,000
	723702	INE870D14EC3	3,00,00,00,000
<b>BOMBAY STOCK EXCHANGE</b>			
Name: Mr Raghavendra Bhat Address: BSE Limited, P J Towers, Dalal Street, Mumbai - 400001, India Telephone: 8879752654 Email: raghavendra.bhat@bseindia.com Website: www.bseindia.com	723721	INE870D14ED1	2,50,00,00,000
<b>TOTAL</b>			<b>16,60,00,00,000</b>

### 12.12 Listing Fee

The Annual Listing Fee upto 2023-24 has been paid to the concerned stock exchange.

### 12.13 Payment of Annual Custody Fee to NSDL and CDSL

Demat ISIN No. in NSDL and CDSL	INE870D01012
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Company has paid the Annual Custody Fee to NSDL and CDSL for the financial year 2023-24.

### 12.14 Market Price Data

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

### 12.14.1 BSE

Month	Stock Prices of the Company		Corresponding BSE Indices (SENSEX)	
	High (₹)	Low (₹)	High	Low
April, 2022	65.40	52.55	60845.1	56009.07
May, 2022	58.80	44.40	57184.21	52632.48
June, 2022	53.25	38.25	56432.65	50921.22
July, 2022	46.50	40.65	57619.27	52094.25
August, 2022	53.85	45.60	60411.2	57367.47
September, 2022	53.95	46.10	60676.12	56147.23
October, 2022	51.25	46.70	60786.7	56683.4
November, 2022	60.35	48.25	63303.01	60425.47
December, 2022	82.4	56.00	63583.07	59754.1
January, 2023	78.30	61.55	61343.96	58699.2
February, 2023	70.85	55.00	61682.25	58795.97
March, 2023	78.30	61.20	60498.48	57084.91

Face Value per Share is ₹ 10/-

### 12.14.2 NSE

Month	Stock Prices of the Company		Corresponding NSE Indices (Nifty)	
	High (₹)	Low (₹)	High	Low
April, 2022	65.3	52.45	18114.65	16824.7
May, 2022	58.85	44.4	17132.85	15735.75
June, 2022	53.4	38.2	16793.85	15183.4
July, 2022	46.5	40	17172.8	15511.05
August, 2022	53.25	45.7	17992.2	17154.8
September, 2022	53.95	46.30	18096.15	16747.7
October, 2022	51.15	46.7	18022.8	16855.55
November, 2022	60.4	49	18816.05	17959.2
December, 2022	82.45	56	18887.6	17774.25
January, 2023	78.25	62.2	18251.95	17405.55
February, 2023	70.95	55	18134.75	17255.2
March, 2023	78.35	61.35	17799.95	16828.35

Face Value per Share is ₹ 10/-

### 12.15 Registrar and Share Transfer Agent

Name of Registrar and Share Transfer Agent	M/s. MAS Services Limited
Address:	T-34, 2 <sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi Pin Code – 110020,
Phone:	011-26387281/82/83
Fax:	011-26387384
Email :	investor@masserv.com





## 12.16 Distribution of Shareholding

Shares held by different type of shareholders as on 31<sup>st</sup> March, 2023 are given below:-

### 12.16.1 According to size

No. of Equity Shares held	Number of Shareholders	Percentage to Total	No. of shares held	Percentage to Total
(1)	(2)	(3)	(4)	(5)
1 to 5000	97184	86.015	11091350	2.261
5001 to 10000	7701	6.816	6432499	1.311
10001 to 20000	3741	3.311	5833537	1.189
20001 to 30000	1460	1.292	3793242	0.773
30001 to 40000	639	0.566	2318364	0.473
40001 to 50000	602	0.533	2848190	0.581
50001 to 100000	958	0.848	7187074	1.465
100001 & above	700	0.620	451074144	91.947
<b>Total</b>	<b>112985</b>	<b>100.00</b>	<b>490578400</b>	<b>100.00</b>

### 12.17 Shareholding Pattern

	Category	Number of Shares held	Percentage of shareholding
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group (Government of India)</b>		
I	Indian	366,529,532	74.71
II	Foreign	-	-
	<b>Sub Total (A)</b>	<b>366,529,532</b>	<b>74.71</b>
<b>(B)</b>	<b>Public shareholding Institutions</b>		
I	Institutions	6,35,45,720	12.96
II	Non-institutions	6,05,03,148	12.33
	<b>Sub Total (B)</b>	<b>124,048,868</b>	<b>25.29</b>
	<b>GRAND TOTAL</b>	<b>490,578,400</b>	<b>100.00</b>

### 12.18 Outstanding GDRs, ADRs, Warrants or any convertible instruments, etc.

Company has not issued any such securities.

### 12.19 Status of dematerialization of shares as on 31<sup>st</sup> March, 2023

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



### 12.19.1 The position of shares held in dematerialized and physical mode as on 31.03.2023

Mode of Holding	Number of Shares	Percentage
National Securities Depository Limited (NSDL)	92,138,349	18.781
Central Depository Services (India) Limited (CDSL)	398,174,339	81.164
Physical	265,712	0.055
<b>Total</b>	<b>490,578,400</b>	<b>100.00</b>

### 12.19.2 Share Transfer System

Trading in equity shares of the Company through Recognized Stock Exchanges can be done only in dematerialized form. The Board has delegated the authority for approving transfer/ transmission, etc. to the Share Transfer Committee. Company obtains Yearly Certificate of compliance with the share transfer formalities from a Company Secretary in practice as required under regulation 40 (9) of SEBI (LODR) Regulations, 2015 which is filed with the stock exchanges and also available on the website of the company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com).

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

SEBI vide Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 03, 2021 has made it mandatory for all shareholders holding shares in physical form in the Company, to furnish requisite documents/details (including of joint holders) to the Registrar and Share Transfer Agent of the Company (RTA).

As per aforesaid SEBI Circular, Folios wherein any one of the said document/details are not available on or after April 01, 2023 shall be frozen and shareholder will not be eligible to lodge grievance or avail service request from the RTA and will not be eligible for receipt of dividend in physical mode. Further, shareholders holding shares in physical mode are requested to ensure that their PAN is linked to Aadhaar by the date as may be specified by the Central Board of Direct Taxes to avoid freezing of folio. The frozen folios shall be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002, after December 31, 2025.

Further, SEBI vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 provided that it shall be mandatory for all holders of physical securities in listed companies to furnish PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers. The folios wherein any one of the cited document/details are not available on or after October 01, 2023, shall be frozen by the RTA. Frozen folios shall be referred by the RTA/ listed company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025.

Company's RTA M/s. MAS Services Limited has also approached the shareholders holding shares in physical form to collect their valid PAN, KYC details in Form ISR-1, for change of signature detail in Form ISR- 2, for Incorporation of Nomination in Form SH-13, For Removal of nomination or declaration to opt-out in Form ISR-3 etc. In this regard, communication has been sent to the shareholders holding shares in physical mode by the Company pursuant to the aforesaid SEBI Circular.







### 12.19.4 Transfer of physical shares

SEBI vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated 08.06.2018 has inserted a proviso in Regulation 40 of SEBI (LODR) Regulations, 2015, which provides that except in the case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. SEBI vide its press release dated 27.03.2019 had clarified that any investor who is desirous of transferring shares (which are held in physical form) after April 01, 2019 can do so only after the shares are dematerialized. Accordingly, all shareholders holding shares in physical form are requested to get their shares in dematerialized form to facilitate transfer of their shares.

### 12.20 Name and addresses of the Depositories

National Securities Depository Limited (NSDL)	
Address	Trade World, 4 <sup>th</sup> Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400013.
Central Depository Services (India) Limited (CDSL)	
Address	Marathon Futurex, A-Wing, 25 <sup>th</sup> floor, NM Joshi Marg, Lower Parel, Mumbai - 400013

### 12.21 Location of Production Units

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

S.No.	Unit	Location
01.	Nangal	Nangal, District Ropar, Punjab-140126. Tel.No.01887-220543, FAX No.01887-220541
02.	Bathinda	Sibian Road, Bathinda, Punjab-151003 Tel. No.0164-2270261/62, FAX No.0164-2760270
03.	Panipat	Gohana Road, Panipat, Haryana-132106 Tel.No.0180-2652545, 2652486, FAX No.0180-2652515
04.	Vijaipur I & II	Vijaipur, District Guna, Madhya Pradesh-473111 Tel.No. 07544-273089, 273109, FAX No. 07544-273089/273109

### 12.22 CEO & CFO Certification

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

### 12.23 Audits and Internal Control System

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



### 13. Credit Rating

Information regarding credit rating during the financial year 2022-23 is provided in the Board's Report.

### 14. Risk Management Policy

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

### 15. Legal Compliances

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

### 16. Integrity Pact

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

### 17. Code of Insider Trading

Board of Directors has laid down "The Code of Conduct for Regulating & Reporting Trading by Designated Persons & their Immediate Relatives for National Fertilizers Limited" with the objective of preventing purchase and/or sale of shares of the company by an insider on the basis of unpublished price sensitive information. Under this Code, insiders (Designated Persons, Designated employee and their immediate relatives) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities, beyond limits specified, permission of the Compliance officer is required. All Directors/ Officers/ Designated Employees/ Designated Person and their immediate relatives are also required to disclose related information periodically as defined in the Code. Connected Persons are also intimated regarding the closure of trading window and to ensure the compliance of the Code.

Company Secretary has been designated as Compliance Officer for this Code. The code is also available on the website of the company at [www.nationalfertilizers.com](http://www.nationalfertilizers.com)

### 18. Code of Conduct for Board Members and Senior Management Personnel

The Company has adopted "Code of Conduct for Board Members and Senior Management Personnel" of the Company. The object is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty. The Code is available on the Company's website [www.nationalfertilizers.com](http://www.nationalfertilizers.com). All Directors and Senior Management Personnel have complied with the Code of Conduct.





## 19. Declaration

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

This is to certify that in line with the requirements of Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; all the Members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31<sup>st</sup> March, 2023.

**(U. Saravanan)**  
Chairman & Managing Director  
DIN: 07274628

## 20. Compliance Certificate of the Secretarial Auditors

Certificate from the Company's Secretarial Auditor Mr. Naresh Kumar Sinha, Proprietor of M/s Kumar Naresh Sinha & Associates, Company Secretaries confirming compliance with the conditions of Corporate Governance as stipulated under LODR is attached to the Board's Report forming part of the Annual Report.

## 21. Compliances with Corporate Governance Code

NFL believes in maximum transparency and benchmarks 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 1<sup>st</sup> December, 2015. Company as a policy makes all efforts to ensure compliance of provisions relating to Corporate Governance prescribed under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and DPE Guidelines.

### Registered Office:

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

**Date : 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**  
Chairman & Managing Director  
DIN : 07274628

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

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

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

### (i) Organizational Purpose

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

### (ii) Strategic Insight

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

### (iii) Organisational Capacity Building

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

### (iv) Stakeholder Value Creation

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

### (v) Commercial Acumen

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

### (vi) Risk Management and Compliance

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





### (vii) Policy Evaluation

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

### (viii) Culture Building

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

### (ix) Board Cohesion

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

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

S. No.	Director (S/Shri)	SKILLS, EXPERTISE AND COMPETENCIES								
		Organisational Purpose	Strategic Insight	Organisational Capacity Building	Stakeholder Value Creation	Commerci-al Acumen	Risk Management and Compliance	Policy Evaluation	Culture Building	Board Cohesion
1	U. Saravanan	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Nirlep Singh Rai	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Atul Baburao Patil	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Hira Nand	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Rajan Kanwar	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Dharam Pal	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Neeraja Adidam	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Prathibha A.	✓	✓	✓	✓	✓	✓	✓	✓	✓
9	Pandya AshwinKumar Balvantray	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Dr. Poonam Sharma	✓	✓	✓	✓	✓	✓	✓	✓	✓
11	Ritesh Tiwari	✓	✓	✓	✓	✓	✓	✓	✓	✓
12	Kashi Ram Godara	✓	✓	✓	✓	✓	✓	✓	✓	✓
13	Dr. Venkata Sarvarayudu Thota	✓	✓	✓	✓	✓	✓	✓	✓	✓
14	Jyoti Bhramar Tubid	✓	✓	✓	✓	✓	✓	✓	✓	✓



## CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER UNDER SCHEDULE II PART B OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We, Atul Baburao Patil, Chairman and Managing Director and Hira Nand, Director (Finance) and Chief Financial Officer certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2023 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) There are, to the best of our knowledge and belief, no transactions are entered into by the company during the year ended 31<sup>st</sup> March, 2023 which are fraudulent, illegal or in violation 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 systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee
  1. Significant changes in internal control over financial reporting during the year ended 31<sup>st</sup> March, 2023;
  2. Significant changes in accounting policies during the year ended 31<sup>st</sup> March, 2023 and that the same have been disclosed in the notes to the financial statements; and
  3. We have not come across any instance during the year ended 31<sup>st</sup> March 2023 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.

**(Hira Nand)**  
**Director (Finance) and**  
**Chief Financial Officer**  
**DIN: 09476034**

**(Atul Baburao Patil)**  
**Chairman & Managing Director**  
**DIN: 09557730**

**Registered Office:**  
Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi –110003.  
**Date: 29<sup>th</sup> May, 2023**





## CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE FOR THE FY 2022-23

To,

The Members,

**NATIONAL FERTILIZERS LIMITED (NFL)**

1. We have examined the compliance of conditions of Corporate Governance by **National Fertilizers Limited [CIN: L74899DL1974GOI007417]** (“the Company”), for the year ended **March 31, 2023**, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and as stipulated in the guidelines of Department of Public Enterprises (DPE) on Corporate Governance for Central Public Sector Undertakings issued in May 2010.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations and DPE guidelines on Corporate Governance.
3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the Listing Regulations and DPE guidelines on Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D and E of Schedule V of the SEBI Listing Regulations and DPE guidelines on Corporate Governance during the year ended **March 31, 2023** except the following:
  - **The listed entity has not complied with the disclosure requirement of line items prescribed under Regulation 52(4) of SEBI LODR along with the financial result for the quarter ended September 30, 2022.**
  - **The performance evaluation of Independent Directors has not been done by the entire Board of Directors.**
  - **The Nomination and Remuneration Committee has not:**
    - i. **formulated the criteria for determining qualifications, positive attributes and Independence of a director and recommend to the Board of Directors, a policy relating to the remuneration of the directors, key managerial personnel and other employees;**
    - ii. **formulated criteria for evaluation of performance of Independent Directors and the Board of Directors.**



We further report that,

1. The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors and Independent Directors by Administrative Ministry.
2. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Place: Noida**

**Date: July 7, 2023**

**For Kumar Naresh Sinha & Associates  
Company Secretaries**

**CS Naresh Kumar Sinha  
(Proprietor)**

**FCS: 1807; CP No.: 14984**

**PR: 610/2019**

**FRN: S2015UP440500**

**UDIN: F001807E000567438**





## Management's Explanation to the Observations of Secretarial Auditor on Corporate Governance for the Financial Year 2022-23

Sr.No.	Secretarial Auditors' Observations	Management's Explanation
01.	The listed entity has not complied with the disclosure requirement of line items prescribed under Regulation 52(4) of SEBI LODR along with the financial result for the quarter ended September 2022.	<p>The Company complies with the applicable provisions of Listing Regulations from time to time.</p> <p>The Company has also complied with the provisions of Regulation 52(4) of the Listing Regulations by disclosing the line items along with the financial results. However, some additional line items could not be included inadvertently in the aforesaid financial results for the quarter ended September, 2022.</p> <p>This additional information has been disclosed by the Company to Stock Exchanges. Further, Company has also requested to the BSE for waiver of fine.</p>
02.	The performance evaluation of Independent Directors has not been done by the entire Board of Directors.	<p>(a) Regulation 17(10) of SEBI (LODR) Regulations, 2015 requires the performance evaluation of Independent Directors to be done by the entire Board of Directors to decide their continuance or otherwise.</p> <p>However, the MCA vide its notification dated 5<sup>th</sup> 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) &amp; (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.</p> <p>(b) Further MCA vide notification dated 5<sup>th</sup> June, 2015 has also notified that in case of Government Companies Section 134(3) (p) of the Companies Act, 2013 shall not apply in case the Directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company.</p> <p>c) The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by the Administrative Ministry i.e. Ministry of Chemicals and Fertilizers, GOI. Further, terms &amp; conditions of appointment as well as tenure of all Directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson, Functional Directors and Independent Directors by Administrative Ministry.</p>

Sr.No.	Secretarial Auditors' Observations	Management's Explanation
		<p>(d) Performance evaluations to which the Government Companies and their Directors are subjected to are as follows:</p> <ul style="list-style-type: none"> <li>i. All the Functional Directors (through C&amp;MD) and C&amp;MD are accountable to the Board and the Administrative Ministry.</li> <li>ii. For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&amp;MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is discussed by Department of Public Enterprises, Niti Aayog, Ministry of Statistics &amp; Programme Implementation and the Administrative Ministry officials. Targets are set for various MoU parameters. The performance of the Company vis-à-vis MoU indicates the overall performance of the Board and individual Directors. Performance of the Company is reviewed on quarterly basis through Quarterly Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters.</li> <li>iii. Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive Directors, Functional Directors and C&amp;MD major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters.</li> <li>iv. Annual performance appraisal of the C&amp;MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister.</li> <li>v. Tenure of Functional Directors and C&amp;MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry.</li> <li>vi. All the Government Companies are also subject to regular review by various Parliamentary Committees on different subjects.</li> </ul>







Sr.No.	Secretarial Auditors' Observations	Management's Explanation
		<p>vii. In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and Part-time non-Official Directors (Independent Directors) was not carried out.</p> <p>In view of the above exemption, no performance evaluation of the Independent Directors was required to be carried out.</p>
03.	<p>The Nomination and Remuneration Committee has not:</p> <p>(a) formulated the criteria for determining qualifications, positive attributes and Independence of a director and recommend to the Board of Directors, a policy relating to the remuneration of the directors, key managerial personnel and other employees;</p> <p>(b) formulated criteria for evaluation of performance of Independent Directors and the Board of Directors.</p>	Same as explanation provided in Sr. No. 02.

**Registered Office:**

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

**Date: 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**

Chairman & Managing Director

DIN: 07274628

# Annual Report on Corporate Social Responsibility Activities

## 1) Brief Outline on CSR Policy of The Company

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

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

## 2) Composition of CSR Committee as on 31.03.2023

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Poonam Sharma <sup>#</sup>	Chairperson/Independent Director	4	4
2.	Shri Pandya Ashwinkumar Balvantray <sup>##</sup>	Chairperson/Independent Director	4	3
3.	Shri Nirlep Singh Rai <sup>†</sup>	Member/C&MD	3	3
4.	Shri Atul B. Patil <sup>††</sup>	Member/ Director (Marketing)	1	1
5.	Shri Hira Nand <sup>*</sup>	Member/ Director (Finance)	1	1
6.	Shri Ritesh Tiwari	Member/ Independent Director	4	4
7.	Shri Kashiram Godara	Member/ Independent Director	4	4
8.	Shri Jyoti Bhramar Tubid <sup>**</sup>	Member/Independent Director	-	





- # Dr. Poonam Sharma has been member w.e.f. 07.12.2021 and became Chairperson w.e.f. 15.11.2022,
- ## Shri Pandya Ashwinkumar Balvantray has been ceased to be Chairperson w.e.f. 15.11.2022,
- + Shri Nirlep Singh Rai has been ceased to be Member w.e.f. 31.08.2022,
- ++ Shri Atul Baburao Patil has become as Member w.e.f. 02.09.2022,
- \* Shri Hira Nand has become member w.e.f. 02.09.2022,
- \*\* Shri Jyoti Bhramar Tubid has become member w.e.f. 15.11.2022.

### 3) Weblinks:

#### CSR Committee:

<https://www.nationalfertilizers.com/wp-content/uploads/2023/06/Composition-of-Board-Level-Committee.pdf>

#### CSR Policy:

[https://www.nationalfertilizers.com/wp-content/uploads/2022/12/csr\\_policy01062022\\_en.pdf](https://www.nationalfertilizers.com/wp-content/uploads/2022/12/csr_policy01062022_en.pdf)

#### CSR Projects approved by the Board:

<https://www.nationalfertilizers.com/wp-content/uploads/2023/07/CSR-Projects-FY-2022-23.pdf>

### 4) Details of Impact assessment of CSR projects carried out in pursuance of sub rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

No impact assessment was conducted as the CSR projects of the Company do not have 10 crore of average CSR obligation in the last 3 years.

### 5)

a) Average net profit of the company as per sub-section (5) of section 135	:	Rs. 6856.00 Lakh
b) Two percent of average net profit of the company as per section 135(5)	:	Rs. 137.12 Lakh
c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	:	Nil
d) Amount required to be set off for the financial year, if any	:	Nil
e) Total CSR obligation for the financial year (7a+7b-7c)	:	Rs. 137.12 Lakh

### 6)

a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):	:	Rs. 8.14 Lakh
b) Amount spent in Administrative Overheads	:	Nil
c) Amount spent on Impact Assessment, if applicable	:	Nil
d) Total amount spent for the Financial Year (6a+6b+6c)	:	Rs. 8.14 Lakh

(e) CSR amount spent or unspent for the financial year 2022-23:

Total Amount Spent for the Financial Year (Rs. in Lakh)	Amount Unspent (Rs. in Lakh)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
8.14	131.63	27.04.2023	-	0.23*	-

\* Note: The amount will be transferred to specified fund before due date i.e. 30.09.2023

(f) Excess amount for set-off, if any: Nil

### 7) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (Rs. in Lakh)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (Rs. in Lakh)	Amount spent in the reporting Financial Year (Rs. in Lakh)	Amount transferred to any fund specified under Schedule VII as per sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (Rs. in Lakh)	Deficiency, if any
					Amount (Rs. in Lakh)	Date of transfer		
1	2021-22	125.21	125.21	12.60	28.50*	-	84.11	NIL
2	2020-21	304.66	51.86	33.68	1.50*	-	16.68	
3	2019-20	168.34	156.50	120.00	0	-	36.50	
	<b>Total</b>	<b>598.21</b>	<b>333.57</b>	<b>166.28</b>	<b>30.00</b>	<b>-</b>	<b>137.29</b>	

\* The amount will be transferred to specified fund before due date i.e. 30.09.2023

### 8) Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

No capital asset was created / acquired for FY 2022-23 through CSR spending.

### 9) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

The Company allocated a CSR budget of Rs. 140.00 Lakh for the FY 2022-23 and incurred an expenditure of Rs. 8.14 Lakh against it in the FY 2022-23. Out of this, CSR projects amounting to Rs. 140.00 Lakh have been approved. These projects are at different stages of execution.

The allocation of budget for CSR @ 2% of average Net Profit of last three years is made subsequent to finalization of Accounts. Thereafter, projects are being approved by Board of Directors in subsequent meetings. The execution of the approved projects starts accordingly. Therefore, some projects are completed during the year while others commenced during the year are completed in the following year.





In addition to above, the CSR projects were approved in the 2<sup>nd</sup> & 3<sup>rd</sup> quarter of the financial year with implementation spread over the period of 12 to 16 months. Furthermore, the CSR projects are executed in project mode with payments being linked to achievement of key deliverables. The actual expenditure against approved projects spreads beyond the financial year. Hence, payments for projects committed during the reported year, will be released during the subsequent years.

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

**Registered Office:**

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

**Date: 29<sup>th</sup> August, 2023**

**(Dr. Poonam Sharma)**

Chairperson CSR & SD Committee  
DIN: 09392920

**(U. Saravanan)**

Chairman & Managing Director  
DIN: 07274628



## FORM-A

### Disclosure of Particulars with Respect to Conservation of Energy (Annexure to Board's Report)

		2022-23	2021-22
<b>A. POWER &amp; FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
<b>a) Purchased</b>			
Unit	Mwh	64491	102258
Total amount	₹ in Lakh	7537	7919
Average rate/Unit	₹ /Mwh	11687	7744
<b>b) Own Generation</b>			
<b>i) Through diesel generator Unit</b>			
Unit	Mwh	8.549	2.707
Unit per ltrs. of diesel oil	Mwh/ltrs	0.002	0.001
Cost/Unit	₹ /Mwh	333587	390589
<b>ii) Through Steam Turbine/Gas Turbine</b>			
Unit	Mwh	649345	598460
Coal/unit of Power	MT/Mwh	0.127	0.972
Gas/unit of Power	000sm <sup>3</sup> /Mwh	0.184	0.163
Cost per Unit	₹ /Mwh	11840	8717
<b>iii) From Waste Steam</b>	Mwh	-	-
<b>2. COAL (Specify quality &amp; where used) (Slack coal used for operating boilers)</b>			
Quantity	MT	399440	488519
Total cost	₹ in Lakh	25412	31937
Average rate	₹ /MT	6362	6538
<b>3. OTHER/INTERNAL GENERATION</b>			
Natural Gas			
Quantity 000M <sup>3</sup>	000sm <sup>3</sup>	341805	279168
Total cost (₹ /Lakh)	₹ in Lakh	216120	109135
Rate/Unit (₹ )	₹ /000sm <sup>3</sup>	63229	39093
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
i) Electricity	Mwh	0.181	0.199
ii) Coal	MT	0.101	0.320
iii) Gas	000M <sup>3</sup>	0.087	0.079

**Registered Office:**

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New Delhi-110003

**Date: 29<sup>th</sup> August, 2023****For and on behalf of the Board of Directors****(U. Saravanan)**

Chairman &amp; Managing Director

DIN: 07274628





## FORM-B

# Disclosure of Particulars with Respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo

### a) Energy Conservation Measures

NFL is committed to work towards reduction in energy consumption. During 2022-23, Nangal & Bathinda units have achieved ever best energy consumption.

Attempts are being made to further reduce the energy consumption at NFL units. At Vijaipur-II, Advance Process Control (APC) system has been commissioned during FY 2022-23 with a Capex of Rs 2.87 Cr and tentative energy saving of 0.02 Gcal/MT of Urea has been achieved. On similar pattern, APC is being installed in Vijaipur-I and Nangal Unit. Procurement actions have been initiated for both the units. It is expected post installation of APC at both the units; there will be net energy reduction of 0.01 to 0.02 Gcal/MT of Urea at both the units.

In a similar initiative M/s HTAS has been engaged to study for further energy reduction at the backend of Ammonia plants at Nangal, Bathinda & Panipat units. Report has been submitted by Party and same is under review.

All NFL Units have replaced conventional lighting with eco-friendly LED lights in a phased manner for energy saving. Further 300 KW rooftop solar power plant is also being installed at Vijaipur unit for use of renewable energy in non-critical areas. Similarly, installation of rooftop solar power plant at other units is also being explored for use of solar power in non-critical areas.

For further energy conservation, Steam turbine driven Boiler feed water (BFW) pump is being replaced with energy efficient motor driven BFW pump of adequate capacity (owing to reduction of BFW quantity) at Bathinda and Panipat units whereas Steam turbine along with its BFW pump is being replaced with energy efficient BFW pump of adequate capacity along with steam turbine. At Bathinda and Panipat plant, polish water pumps have also been replaced with energy efficient pump of suitable capacity owing to reduction of polish water quantity.

NFL units, being an energy intensive fertilizers manufacturing facilities, are notified as DC (Designated Costomers) under PAT (Perform Achieve and Trade) scheme of BEE (Bureau of Energy Efficiency). All the units of NFL have been shortlisted by M/s BEE for implementation of Energy Management System (ISO 50001:2018) free of cost under their pilot project. Panipat unit has already implemented ISO 50001:2018 whereas MoU has been signed for other three units and consultant is being hired. ISO 50001:2018 standard provides an international framework to manage energy including all aspects of procurement and use.

### b) Technology Absorption

- To meet revised energy norms as stipulated in New Urea Policy-2015, NFL has implemented following energy saving measures at its Units.
  - ▶ **Installation of GTG-HRSG at Bathinda, Panipat & Nangal:** The GTG-HRSG projects were scheduled to be completed at all the three sites by 30.11.2019. However, due to spread of 3 COVID waves & other unavoidable reasons, commissioning of GTG-HRSG was severely impacted.

GTG-HRSG at Bathinda & Nangal was put in commercial use from May, 2021, while at Panipat it began from January, 2022. This has led to reduction in carbon footprint at these NFL units by 28%.



► **Energy saving Project** : At Vijaipur, in order to achieve an energy target of 5.5 Gcal/MT of Urea, following schemes have been implemented at Vijaipur Complex (Vijaipur-I & Vijaipur-II) at an estimated cost of Rs. 235 Crore:-

1. Revamp of Synthesis gas Compressor and turbine of Ammonia–I plant.
2. Switchover from Process condensate stripping process from low pressure to medium Pressure in Ammonia-I plant.
3. Installation of Vapor Absorption machines to chill Process Air Compressor (PAC) Suction air & 3<sup>rd</sup> stage suction of synthesis gas compressor in Ammonia-II plant and for GTGs (Gas Turbo-Generators) in CPP (Captive Power plant).
4. Switch over of steam drive to motor drives of GV solution & Cooling Tower pumps in Ammonia-II plant.

The above schemes were scheduled to be completed by February, 20, however due to COVID the projects were completed in March, 22.

After implementation of above schemes, the intended benefits have been achieved.

- **Use of super cup trays in urea reactor:** Vijaipur Unit has procured two number of new urea reactors with improved super cup tray design. The super cup design will allow higher conversion and improved reactor efficiency leading to a saving of about 70-80 TPH of medium pressure steam per reactor. Same shall be replaced during next ATA.
- **Installation of DCS (Distributed Control System) in Urea Plants of Nangal, Bathinda & Panipat:** To improve instrumentation & process control system in Urea plants of Nangal, Bathinda & Panipat, installation of DCS (Distributed Control System) has been considered and procurement action has been initiated.
- **Replacement of existing S-200 Ammonia converter with S-300 Ammonia converter at Vijaipur-I :** Existing S-200 ammonia converter basket in Vijaipur-I has already outlived its life and needs to be replaced. Latest upgraded and more energy efficient S-300 Converter has been procured and procurement of its pressure shell is under process. The new converter basket and catalyst have reached site and shall be replaced after procurement of pressure shell.

### c) Foreign Exchange Earnings/Outgo

The Foreign Exchange earned in terms of actual inflows during the year were ₹ 32.10 crore and the Foreign Exchange outgo during the year in terms of actual outflow amounted to ₹ 8425.84 crore.

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**Date: 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**

Chairman & Managing Director

DIN: 07274628





## Report on Safety, Environment and Sustainable Development

Climate changes have pushed manufacturing units to work towards inclusive & sustainable development by adopting best practices for health, safety and environment and energy conservation. NFL is focused on these with a view to protect environment and uplift society.

### Health, Safety And Environmental Consciousness

Company strives to achieve excellence in improving employees occupational and personal health by minimizing health hazards and providing model facilities. Company has well equipped hospitals at all units. In addition to that the employees also have access to specialized medical services wherever required. Periodic medical examinations and health check-up of all employees is being done as per occupational health policy.

Company remained focused towards achieving Sustained energy efficient operations of its manufacturing facilities while maintaining pollution free environment and process safety. All manufacturing Units continue to be ISO 9001-2015, ISO 14001-2015 and ISO 45001-2018 certified which indicate Company's commitment to quality, Environment and Occupational Health and Safety.

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

World Environment Day and Fire & safety week is celebrated at all units wherein competition are arranged to create awareness amongst employees. Intra and Inter unit competition are held for creating health awareness among employees. Further Half Marathon and other such competitions etc. are arranged for NFL and surrounding local bodies for spreading HSE consciousness messages.

In addition to above, Quarterly review meetings are conducted on regular basis at all units to review Safety, Health & Environment related issues. Further inter unit Quarterly EHS meeting is also held for sharing the knowledge and experiences related to SHE. Modern method and latest technologies based on 'Hazard and Operability Study' have been implemented in all units to improve process safety. For updating knowledge of employees regular training programs are conducted at units. Employees are also sent to attend Safety programs organized by expert agencies.

To safeguard the plants from emergencies like Fire, Explosion and Toxic gases, "On site & Off site Emergency Disaster Management Plan" is available in the units. These plans aim to train people and act efficiently and confidently in emergency with minimum damage to humans and assets. The procedures are regularly reviewed and updated by the company. Mock drills are conducted regularly. Performance of each mock drill is evaluated and reviewed to bring improvements in the system. All units of NFL are also the member of Mutual aid group with their neighboring industries to handle any emergency situation that may arise in future. Visits of local Authorities and central agencies such as National Disaster Management Authority are regularly conducted in order to remain updated on safety related issues in all the plants. All the units are having their "Disaster Management Quick Response Team" to address the incidents that may occur outside the factory area for transportation of liquid Ammonia, Chlorine Gas and Ammonium Nitrate.

Third party Safety audit of all the units is conducted annually and observations of the auditor are compiled at the earliest.

NFL has registered itself as "Brand Owner" under the Plastic Waste Management Rule and has collected & recycled around 16000 MT of plastic waste from various states of the country in the FY 2022-23 as an Extended Producer Responsibility of the organization under the rules. Apart from this, single use plastic has been restricted at all units and offices of NFL in accordance to the guidelines of the rule.



### Afforestation and Rain Water Harvesting

To protect, restore and promote ecosystem, afforestation has been adopted in all unit. A total of 9650 tree saplings were planted in and around various units during FY 2022-23 for cleaner and greener earth for future generation. The cumulative plantation since commencement is about 8.85 lakhs for all the units. All units of NFL have installed Rain Water Harvesting System to increase the sub soil water level. This would help in conservation of water, increase in underground water table and increase greenery in the surroundings.

### Use of Cleaner Fuel

Company is committed to promote ecologically sustainable growth by utilizing cleaner fuel i.e. Natural Gas for Power generation. In this respect Vijaipur unit since commissioning is utilizing Natural Gas for its Captive power generation. In an attempt to reiterate its commitment towards utilization of green power, NFL has installed GTG (Gas Turbo Generator) along with Heat Recovery Steam Generation (HRSG) at Nangal, Bathinda & Panipat units.

The GTG-HRSG projects have been commissioned & put in its commercial operation at all the three units in FY 2021-22. After successful commissioning of GTG-HRSGs, these units are now operating with reduced energy consumption and thus lower CO<sub>2</sub> emission.

Further to ensure affordable, reliable, sustainable and modern energy for the community, solar street lights have been installed in nearby villages of all NFL units.

All the conventional lights at all the units and Corporate Office have been converted in to LED lights.

### Use of Solar Power

NFL has installed and commissioned roof top solar power plants of 90 KW at Bathinda and Corporate Office and in the process of installation of 390 KW roof top solar power plant at Vijaipur unit.

### Development of Sustainable Product

#### Manufacturing of Bio-Fertilizers:

Bio-Fertilizers more commonly known as microbial inoculants are artificially multiplied culture 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 was earlier producing three types of bio-fertilizers in both powder and liquid base i.e. Rhizobium, Azetobactor and PSB. However, company has also introduced Zinc Solubilizing Bacteria (ZSB) and Potassium Mobilising Bio-fertilizer (KMBL). Based on above bio-fertilizers, NFL has also produced consortium of NPK Bio-fertilizer which will be introduced in market in next financial year. Further 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 the FY 2022-23, the sale of Liquid & Powder Bio-Fertilizers was 699.76 MT.

NFL has also initiated action for doubling its production capacity of bio-fertilizers from 700 MTPA to 1400 MTPA to increase sale of natural sustainable product. Major procurement has been done and it is expected that capacity will be enhanced by end of 2023-24.







### **Compost Fertilizer from city garbage:**

NFL is committed to Government of India's dream of Swachh Bharat Mission by sale of 22071.25 MT of city compost sourced from manufacturers located in various states during the FY 2022-23. Beside this Vijaipur unit of NFL produces compost from the bio-degradable waste and is being used as environment friendly manure with in the unit premises in horticulture.

City Compost is a soil conditioner which is produced out of bio-degradable waste. Compost from city garbage would not only provide carbon and primary/secondary nutrients to soil but also help in keeping the city clean. Use of City Compost is also undertaken by NFL in the adopted villages in the states of Haryana and Madhya Pradesh. NFL is further working to increase trading business in this field.

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**Date: 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**

Chairman & Managing Director

DIN: 07274628

## Form MBP 2 (2022-23)

**Particulars of Loans, Guarantee, Security and Acquisition made by the Company  
[Pursuant to Section 186(9) of the Companies Act, 2013 & Rule 12(1) of the Companies  
(Meetings of Board and its Powers) Rules, 2014]**

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition/giving guarantee/ providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted entities)	Amount of loan/ security/ acquisition/ guarantee	Time period for which it is made/ given	
(1)	(2)	(3)	(4) [in (₹)]	(5)	
Subscription to equity capital	-	-	-	-	
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)
0 Equity Shares	₹ 10/-	-	-	-	-

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**Date: 29<sup>th</sup> August, 2023****For and on behalf of the Board of Directors****(U. Saravanan)**

Chairman &amp; Managing Director

DIN: 07274628





## Form AOC-1(2022-23)

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

### Part “A”: Subsidiaries

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

Sr. No.	Particulars	Details
01.	Name of the subsidiary	N.A.
02.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	N.A.
03.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
04.	Share capital	N.A.
05.	Reserves & surplus	N.A.
06.	Total Assets	N.A.
07.	Total Liabilities	N.A.
08.	Investments	N.A.
09.	Turnover	N.A.
10.	Profit before taxation	N.A.
11.	Provision for taxation	N.A.
12.	Profit after taxation	N.A.
13.	Proposed Dividend	N.A.
14.	% of shareholding	N.A.
Notes:	1. Names of subsidiaries which are yet to commence operations	N.A.
	2. Names of subsidiaries which have been liquidated or sold during the year.	N.A.

## Part “B”: Associates and Joint Ventures

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

Name of associates/Joint Ventures	Ramagundam Fertilizers and Chemicals Limited (RFCL)	Urvarak Videsh Limited (UVL) has got the status of Dormant Company under Companies Act w.e.f. 4 <sup>th</sup> November, 2015.
1. Latest audited Balance Sheet Date	31.03.2023	31.03.2023
2. Shares of Associate/Joint Ventures held by the Company on the year end No.(shares)	49,14,62,400	1,80,002
Amount of Investment in Associates/ Joint Venture (in ₹ )	₹ 491,46,24,000	₹ 18,00,020
Extend of Holding %	26.00%	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 share holding as per latest audited Balance Sheet	₹ 2,66,34,16,080	₹ 1,63,867
6. Profit/Loss for the year	Profit of ₹ 2,28,61,280	Loss of ₹ 19,500
i. Considered in Consolidation	Yes	Yes
ii. Not Considered in Consolidation	N.A.	N.A.
Notes:	1. Names of associates or joint ventures which are yet to commence operations.	N.A.
	2. Names of associates or joint ventures which have been liquidated or sold during the year.	N.A.

For and on behalf of the Board of Directors

**(Ashok Jha)**

Company Secretary  
A-14100

**(Shri Hira Nand)**

Director (Finance)  
DIN: 09476034

**(Atul B. Patil)**

Chairman & Managing Director  
DIN: 09557730

**Registered Office:**

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New Delhi-110003.

Date: **29<sup>th</sup> May, 2023**





## Form No. AOC-2

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

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

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

Name(s) of related party and nature of relationship	Nature of Contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient term of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advance, if any	Date on which the Special Resolution was passed in General Meeting as required under first proviso to Section 188 of the Companies Act, 2013
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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

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

For and on behalf of the Board of Directors

**(Ashok Jha)**  
Company Secretary  
A-14100

**(Shri Hira Nand)**  
Director (Finance)  
DIN: 09476034

**(Atul B. Patil)**  
Chairman & Managing Director  
DIN: 09557730

#### Registered Office:

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Date: 29<sup>th</sup> May, 2023





## Procurement made from Micro and Small Enterprises (MSEs) during FY 2022-23

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

In November-2018, Ministry of MSME has issued amendment to the aforesaid policy and increased percentage from 20% to 25% and out of which 3% has also been reserved for women entrepreneurs and 4% for SC/ST entrepreneurs.

Clause no. 12(2) of Ministry of MSME Order, 2012 inter alia stipulates that Central Ministries or Departments or Public Sector Undertakings can be considered for exemption from mandatory procurement from MSEs on case to case basis.

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

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

NFL has taken following actions to maximize procurements from MSEs:

- i. Items identified for procurement from MSEs at respective plants have been displayed on NFL website [www.nationalfertilizers.com](http://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. In FY 22-23, one Vendor Development Programme has been organized by NFL Panipat Unit for women entrepreneurs and SC/ST MSEs in consultation with DICCI Haryana, National SC/ST Hub, Ludhiana and MSME-DI, Karnal.

With concerted efforts, NFL has been able to achieve a percentage of 60.48 % during FY 22-23 from MSEs, out of total procurement of Goods and Services after excluding raw materials, traded products, power & fuel, and other goods/services which cannot be procured from MSEs.





The details of the procurement of Goods and Services made by Company during FY 22-23 are as below:

(Figures in Rs. Crore)

S. No.	Particulars	Annual procurement target for the FY 22-23	Target achieved for the FY 22-23
I.	Annual procurement of Goods and Services*	679.00	807.1583
II.	Value of Goods and Services procured from MSEs (including MSEs owned by SC/ST and women entrepreneurs)	169.75	488.1998
III.	Value of Goods and Services procured from only MSEs owned by SC/ST entrepreneurs.	27.16	1.9824
IV.	Value of Goods and Services procured from only MSEs owned by women entrepreneurs.	20.37	5.3353
V.	% age of procurement of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs) out of annual procurement of Goods and Services	25%	60.48%
VI.	% age of procurement of Goods and Services from only MSEs owned by SC/ST entrepreneurs out of annual procurement of Goods and Services	4%	0.25%
VII.	% age of procurement of Goods and Services from only MSEs owned by women entrepreneurs out of annual procurement of Goods and Services	3%	0.66%
VIII.	Total number of vendor development programmes for MSEs	4 (Nos.)	1 (Nos.)

\*Annual Procurement of Goods and Services after excluding raw materials, traded products, power, fuel & other goods/services which cannot be procured through MSEs. The same is uploaded on Sambandh Portal.

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**Date: 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**

Chairman & Managing Director

DIN: 07274628

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

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is functional in all Units/Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer has been appointed in each Unit/Office and Chief Liaison Officer at CO, NOIDA to ensure due compliance of orders and instructions pertaining to reservation for SCs and STs and other concessions admissible to them. Meetings were periodically held at Unit level as well as at corporate level with the SC/ST Employees Welfare Associations by the Management for redressal of grievances of SC/ST employees. A statement showing representation of employees belonging to Scheduled Caste/Scheduled Tribes/Other Backward Classes/Persons with disabilities is as under:

REPRESENTATION OF SCs/STs/OBCs AS ON 31.03.2023									
Group	Employees on Rolls	SC	%age	ST	%age	OBC	%age	Divyang	%age
A	1454	281	19.32	69	4.74	196	13.48	10	.68
B	852	218	25.58	43	5.04	97	11.38	9	1.0
C	589	93	15.78	35	5.94	182	30.89	30	5.09
D	46	13	28.26	1	2.17	17	36.95	1	2.17
D (Safai karamchari)	23	23	100	0	0	0	0	0	0
Total	2964	628	21.18	148	5	492	16.59	50	1.69

RECRUITMENT OF SCs/STs/OBCs DURING THE YEAR 2022-2023									
Group	Total Recruitment	SC	%age	ST	%age	OBC	%age	Divyang	%age
A	30	4	13.33	0	0	7	23.33	0	0
B	0	0	0.00	0	0	0	0	0	0
C	141	22	15.60	9	6.38	51	36.17	4	2.83
D	55	10	18.18	5	9.09	23	41.82	3	5.45
D (Safai karamchari)	0	0	0.00	0	0	0	0	0	0
Total	226	36	15.92	14	6.19	81	35	7	3





PROMOTION OF SCs/STs/OBCS DURING THE YEAR 2022-2023									
Group	Total Promotion	SC	%	ST	%	OBC	%	Divyang	%
A	274	54	19.71	7	2.55	37	13.50	1	0.36
B(O)	41	15	36.59	0	0.00	5	12.20	2	4.88
B(W)	38	4	10.53	1	2.63	11	28.95	3	7.89
C	198	25	12.63	14	7.07	72	36.36	8	4.04
D	1	1	100.00		0.00		0.00	0	0.00
D (Safai karamchari)	4	4	100.00		0.00		0.00	0	0.00
<b>TOTAL</b>	<b>556</b>	<b>103</b>	<b>18.53</b>	<b>22</b>	<b>3.96</b>	<b>125</b>	<b>22.48</b>	<b>14</b>	<b>2.52</b>

The overall reservation percentage achieved in strength of SC category employees is 21.18% which is more than the prescribed reservation. In case of ST the percentage achieved is 5%. There is a slight shortfall than the prescribed reservation because the reservation in Group C and D posts filed up by Direct Recruitment in the States of Punjab and Haryana where three plants of the Company are located was abolished w.e.f. 1<sup>st</sup> June, 1985. For Other Backward Classes, the percentage achieved is 16.59%.

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**Date: 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**

Chairman & Managing Director

DIN: 07274628

## FORM MR-3

### Secretarial Audit Report

### For the Financial year Ended on March 31, 2023

[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 (NFL)**  
CIN: L74899DL1974GOI007417  
Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road,  
New Delhi, Delhi - 110003

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 "the Company"), having its Registered Office at **Scope Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi, Delhi - 110003**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **National Fertilizers Limited** 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 Year ended on, **March 31, 2023**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and return filed and other statutory records maintained by the Company for the financial year ended on **March 31, 2023**, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;







- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not applicable to the Company during the audit period).**
  - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **[Applicable to the extent of issuance of Commercial Paper by the Company]**
  - 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, 2021; **(Not applicable to the Company during the audit period)**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the audit period)** and
  - i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (vi) Compliances/processes/systems under other specific applicable Laws (as applicable to the industry) to the Company are being verified on the basis of periodic certificate under Internal Compliance System submitted to the Board of Directors of the Company.

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the statutory auditor(s) and other designated professionals.

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

- i. The Secretarial Standards, as amended from time to time, issued by the Institute of Company Secretaries of India (ICSI).
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises vide their OM No. 18(8)/2005-GM dated 14<sup>th</sup> May, 2010.
- iv. Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) as stipulated in the O.M.F No. 5/2/2016-Policy dated 27<sup>th</sup> May, 2016 issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India.

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:

- **The listed entity has not complied with the disclosure requirement of line items prescribed under Regulation 52(4) of SEBI LODR along with the financial result for the quarter ended September 2022.**
- **The performance evaluation of Independent Directors has not been done by the entire Board of Directors.**

- **The Nomination and Remuneration Committee has not:**
  - i. **formulated the criteria for determining qualifications, positive attributes and Independence of a director and recommend to the Board of Directors, a policy relating to the remuneration of the directors, key managerial personnel and other employees;**
  - ii. **formulated criteria for evaluation of performance of Independent Directors and the Board of Directors.**

**We Further Report that:**

1. During the period under review, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. 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.
2. BSE has levied fine as per SEBI circular no. SEBI/HO/DDHS\_Div2/P/CIR/2021/699 dated December 29, 2021, for Non-disclosure of line items prescribed under Regulation 52(4) of SEBI LODR along with the financial result for the quarter ended September 30, 2022. Further, Company vide letter no. NFL/SEC/SE/836 and NFL/SEC/SE/845 dated 22.12.2022 and 02.01.2023 respectively requested to BSE for waiver of fine and submitted the additional line items and provided that some additional line items could not be included inadvertently in the aforesaid financial results for the quarter ended September 30, 2022.
3. The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time Non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors and Independent Directors by Administrative Ministry.

Adequate notice(s) is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days, other than those held at shorter notice, in advance to all directors, 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.

Decisions are taken with requisite majority and the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** based on the review of the compliance mechanism established by the company and on the basis of Compliance certificate(s) issued by various departments and taken on record by the Board of Directors at their meetings, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For, Kumar Naresh Sinha & Associates  
Company Secretaries**

**Place: Noida  
Date: July 7, 2023**

**CS Naresh Kumar Sinha  
(Proprietor)  
FCS: 1807; C P No.: 14984  
PR: 610/2019  
FRN: S2015UP440500  
UDIN: F001807E000567504**

Note: 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 (NFL)**  
**CIN: L74899DL1974GOI007417**  
Scope Complex, Core-III,  
7, Institutional Area,  
Lodhi Road, New Delhi - 110003

### **Auditor's Responsibility**

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record 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 the random 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 and for which we relied on the report of statutory auditor.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Noida  
Date: July 7, 2023

For, Kumar Naresh Sinha & Associates  
Company Secretaries

CS Naresh Kumar Sinha  
(Proprietor)

FCS: 1807; CP No.: 14984

PR: 610/2019

FRN: S2015UP440500

UDIN: F001807E000567504

## Management's Explanation to the Observations of Secretarial Auditor Report for the Financial Year 2022-23

Sr. No	Secretarial Auditors' Observations	Management's Explanation
01.	The listed entity has not complied with the disclosure requirement of line items prescribed under Regulation 52(4) of SEBI LODR along with the financial result for the quarter ended September 2022.	<p>The Company complies with the applicable provisions of Listing Regulations from time to time.</p> <p>The Company has also complied with the provisions of Regulation 52 (4) of the Listing Regulations by disclosing the line items along with the financial results. However, some additional line items could not be included inadvertently in the aforesaid financial results for the quarter ended September, 2022.</p> <p>This additional information has been disclosed by the Company to Stock Exchanges. Further, Company has also requested to the BSE for waiver of fine.</p>
02.	The performance evaluation of Independent Directors has not been done by the entire Board of Directors.	<p>a) Regulation 17(10) of SEBI (LODR) Regulations, 2015 requires the performance evaluation of Independent Directors to be done by the entire Board of Directors to decide their continuance or otherwise.</p> <p>However, the MCA vide its notification dated 5<sup>th</sup> 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) &amp; (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies.</p> <p>b) Further, MCA vide notification dated 5<sup>th</sup> June, 2015 has also notified that in case of Government Companies Section 134(3) (p) of the Companies Act, 2013 shall not apply in case the Directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company.</p> <p>c) The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time Non-Official Directors (Independent Directors) on the Board of NFL is made by the Administrative Ministry i.e. Ministry of Chemicals and Fertilizers, GOI. Further, terms &amp; conditions of appointment as well as tenure of all Directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson, Functional Directors and Independent Directors by Administrative Ministry.</p>





		<p>(d) Performance evaluations to which the Government Companies and their Directors are subjected to are as follows:</p> <ol style="list-style-type: none"> <li>i. All the Functional Directors (through C&amp;MD) and C&amp;MD are accountable to the Board and the Administrative Ministry.</li> <li>ii. For monitoring the performance of the Company, a performance Memorandum of Understanding (MoU) is entered between the Company through C&amp;MD of the respective Company and the Administrative Ministry through Secretary of the Ministry. This MoU is discussed by Department of Public Enterprises, Niti Aayog, Ministry of Statistics &amp; Programme Implementation and the Administrative Ministry officials. Targets are set for various MoU parameters. The performance of the Company vis-à-vis MoU indicates the overall performance of the Board and individual Directors.  Performance of the Company is reviewed on quarterly basis through Quarterly Review Meetings by the Administrative Ministry, where detailed deliberations are held with respect to various administrative parameters.</li> <li>iii. Performance of the Company is also evaluated by Department of Public Enterprises annually by assigning performance ratings to the Company on the MoU parameters. In evaluating the performance of the General Managers, Executive Directors, Functional Directors and C&amp;MD major weightage is given to MoU rating. Variable pay of functional Directors is regulated on performance of the Company w.r.t. MoU parameters.</li> <li>iv. Annual performance appraisal of the C&amp;MD and Functional Directors is reviewed by the Secretary of the Administrative Ministry and accepted by Concerned Minister.</li> <li>v. Tenure of Functional Directors and C&amp;MD are fixed by Government of India. Their tenures are further extendable on performance review by the Administrative Ministry.</li> <li>vi. All the Government Companies are also subject to regular review by various Parliamentary Committees on different subjects.</li> </ol>
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		<p>vii. In view of the above and performance evaluation mechanism already in place, the performance evaluation of the Chairperson, Functional Directors and Part-time non-Official Directors (Independent Directors) was not carried out.</p> <p>In view of the above exemption, no performance evaluation of the Independent Directors was required to be carried out.</p>
03.	<p>The Nomination and Remuneration Committee has not:</p> <p>(a) formulated the criteria for determining qualifications, positive attributes and Independence of a director and recommend to the Board of Directors, a policy relating to the remuneration of the directors, key managerial personnel and other employees;</p> <p>(b) formulated criteria for evaluation of performance of Independent Directors and the Board of Directors.</p>	<p>Same as explanation provided in Sr. No. 02.</p>

**Registered Office:**

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

**Date: 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**

Chairman & Managing Director

DIN: 07274628





## Secretarial Compliance Report of National Fertilizers Limited (NFL) for the financial year ended March 31, 2023

We have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **National Fertilizers Limited (NFL)**, CIN: L74899DL1974GOI007417 (hereinafter referred as 'the listed entity'), having its Registered Office at **Scope Complex, Core-III 7, Institutional Area, Lodhi Road, New Delhi, Delhi –110003**. Secretarial Review was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and to provide our observations there on.

Based on our verification of the listed entity's books, papers, minutes books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, we hereby report that the listed entity has, during the review period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder in the manner and subject to the reporting made hereinafter:

We **Kumar Naresh Sinha and Associates** have examined:

- (a) all the documents and records made available to us and explanation provided by **National Fertilizers Limited** ("the listed entity")
- (b) the filings/submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/filing, as may be relevant, which has been relied upon to make this report, for the year ended **March 31, 2023** ("Review Period") in respect of compliance with the provisions of:
  - (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI").

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **[Not Applicable as the listed entity has not bought back/proposed to buy-back any of its securities during the Review Period];**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **[Not applicable as the listed entity has not offered any shares or granted any options pursuant to any employee benefit scheme during the Review Period];**
- (f) SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **[Applicable to the extent of issuance of Commercial Paper by the Company];**

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

(h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 **[to the extent applicable]**

and circulars/guidelines issued thereunder.

and based on the above examination, we hereby report that, during the review period:

i. (a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/Circular/ No.	Deviations	Action taken by	Type of Action (Advisory /Clarification/Fine /Show Cause Notice/ Warning etc.)	Details of Violation	Fine Amount	Observations/Remarks of the Practising Company Secretary	Management Response	Remarks
1.	The listed entity, while submitting quarterly and annual financial results, shall disclose the following line items along with the financial results: (a) debt-equity ratio; (b) debt service coverage ratio; (c) interest service coverage ratio; (d) outstanding redeemable preference shares (quantity and value); (e) capital redemption reserve/debenture redemption reserve;	Regulation 52(4) of SEBI (LODR) Regulations, 2015	Non-disclosure of line items prescribed under Regulation 52(4) of SEBI LODR along with the financial results	BSE	Fine	BSE vide mail dated 14.12.2022 and 30.12.2022 levied fine as per SEBI circular no. SEBI/HO/DDH S_Div2/P/CIR/2021/699 dated December 29, 2021, for	<b>Fine of Rs. 54,280</b> /- i.e., Rs. 46,000 /- plus GST @ 18% Rs. 8280/- <b>for the quarter ended September 2022 by BSE.</b>	The listed entity has not complied with the disclosure requirement of line items prescribed under Regulation 52(4) of SEBI LODR along with the financial result for the quarter	Company vide letter no. NFL/SEC/SE/836 and NFL/SEC/SE/845 dated 22.12.2022 and 02.01.2023 respectively requested to BSE for waiver of fine and submitted the additional line	Company's request for waiver of fine is pending with BSE.





	<p>(f) net worth; (g) net profit after tax; (h) earnings per share; (i) current ratio; (j) long term debt to working capital; (k) bad debts to Account receivable ratio; (l) current liability ratio; (m) total debts to total assets; (n) debtors' turnover; (o) inventory turnover; (p) operating margin percent; (q) net profit margin percent. Provided that if the information mentioned in sub-regulation (4) above is not applicable to the listed entity, it shall disclose such other ratio /equivalent financial information, as may be required to be maintained under applicable laws, if any.</p>					Non-disclosure of line items prescribed under Regulation 52(4) of SEBI LODR along with the financial result for the quarter ended September 2022.		ended September 2022.	items and provided that some additional line items could not be included inadvertently in the aforesaid financial results for the quarter ended September 2022.	
2.	Performance evaluation of Independent Directors shall be done by the entire Board of Directors.	Regulation 17(10) (a) of the SEBI (LODR) Regulations, 2015	The performance evaluation of Independent Directors have not	None	None	The performance evaluation of Independent Directors have not	-NIL-	The appointment of Chairperson, Functional Directors, Part-time	The appointment of Chairperson, Functional Directors, Part-time Official Directors	None



			been done by the entire Board of Directors.			been done by the entire Board of Directors.		Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors and Independent Directors by Administrative Ministry.	as well as Part-time non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of performance of Chairperson and Functional Directors and Independent Directors by Administrative Ministry.	
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								al Directors and Indepen dent Directors by Administ rative Ministry.		
3.	<p>The Nomination and Remuneration Committee shall:</p> <p>(a) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;</p> <p>(b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.</p>	<p>Regulation 19 (4) read with Schedule II Part D (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015</p>	<p>The Nomination and Remuneration Committee has not: (a) formulated the criteria for determining qualifications, positive attributes and Independence of a director and recommend to the Board</p>	None	None	<p>The Nomination and Remuneration Committee has not: (a) formulated the criteria for determining qualifications, positive attributes and Independence of a director and recommend to the Board of Directors,</p>	-NIL-	<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 &amp; conditions of appointment as well as tenure of all directors are also decided</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 &amp; conditions of appointment as well as tenure of all directors are also decided</p>	None



			<p>d of Directors, a policy relating to the remuneration of the directors, key managerial personnel and other employees;</p> <p>(b) formulated criteria for evaluative of performance of Independent Directors and the Board of Directors.</p>			<p>a policy relating to the remuneration of the directors, key managerial personnel and other employees;</p> <p>(b) formulated criteria for evaluative of performance of Independent Directors and the Board of Directors.</p>		<p>Further, terms &amp; conditions of appointment as well as tenure of all directors are also decided by Gol and there is a well laid down procedure for evaluation of performance of Chairman, Functional Directors and Independent Director by GOI.</p>	<p>by GOI and there is a well laid down procedure for evaluation of performance of Chairman, Functional Directors and Independent Director by GOI.</p>	
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(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action taken by	Type of Action (Advisory /Clarification/Fine/ Show Cause Notice/ Warning, etc.)	Details of Violation	Fine Amount	Observations/Remarks of the Practising Company Secretary	Management Response	Remarks
1.	The listed entity shall have at least one woman director on its Board and top 1000 listed entities shall have at least one independent woman director.	Regulation 17(1) of the SEBI (LODR) Regulations, 2015	The Company does not have a woman independent director on its Board w.e.f. 25.04.2020 till 11.11.2021.	BSE and NSE	Fine	The Company does not have a woman independent director on its Board w.e.f. 25.04.2020 till 11.11.2021.	NSE and BSE had imposed fine of Rs. 26,13,700/- inclusive of GST for non-compliance of Regulation 17(1)/18(1) & 19(1) / 19(2) for the quarters ended June 30, 2021, September 30, 2021	NSE vide its letter NSE/LIST/SOP/0697 dated September 21, 2022 Favorably considered request of waiver of fine for non-compliance of Regulation 17(1) for the quarter ended September 30, 2018, to December 31, 2021, 18(1) and 19(1)/19(2) for the quarter	Presently, the Company has a woman Independent Director on its Board.	None

							and Dece mber 31, 2021.	ended Decem ber 31, 2020 to Decem ber 31, 2021.		
2.	Where the listed entity does not have a regular non-executive chairperson, at least half of the Board of Directors shall comprise of Independent Directors.	Regulation 17(1) of the SEBI (LODR) Regulations, 2015	The number of Independent Directors on the Board is less than fifty percent till 11.11.2021.	BSE and NSE	Fine	The number of Independent Directors on the Board is less than fifty percent till 11.11.2021.	Mentioned at Sr. no. (1) above.	Mentioned at Sr. no. (1) above.	Presently, the Company has adequate number of Independent Directors on its Board.	None
3.	Performance evaluation of Independent Directors shall be done by the entire Board of Directors.	Regulation 17(10) (a) of the SEBI (LODR) Regulations, 2015	The performance evaluation of Independent Directors have not been done by the entire Board of Directors.	None	None	The performance evaluation of Independent Directors have not been done by the entire Board of Directors.	-NIL-	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	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).	None





								India (GOI). Further, terms & conditions of appointments 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 Chairpersons and Functional Directors and Independent Directors by Administrative Ministry.	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 Chairpersons and Functional Directors and Independent Directors by Administrative Ministry.	
4.	Two third of the member of the Audit committee shall be Independent Director	Regulation 18(1) of the SEBI (LODR) Regulations, 2015	The number of Independent Directors in the Audit Committee was less than two-	BSE and NSE	None	The number of Independent Directors in the Audit Committee was less than two-	Mentioned at Sr. no. (1) above.	Mentioned at Sr. no. (1) above.	Presently, the Company has adequate number of Independent Directors on its Audit Committee.	None



			third of the member of the Audit committee till 06.12. 2021.			third of the member of the Audit committee till 06.12. 2021.				
5.	All directors of the Nomination and Remuneration Committee shall be non-executive directors, and at least fifty percent of the directors shall be independent director.	Regulation 19 (1) / (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	The Composition of Committee consists of Executive Director as well as Non-Executive Director. Further, number of Independent Directors were also less than 50% till 06.12. 2021.	BSE and NSE	None	The Composition of Committee consists of Executive Director as well as Non-Executive Director. Further, number of Independent Directors were also less than 50% till 06.12. 2021.	Mentioned at Sr. no. (1) above.	Mentioned at Sr. no. (1) above.	Presently, the Company has adequate number of Independent Directors on its Nomination and Remuneration Committee.	None
6.	The Nomination and Remuneration Committee shall:	Regulation 19 (4) read	The Nomination and Remuneration	None	None	The Nomination and Rem	-NIL-	The appointment of chairpers on Functional	The appointment of chair person.	None





	<p>(a) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;</p> <p>(b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.</p>	<p>with Schedule II Part D (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015</p>	<p>Committee has not:</p> <p>(a) formulated the criteria for determining qualifications, positive attributes and Independence of a director and recommend to the Board of Directors, a policy relating to the remuneration of the directors, key managerial personnel and other employees;</p> <p>(b) formulated criteria for evaluation of performance of</p>			<p>remuneration Committee has not:</p> <p>(a) formulated the criteria for determining qualifications, positive attributes and Independence of a director and recommend to the Board of Directors, a policy relating to the remuneration of the directors, key managerial personnel and other</p>		<p>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 &amp; conditions of appointment as well as tenure of all directors are also decided by Gol and there is a well laid down procedure for evaluation of performance of Chairman, Functional Directors and Independent Director by GOI.</p>	<p>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 &amp; conditions of appointment as well as tenure of all directors are also decided by Gol and there is a well laid down procedure for evaluation of performance of Chairman, Functional Directors and Independent Director by GOI.</p>	
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			Independent Directors and the Board of Directors.			employees;  (b) formulated criteria for evaluation of performance of Independent Directors and the Board of Directors.				
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ii. Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18<sup>th</sup> October 2019:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observation/Remarks by PCS
1.	<b>Compliances with the following conditions while appointing / re-appointing an auditor</b>		
	i. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or	NA	None
	ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or	NA	None
	iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation, has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.	NA	None





2.	Other conditions relating to resignation of statutory auditor		
	<p>i. Reporting of concerns by Auditor with respect to the listed entity/its material subsidiary to the Audit Committee:</p> <p>a. In case of any concern with the management of the listed entity/material subsidiary such as non-availability of information / non-cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.</p> <p>b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information / explanation from the company, the auditor has informed the Audit Committee of the details of information / explanation sought and not provided by the management, as applicable.</p> <p>c. The Audit Committee / Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor.</p>	<p>NA</p> <p>NA</p> <p>NA</p> <p>NA</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p>

	<p>ii. Disclaimer in case of non-receipt of information:</p> <p>The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the listed entity/ its material subsidiary has not provided information as required by the auditor.</p>	NA	None
3.	The listed entity / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure- A in SEBI Circular CIR/CFD/CMD1/114/2019 dated 18 <sup>th</sup> October, 2019.	NA	None

iii. We hereby report that, during the review period the compliance status of the listed entity is appended as below:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observation/Remarks by PCS
1.	<p><b><u>Secretarial Standard:</u></b></p> <p>The compliances of the listed entities are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI).</p>	Yes	None
2.	<p><b><u>Adoption and timely updation of the Policies:</u></b></p> <ul style="list-style-type: none"> <li>All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entity.</li> <li>All the policies are in conformity with SEBI Regulations and has been reviewed &amp; timely updated on time, as per the regulations/circulars/guidelines issued by SEBI.</li> </ul>	Yes  Yes	None  None







3.	<p><b><u>Maintenance and disclosures on Website:</u></b></p> <ul style="list-style-type: none"> <li>• The Listed entity is maintaining a functional website</li> <li>• Timely dissemination of the documents/ information under a separate section on the website</li> <li>• Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>None</p> <p>None</p> <p>None</p>
4.	<p><b><u>Disqualification of Director:</u></b></p> <p>None of the Director of the Company is/are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.</p>	<p>Yes</p>	<p>None</p>
5.	<p><b><u>Details related to Subsidiaries of listed entities have been examined w.r.t:</u></b></p> <p>(a) Identification of material subsidiary companies</p> <p>(b) Disclosure requirements of material as well as other subsidiaries</p>	<p>NA</p>	<p>The company does not have any subsidiary.</p>
6.	<p><b><u>Preservation of Documents:</u></b></p> <p>The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.</p>	<p>Yes</p>	<p>None</p>
7.	<p><b><u>Performance Evaluation:</u></b></p> <p>The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations.</p>	<p>NA</p>	<p>Ministry of Corporate Affairs has, vide its notification dated June 05, 2015, notified the exemptions to Government Companies from certain provisions of the Companies Act, 2013 which inter-alia provides that Section 134 (3) (p) regarding a statement indicating the</p>



		<p>manner of formal annual evaluation of Board, shall not apply to Government Companies in case the Directors are evaluated by the Ministry which is administratively in charge of the Company as per its evaluation methodology. Further, the aforesaid circular issued by the MCA has also exempted that subsection (2), (3) &amp; (4) of Sec. 178 regarding the appointment, performance evaluation and remuneration shall not apply to Directors of Government Companies.</p> <p>Further, MCA vide its notification dated July 05, 2017, has made an amendment in the Schedule IV of the act, whereby it has exempted Government Companies from complying with the requirement of performance evaluation by the Independent Directors of Non-Independent Directors and Chairman and performance evaluation of the Independent Director by the Board if the concerned department or ministries have specified these requirements. In this regard, the listed entity has confirmed that the Department of Public Enterprise (DPE) has already laid down a mechanism for performance appraisal of all Functional Directors. The performance evaluation of Functional Directors is done through a system of Annual Performance Appraisal Report (APAR) by Ministry of Chemicals and Fertilizers. Further, the performance evaluation of the Company is done through the evaluation of the Memorandum of Understanding entered with</p>
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			<p>Ministry of Chemicals and Fertilizers, and the said evaluation is submitted to Department of Public Enterprises through the Administrative Ministry. The MoU targets are cascaded down and form an integral part of the performance appraisal of the individuals and the team. The internal MoU covers various parameters including financial, non-financials and compliances of government guidelines etc. In respect of Government Nominee Directors, their evaluation is done by the Ministry of Chemicals and Fertilizers as per the procedure laid down. Since Independent Directors are also appointed by the Government of India, their evaluation is also done by the Ministry of Chemicals and Fertilizers and finally by DPE.</p>
8.	<p><b><u>Related Party Transactions:</u></b></p> <p>(a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions; or</p> <p>(b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved / ratified / rejected by the Audit Committee, in case no prior approval has been obtained.</p>	<p>Yes</p> <p>NA</p>	<p>None</p> <p>None</p>
9.	<p><b><u>Disclosure of events or information:</u></b></p> <p>The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.</p>	<p>Yes</p>	<p>None</p>

10.	<b><u>Prohibition of Insider Trading:</u></b> The listed entity is in compliance with Regulation 3(5) & 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	None
11.	<b><u>Actions taken by SEBI or Stock Exchange(s), if any:</u></b> No action(s) taken against the listed entity / its promoters / directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except as provided under separate paragraph here in [para I(a)].	No	Mentioned in para [I(a)]above.
12.	<b><u>Additional Non-compliances, if any:</u></b> No additional non-compliance observed for any SEBI regulation/circular/guidance note etc.	Yes	None

#### **Assumptions & Limitation of scope and Review:**

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

**For Kumar Naresh Sinha & Associates  
Company Secretaries**

**Place: Noida  
Date: May 24, 2023**

**CS Naresh Kumar Sinha  
(Proprietor)  
FCS: 1807, CP No.: 14984  
PR: 610/2019  
FRN: S2015UP440500  
UDIN: F001807E000365491**





## Certificate of Non-Disqualification of Directors

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,

The Members of

**National Fertilizers Limited**

**Scope Complex Core-III,**

**7, Institutional Area, Lodhi Road,**

**New Delhi- 110003**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **National Fertilizers Limited** having **CIN: L74899DL1974GOI007417** and having its Registered Office at **Scope Complex Core-III, 7, Institutional Area, Lodhi Road, New Delhi- 110003** (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub-clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)] as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below during the Financial Year ended on 31<sup>st</sup> March 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in Company	Date of Cessation in Company
1.	ATUL BABURAO PATIL	09557730	07/04/2022	-
2.	NIRLEP SINGH RAI	08725698	01/04/2020	31/08/2022
3.	HIRA NAND	09476034	17/06/2022	-
4.	RAJAN KANWAR	09772867	21/10/2022	-
5.	DHARAM PAL	02354549	09/02/2016	10/06/2022
6.	NEERAJA ADIDAM	09351163	14/10/2021	-
7.	PRATHIBHA A.	09692712	03/08/2022	-
8.	PANDYA ASHWIN KUMAR BALVANTRAY	03068985	04/05/2020	04/05/2023



9.	POONAM SHARMA	09392920	12/11/2021	-
10.	RITESH TIWARI	07082681	12/11/2021	-
11.	KASHI RAM GODARA	09393859	12/11/2021	-
12.	VENKATA SARVARAYUDU THOTA	01631664	30/11/2021	-
13.	JYOTI BHRAMAR TUBID	02442295	21/04/2022	-

Ensuring the eligibility of the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place: Noida**  
**Date: 24.05.2023**

**For Kumar Naresh Sinha & Associates**  
**Company Secretaries**

**CS Naresh Kumar Sinha**  
**(Proprietor)**  
**FCS: 1807; C P No.: 14984**  
**PR: 610/2019**  
**FRN: S2015UP440500**  
**UDIN: F001807E000367986**





## Director's Profile

### Shri U. Saravanan (DIN: 07274628)

Shri U. Saravanan was born on 15.01.1967 aged about 56 years. Appointed by the Board with effect from 16<sup>th</sup> June, 2023, Shri U. Saravanan serves in the capacity of Chairman & Managing Director on the Board of National Fertilizers Limited. He is also serving as Chairman & Non- Executive Director on the Board of Ramagundam Fertilizers and Chemicals Limited with effect from 26<sup>th</sup> June, 2023.

Prior to this, he was serving as C&MD of another fertilizer CPSE, Madras Fertilizers Limited (MFL).

A Chemical Engineer from Anna University and MBA from University of Madras, Sh. Saravanan has a wide experience spanning over 33 years covering both Oil Refinery and Fertilizer Industries. He is a senior member of American Institute of Chemical Engineer and a Life member of Indian Institute of Chemical Engineers.

He has completed a graduate training on Process Design conducted by M/s UOP at Chicago, USA. He has also worked in Project Team for pre-commissioning and commissioning activities of Petrochemical project at Rayong, Thailand under Toyo Engineering, Japan.

Prior to taking over as C&MD of MFL, he was Director (Technical) of the company and also held additional charge as Director (Technical) of another fertilizer CPSE, FACT, Cochin for more than a year. He was also a board member of Indian Potash Limited, Fertilizers Association of India and Fortune Biotech and a member of state level committee on standardization constituted by Government of Tamil Nadu.

As C&MD, MFL, Shri U. Saravanan is credited for turning around the company into a profit making one. During his tenure as C&MD in MFL the feed stock conversion from Naptha to RLNG was completed successfully.

Shri U. Saravanan is a member of Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility and Sustainable Development Committee and Risk Management Committee of the Company. Shri Saravanan is also Director on the Board of Fertilizers Association of India.

### Shri Atul Baburao Patil (DIN: 09557730)

Shri Atul Baburao Patil was born on 06.07.1965 aged about 58 years. Shri Patil has been appointed as Director (Marketing) w.e.f. 07.04.2022 on the Board of NFL. He has also held the position of Chairman & Managing Director (Addl. Charge) w.e.f. 01.09.2022 to 15.06.2023. He is B.Sc in Chemistry, Botany, and Zoology with first division from Guru Nanak Dev University, Amritsar, Punjab. He is also an MBA (Master in Business Administration) in Marketing & Personnel Management with first division from Shivaji University, Kolhapur, Maharashtra. Prior to his appointment as Director (Marketing), he was holding the position of Executive Director at Rashtriya Chemicals & Fertilizers Ltd. He has rich experience of more than 27 years in Marketing and Management in the Fertilizers Industry.

Further, Shri Patil is a member of Risk Management Committee of the Company.

### Shri Hira Nand (DIN: 09476034)

Shri Hira Nand was born on 05.02.1966 aged about 57 years. He has been appointed as Director (Finance) w.e.f. 17.06.2022 on the Board of NFL. Shri Hira Nand is Cost and Management Accountant by profession. He is also a Law

graduate from Bhopal University. Prior to his appointment as Director (Finance) & CFO in NFL, he was holding position of ED (Finance & Accounts) in NFL, he has also worked as ED (F&A) at Ramagundam Fertilizers & Chemicals Limited. Earlier, he has also worked with ONGC Petro additions Limited (OPaL), KRIBHCO and Model Economic Township Ltd. (a wholly owned company by Reliance Industries Ltd). He has a rich experience of more than 31 years. He worked in areas of Corporate Finance & Treasury in mobilization of funds from market including forex risk management, capital & revenue budgeting, accounts and taxation, fertilizer pricing related regulatory matters etc.

Shri Hira Nand is a member of Stakeholders Relationship Committee, Corporate Social Responsibility and Sustainable Development Committee and Risk Management Committee of the Company.

Further, Shri Hira Nand is also Nominee Director of NFL on the Board of Urvarak Videsh Limited and Ramagundam Fertilizers and Chemicals Limited.

### Shri Rajan Kanwar (DIN: 09772867)

Shri Rajan Kanwar was born on 17.04.1965 aged about 58 years. He has been appointed as Director (Technical) w.e.f. 21.10.2022 on the Board of NFL. Shri Rajan Kanwar has Bachelor of Engineering degree in chemical discipline from Punjab University, Chandigarh. He also holds Master's in Business Administration (MBA) degree with specialization in operations. Prior to his appointment as Director (Technical) in NFL, he was posted as Unit head at NFL's Vijaipur Unit. He has been associated with NFL for more than 34 years with an extensive experience in Project Management, Operations and Maintenance of fertilizer plants. He is credited with concept development to execution of Ammonia Feed Stock Change over Project (AFCP) at NFL Nangal Unit, GTG-HRSG energy savings schemes for NFL Nangal, Panipat and Bhatinda Units and ESP-II of NFL Vijaipur Unit. He was also closely associated with commissioning of group of Hydrogen plants in Indian refineries and Fertilizer industry.

Shri Rajan Kanwar is a member of Stakeholders Relationship Committee and Risk Management Committee of the Company.

### Ms. Neeraja Adidam (DIN: 09351163)

Ms. Neeraja Adidam was born on 19.05.1965 aged about 58 years. She is a M.Phil., M.Sc (Botany) and holds a P.G. Diploma in Forestry. She has been appointed as Government Nominee Director w.e.f. 14.10.2021 on the Board of NFL. Presently, she is working as Additional Secretary, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Govt. of India, New Delhi. Prior to that, she was Joint Secretary to Department of Agriculture Cooperation and Farmers Welfare. She has also held various honorable posts in Forest Department of UP, Ministry of Agriculture etc. She also won Governor Award (twice) for exemplary contribution to Social Forestry.

She has done specialization in the area of Agro Forestry, Forest Management and Social Forestry/ Urban Forestry. She also assisted in the publication of World Bank report unlocking opportunities for forest dependent people.

Ms. Adidam is the member of Nomination and Remuneration Committee of the Company. Ms. Neeraja Adidam also holds the position of Managing Director in Fertilizer Corporation of India Limited and Hindustan Fertilizer Corporation Limited.





### Dr. Prathibha A. (DIN: 09692712)

Dr. Prathibha A. was born on 23.03.1978, aged about 45 years. She has been appointed as Government Nominee Director w.e.f. 03.08.2022 on the Board of NFL. Dr. Prathibha has done her Ph.D. in Economics from University of Kerala, Kariavattom. She is a member of Indian Economic Service (Batch: 2003). She is working as Economic Advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Govt. of India, New Delhi. Prior to that, she was Director in the Ministry of Finance, Ministry of Development of North Eastern Region and had wide ranging experience working in various Ministries/ Departments such as NITI Aayog, Department of Economic Affairs, Ministry of Finance, Department of Consumer Affairs, New Delhi, Central Board of Film Certification, Trivandrum etc.

She has done specialization in the areas of Development Economics, Fisheries Management, Prices, Poverty alleviation, Public Private Partnerships Infrastructure Development etc.

### Dr. Poonam Sharma (DIN: 09392920)

Dr. Poonam Sharma was born on 26.12.1967, aged about 55 years. She has been appointed as Non-official Independent Director w.e.f. 12.11.2021 on the Board of NFL. She is MA and PhD in Psychology. Dr. Poonam Sharma is a social worker & educator. She has a large experience of working on grassroots issues in Bihar including upliftment of girl child education, poverty, health, education, finances and consumer affairs. She has a deep knowledge owing to her background of rural & agricultural issues.

She is Chairperson of Corporate Social Responsibility & Sustainable Development Committee and also the member of Audit Committee and Nomination & Remuneration Committee of the Company.

### Shri Kashi Ram Godara (DIN: 09393859)

Shri Kashi Ram Godara, was born on 25.04.1966, aged about 57 years. He has been appointed as Non-official Independent Director w.e.f. 12.11.2021 on the Board of NFL. He is a Bachelor of Arts. He has been involved in various social work at the grassroots level. He is Chairperson of Stakeholders Relationship Committee and also the member of Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility & Sustainable Development Committee of the Company.

### Shri Ritesh Tiwari (DIN: 07082681)

Shri Ritesh Tiwari was born on 14.06.1971, aged about 52 years. He has been appointed as Non-official Independent Director w.e.f. 12.11.2021 on the Board of NFL. He is a Bachelor of Arts and a businessman & had been involved in various social work at the grassroots level. He is Chairperson of Nomination and Remuneration Committee and also the member of Stakeholders Relationship Committee, Corporate Social Responsibility and Sustainable Development Committee and Risk Management Committee of the Company.

### Dr. Venkata Sarvarayudu Thota (DIN: 01631664)

Dr. Venkata Sarvarayudu Thota was born on 03.03.1963, aged about 60 years. He has been appointed as Non-official Independent Director w.e.f. 30.11.2021 on the Board of NFL. He is a B.Tech (Mechanical Engineering), MBA (International Business) and Ph.D in Department of Commerce and Management studies. He had a work experience of 13 years in various Pvt. & Govt. organizations, SEBI Mumbai and New Delhi and also in JK group, Allwyn group.



He is Chairperson of Risk Management Committee and also the member of Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Company.

**Shri Jyoti Bhramar Tubid (DIN: 02442295)**

Shri Jyoti Bhramar Tubid was born on 14.03.1958, aged about 65 years. He has been appointed as Non-official Independent Director w.e.f. 21.04.2022 on the Board of NFL. He is an Indian Administrative Service (IAS) officer of 1983 batch and voluntary retired from the Civil Services in 2014. During his tenure in the Civil Services before taking voluntary retirement, he had held various significant post in the state of Jharkhand such as Secretary in Department of Excise and Prohibition; Secretary in Department of Health, Medical Education & Family Welfare. Further, he had been a Board Member of XLRI, Jamshedpur and various Government Companies. His Area of Specialization includes Management, Administration and Technology.

He is Chairperson of Audit Committee and also the member of Stakeholders Relationship Committee and Corporate Social Responsibility and Sustainable Development Committee of the Company.

**Registered Office:**

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

**Date: 29<sup>th</sup> August, 2023**

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

**(U. Saravanan)**

Chairman & Managing Director  
DIN: 07274628







**CORPORATE OFFICE**



**VIJAIPUR I & II PLANT**



**BATHINDA PLANT**



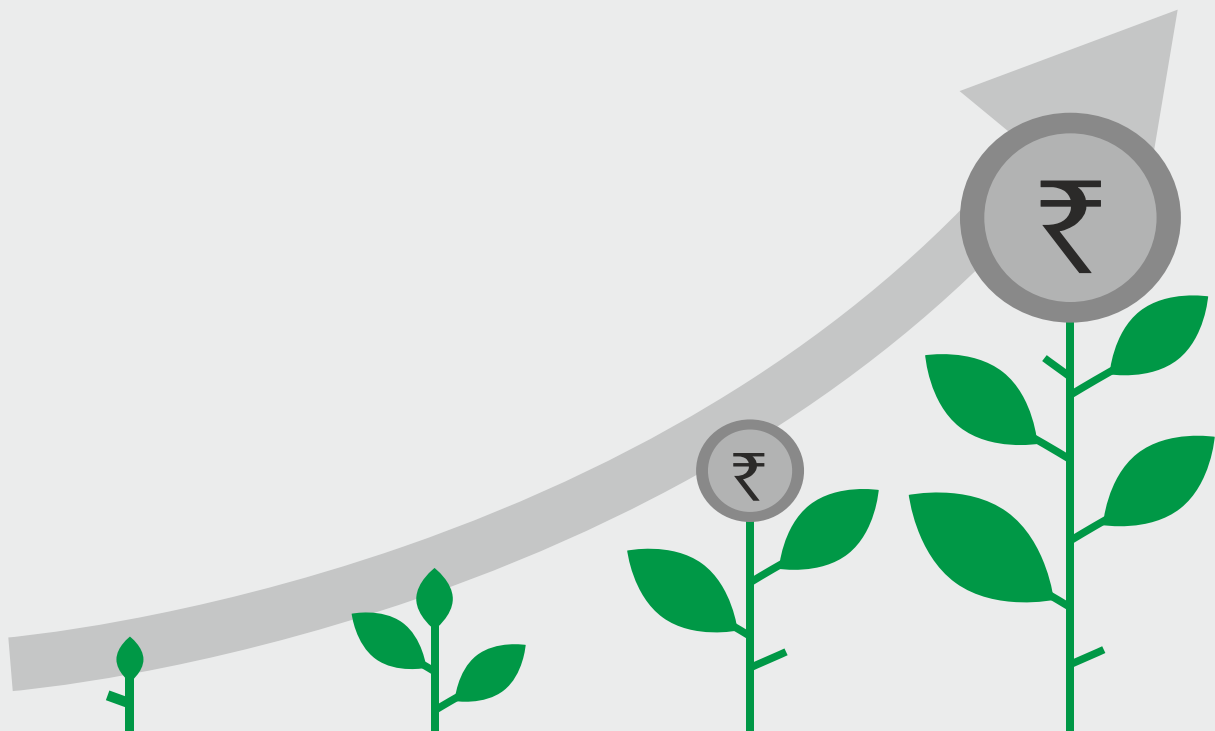
**NANGAL PLANT**



**PANIPAT PLANT**



# AUDITED FINANCIAL STATEMENTS 2022-2023





## Auditor's Report

ARUN K. AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
105, FF, South Ex. Plaza – 1,  
389, Masjid Moth,  
South Extn. Part-II, New Delhi – 110 049

DHAWAN & CO.  
CHARTERED ACCOUNTANTS  
312, Wegmans House,  
21, Veer Savarkar Block,  
Shakarpur, Vikas Marg, Delhi – 110 092

### INDEPENDENT AUDITOR'S REPORT

To the Members of  
National Fertilizers Limited

#### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of National Fertilizers Limited (hereinafter referred to as “the Company”) which comprise the Standalone Balance Sheet as at 31 March 2023, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as “standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (“IND AS”) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the company as at 31 March 2023, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Emphasis of Matter

We draw attention to:

- (I) Note No. 2(d) of accompanying standalone financial statements regarding derecognizing Property, Plant & Equipment amounting to ₹ 67.65 crores on account of permanent damage of part of Gas Turbine Generator (GTG) at Bathinda Unit.

- (ii) Note No. 36 of accompanying standalone financial statements regarding recognition of subsidy amounting to ₹ 928.37 crores on management's estimates, towards extension of the Revised Energy Norms.
- (iii) Note No. 62 of accompanying standalone financial statements regarding write-off of advance recoverable from foreign supplier against import of urea amounting to ₹ 129.64 crores as per the decision of Board of Directors due to remote possibility of recovery.

Our opinion is not modified in respect of above matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. Summary of the same is mentioned here under:

S.No.	Key Audit Matter	Response to Key Audit Matter
1	<p><b>Revenue recognition</b></p> <p>Recognition of subsidy is made on the basis of in-principle recognition/approval/ settlement of claims from Fertilizer Industry Coordination Committee (FICC), Department of Fertilizers (DoF), Government of India, while finalizing the financial statements. Also the FICC regulates such subsidy and the bills raised on such notifications. Escalation/de-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given.</p> <p>Since there is a time lag between actual expenditure incurred and notification of concession rates for the year, Management exercises significant judgment in arriving at the income entitled on account of same for the year.</p> <p>Therefore, there is a risk of revenue being misstated on account of estimation of concession/ Import Parity Price (IPP) rates yet to be notified.</p> <p>Regarding process of Collection, utilization and retention of Retailer Margin.</p>	<p><b>Principal Audit Procedures</b></p> <p>The following principal audit procedures have been performed by us in relation to revenue recognition:</p> <p>a) We have reviewed the company's Accounting policies for Revenue Recognition (Refer Note No. 1.2.6 of the standalone financial statements), relevant Notifications and Circulars issued by the DoF, Government of India.</p> <p>b) We have carried out substantive procedures on sample basis for evaluation of operating effectiveness of key controls over subsidy and each income stream, basis of management estimation and their corresponding disclosure.</p> <p>c) We have reviewed directions of FICC, various Notifications issued from time to time and management assessment in relation to retailer margin.</p>
2	<p><b>Estimation of Provision &amp; Contingent Liabilities</b></p> <p>The company has its operations in various States within India, exposing it to a variety of different Central and State laws. Litigations and claims may arise from direct and indirect tax proceedings. Resolution of litigations</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit process involved understanding of identification process relating to litigations, claims and contingent liabilities. We have evaluated the design and testing the operating</p>







<p>and claims proceedings may span over multiple years beyond 31 March 2023.</p> <p>The determination of a provision or contingent liability requires significant judgement by the company because of the inherent complexity in estimating future liabilities.</p> <p>The company has reported contingent liabilities amounting to ₹ 154.20 Crores in Note 49 to standalone financial statement.</p> <p>The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims over time as new facts emerge as each legal case progresses and positions taken by the company. There is an inherent complexity in estimations of magnitude of potential exposures. Significant judgment is required to estimate the likelihood amount of cash outflows, timing based on interpretations of the legal aspects, opinions, demand notices, relevant judgements etc.</p>	<p>effectiveness of controls in respect of process.</p> <p>We have evaluated management's assessment of the likely outcome and potential exposures arising from significant contingencies subject to ongoing court cases and arbitration proceedings and considered the requirements for any provision as per the best estimate of the possible expenditure.</p> <p>In respect of significant claims, we checked the amount of claim, nature of issues involved, management submissions and corroborated the same with external evidence, where available.</p>
<p><b>3 Trade receivables</b></p> <p>Trade Receivables appearing in financial statement consists of receivables from sale of products as well as receivable from Government of India in the form of subsidy. Trade Receivables as at 31 March 2023 amounting to ₹4118.53 crores includes subsidy receivable of ₹ 3522.11 crores.</p> <p>Refer Note 13 to the Standalone Financial Statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ol style="list-style-type: none"> <li>a) In respect of Subsidy recoverable from Government of India, as no confirmation of balance is on record, we have relied on the management's assertion and estimates on the recoverability.</li> </ol> <p>As subsidy receivable is outstanding from Department of Fertilizer, Government of India (i.e. Sovereign Authority) and is backed by the approved claims generated from MFMS (Mobile Fertilizer Management System), amount outstanding as at balance sheet date has been considered as recoverable (net of provisions).</p> <ol style="list-style-type: none"> <li>b) In respect of receivables other than subsidy receivables, management have sent request for confirmation from the parties. The response to the request was checked together, subsequent realisation check was also performed and long outstanding balances have been reviewed.</li> </ol>



<p><b>4</b></p>	<p><b>Property, Plant and Equipment</b></p> <p>Management judgment is applied for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/amortization rates. These include the decision to capitalize or expense costs; the annual asset life review; the timelines of the capitalization/decapitalize of assets and the measurement and recognition criteria for assets retired from active use. Please refer accounting policy no 1.2.9.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>a) Testing of controls in place over the fixed assets cycle,</li> <li>b) Evaluation of appropriateness of capitalization process. Performed tests to verify the capitalized costs,</li> <li>c) Assessment of the timelines of the capitalization of the assets and assessed the derecognition criteria for assets retired from active use.</li> </ul> <p>The useful life of assets has been assessed by the management. In performing these procedures, we reviewed the judgments made by management for the following:</p> <ul style="list-style-type: none"> <li>a) Identification of the nature of underlying costs capitalized,</li> <li>b) Determination of realizable value of the assets retired from active use,</li> <li>c) Appropriateness of asset lives applied in the calculation of depreciation/amortization,</li> <li>d) Useful lives of assets prescribed in Schedule II of the Companies Act, 2013.</li> </ul>
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### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The company's management and board of directors are responsible for the preparation of other information. The other information comprises the Management Discussion and Analysis, Director's Report including annexures to Director's Report, Business Responsibility Report, Corporate Governance, Performance at a Glance and Chairman's Statement included in the annual report of the company, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of audit, or otherwise appears to be materially misstated. On reading the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.





## Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

The company's management and board of directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 IND AS prescribed under section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board of directors is also responsible for overseeing the company's financial reporting process.

## Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the board of directors.
- Conclude on the appropriateness of the management and the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the company to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 to the extent applicable.
2. 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 B".
3. 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 standalone balance sheet, the standalone statement of profit and loss, the standalone statement of cash flows and the standalone 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 financial statements comply with the IND AS specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) As per notification number G.S.R. 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, section 164(2) of the Act regarding disqualifications of directors is not applicable to the company, since it is a Government Company;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the company





and the operating effectiveness of such controls, refer to our separate report in “Annexure C”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting;

- (g) As per notification number G.S.R. 463 (E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, section 197 of the Act regarding remuneration to director is not applicable to the company, since it is a Government Company; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 49 to the standalone 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.
  - iv. (a) The respective management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall,
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”)
    - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
  - v. No dividend has been declared or paid during the financial year by the company. However, the board of directors of the company in its meeting held on 29 May 2023, have declared an interim dividend of ₹ 1.53 per equity share aggregating to ₹ 75.06 crore in respect of the financial year ended 31 March 2023, which is yet to be paid. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.



- vi. Since applicability of maintenance of audit trail in accounting software has been deferred to 1 April 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

**For ARUN K. AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 003917N

**Lokesh Kumar Garg**  
Partner  
M. No. : 413012  
UDIN No. : 23413012BGWRJP7020

Place: Noida  
Date: 29-05-2023

**For DHAWAN & CO.**  
Chartered Accountants  
Firm's Registration No.: 002864N

**Deepak Kapoor**  
Partner  
M. No.: 072302  
UDIN No. : 23072302BGXHAU2085







**'ANNEXURE A' to Independent Auditor's Report on the Standalone Financial Statements of National Fertilizers Limited for the year ended 31 March 2023**

**(Referred to in para 1 under 'Report on Other Legal and Regularity Requirements' section of our report of even date)**

To the best of our information and according to the explanations provided to us by the company and the books of account and records examined by us in the normal course of audit, we report that:

- (i) (a) (A) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment and relevant details of right-of-use assets.;
- (B) The company has maintained proper records showing full particulars of intangible assets.
- (b) The company has a regular program of physical verification of Property, Plant & Equipment and right-of-use assets by which all the 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 property, plant and equipment 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. Further, as per the Government directions, the company have installed PoS devices at different retail points, for which no physical verification is carried out.
- (c) The title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company except the following:

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Property held since which date	Reason for not being held in name of company
Freehold Land at Bhatinda	₹0.15 crores	Government of Punjab	No	11.02.1988 10.03.1988 20.01.1988 21.01.1988 23.05.1984	Out of 685.301 Acres of land, 14.261 Acres of land for construction of Fertilizers Minor was acquired at the cost of NFL but there is no provision in the Government rules to transfer the ownership of Government Property.
Leasehold Land at Vijaipur	Nil*	Government of Madhya Pradesh	No	12.07.1984	Lease Deed is not yet executed.
Freehold Land at Alwar	₹1	Urban Improvement Trust, Alwar	No	05.04.1986	As informed, the land has not yet been registered in the name of NFL due to ongoing litigation between Urban Improvement Trust, Alwar and the concerned farmers.

3190.46 Sq Mtrs in Core - III, SCOPE Complex, Lodhi Road, New Delhi under Investment Property	₹1.18 crores	Standing Conference of Public Enterprises (SCOPE)	No	19.10.1979	There is no title deed in favour of the company, however, as informed, the company is a deemed owner of the property.
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\* The deemed cost of Leasehold Land at Vijaipur Unit as on 01.04.2015 (Transition to Ind AS) was Nil.

Further, symbolic possession of 325.70 acres of land at Nangal (having gross carrying value ₹ 0.12 crores) was taken by the Punjab Government on 29.10.1998 by an order against which the company has filed a Civil Writ Petition in the Punjab & Haryana High Court and the matter is sub-judice.

Also, there is a litigation in respect of land measuring 1.7 acres approx., which is not in possession of the company, before Punjab & Haryana High Court, Chandigarh. The Regular Second Appeal (RSA) preferred by appellant is pending wherein Hon'ble High Court has ordered status-quo in the matter.

- (d) The company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)(a) The physical verification of the inventory, except Carbon Slurry amounting to ₹ 25.55 crore, has been conducted by the management in accordance with the perpetual inventory programme, at regular intervals during the year and the coverage and procedure of such verification by the management is appropriate. The discrepancies noticed on verification have been properly dealt within the books of account. No discrepancy of 10% or more in the aggregate for each class of inventory was noticed.
- (b) The company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks or financial institutions which are secured on the basis of security of current assets. The quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the company.
- (iii) The company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year and hence reporting under clause 3(iii)(a), (b), (c), (d), (e) and (f) of the Order is not applicable.
- (iv) The company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security made.
- (v) 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. Accordingly, paragraph 3(v) of the Order is not applicable.
- (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) The company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues. Further, no undisputed amounts remain payable in respect of such statutory liabilities as at 31 March 2023 for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March 2023 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount Involved (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.12	AY 2006-07	ITAT, Delhi
	Income Tax	0.45	AY 2011-12	ITAT, Delhi
	Income Tax	0.71	AY 2012-13	CIT (Appeals)
	Income Tax	0.16	AY 2013-14	ITAT, Delhi
	Income Tax	0.14	AY 2014-15	ITAT, Delhi
	Income Tax	17.91	AY 2017-18	CIT (Appeals)
	Income Tax	10.57	AY 2018-19	CIT (Appeals)
Custom Act, 1962	Custom Duty	1.37	1996-97	CESTAT, Mumbai
Central Excise Act, 1944	Excise Duty	3.69	2013-14	CESTAT, Ahmedabad
	Penalty on Excise Duty	0.02	FY 2017-18	Commissioner (Appeals), Bhopal
Punjab Municipal Act	Property Tax	1.21	2007-08 to 2009-10	Punjab & Haryana High Court
		0.10	1982-83 to 1991-92	
Haryana Local Development Tax Act, 2000	Entry tax	6.72	2000-01 to 2002-03	Joint Excise & Taxation Commissioner, Rohtak
MP Value Added Tax Act, 2002	VAT	0.01	2008-09	Madhya Pradesh High Court
MP Entry Tax Act, 1976	Entry Tax	0.08	2013-14, 2014-15 and 2016-17	Additional Commissioner, Gwalior
	Entry Tax	0.03	2010-11 & 2012-13	Madhya Pradesh High Court, MPCTAB
MP Vidyut Shulk Adhinyam, 2012	Electricity Generation Duty & Cess	0.47	2008-09 to 2012-13	MP High Court, Jabalpur Bench, Gwalior
Municipal Corporation Bathinda	Octroi Charges	0.40	FY 1998-99, 1991-92	Punjab and Haryana High Court
Finance Act	Service Tax, Interest and Penalty on Service Tax	0.33	01.07.2012 to 31.12.2014	CESTAT, Chandigarh
Punjab State GST Act	GST	0.05	2017-18	Appellate Authority GST
Bihar State GST Act	GST	3.37	2019-20	Commissioner Appeal, Bihar

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender dues to any bank or bonds/debenture holders as at the Balance Sheet date.
- (b) The company has not been declared wilful defaulter by any bank or financial institution or other lender.
- (c) Term loans were applied for the purpose for which the loans were obtained;
- (d) Based on an overall examination of the financial statements of the company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the company.
- (e) Based on an overall examination of the financial statements of the company, the company has not taken any funds from any entity or person on account of or to meet the obligations of its joint ventures.
- (f) The company has not raised any loans during the year on the pledge of securities held in its joint ventures.
- (x) (a) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable.
- (b) During the year, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) and hence reporting under clause 3(x)(b) of the Order is not applicable
- (xi) (a) During the year, a case of fraudulent misappropriation of seed stock amounting to ₹ 0.64 crores by a Wheat Seed Producer under Warehousing and Processing of Wheat Seed Agreement with the company has been observed for which police complaint has also been filed by the company.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As informed, no whistle blower complaints have been received by the company during the year.
- (xii) The company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion, the company is in compliance with Section 177 and 188 of the Act with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards
- (xiv) (a) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) 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) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) (a), (b) and (c) of the Order is not applicable to the company.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment





Companies (Reserve Bank) Directions, 2016). Accordingly, paragraph 3(xvi) (d) of the Order is not applicable to the company.

- (xvii) The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the board of directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, the company has transferred unspent amount as at the end of the previous financial year, to a fund specified in Schedule VII to the Act within a period of six months of the expiry of said financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
- In respect of other than ongoing projects, the company has not transferred the unspent amount as at the Balance Sheet date out of the amounts that was required to be spent during the year, to a fund specified in Schedule VII to the Act in compliance with second proviso to sub-section (5) of section 135 of the said Act till the date of our report since the time period for such transfer i.e. six months of the expiry of said financial year has not elapsed till the date of our report.
- (b) Amount remaining unspent under sub-section (5) of section 135 of the Act, pursuant to any ongoing project, has been transferred to a special account in compliance with the provision of sub-section (6) of section 135 of the said Act.

**For ARUN K. AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 003917N

**Lokesh Kumar Garg**  
Partner  
M. No. : 413012  
UDIN No. : 23413012BGWRJP7020

Place: Noida  
Date: 29-05-2023

**For DHAWAN & CO.**  
Chartered Accountants  
Firm's Registration No.: 002864N

**Deepak Kapoor**  
Partner  
M. No.: 072302  
UDIN No. : 23072302BGXHAU2085





**'ANNEXURE B' to Independent Auditor's Report on the Standalone Financial Statements of National Fertilizers Limited for the year ended 31 March 2023**

(Referred to in para 2 under 'Report on Other Legal and Regularity Requirements' section of our report of even date)

## **COMPLIANCE CERTIFICATE**

We have conducted the audit of the accounts of National Fertilizers Limited for the year ended 31 March 2023 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 ARUN K. AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 003917N

**Lokesh Kumar Garg**  
Partner  
M. No. : 413012  
UDIN No. : 23413012BGWRJP7020

Place: Noida  
Date: 29-05-2023

Enclosed: Direction and Sub-direction u/s 143(5)

**For DHAWAN & CO.**  
Chartered Accountants  
Firm's Registration No.: 002864N

**Deepak Kapoor**  
Partner  
M. No.: 072302  
UDIN No. : 23072302BGXHAU2085





## AUDIT REPORT OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR 2022 -2023 PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

### I. Directions for the year 2022-23

1. **Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**

Yes, the company has its system in place to process majority of the accounting transactions through IT system except:

- Calculation of depreciation of fixed asset
- Valuation of Closing Stock of traded goods
- Calculations of subsidy on Urea production (through GC-4)

Unit-wise accounting is maintained on different computer systems which are not interconnected. However, integrity of the accounts is not in jeopardy.

2. **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of the lender company).**

Based on Audit Procedure performed by us and as per the information and explanation given to us, there has been no restructuring of an existing loan or cases of waiver/write off of debts/ loans/interest etc. made by a lender to the company.

3. **Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.**

Funds received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its terms and conditions.

## II. Sub-Directions under section 143(5) of Companies Act 2013 for the year 2022-23

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

The downward revision of Subsidy by Govt. of India vide notification dated 18 May 2023, has resulted in lower valuation of closing stock by ₹ 97.28 crores as on 31 March 2023 as detailed below:

S.No.	Product	Impact in ₹ crores
1	DAP	37.76
2	APS	39.52
3	NPK	20.00
	<b>Total</b>	<b>97.28</b>

**For ARUN K. AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 003917N

**Lokesh Kumar Garg**  
Partner  
M. No. : 413012  
UDIN No. : 23413012BGWRJP7020

Place: Noida  
Date: 29-05-2023

**For DHAWAN & CO.**  
Chartered Accountants  
Firm's Registration No.: 002864N

**Deepak Kapoor**  
Partner  
M. No.: 072302  
UDIN No. : 23072302BGXHAU2085





## **'ANNEXURE C' to Independent Auditor's Report on the Standalone Financial Statements of National Fertilizers Limited for the year ended 31 March 2023**

(Referred to in para 3(f) under 'Report on Other Legal and Regularity Requirement's section of our report of even date)

### **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 (hereinafter referred to as "the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's 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 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 31 March 2023, 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 ICAI.

**For ARUN K. AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 003917N

**Lokesh Kumar Garg**  
Partner  
M. No. : 413012  
UDIN No. : 23413012BGWRJP7020

Place: Noida  
Date: 29-05-2023

**For DHAWAN & CO.**  
Chartered Accountants  
Firm's Registration No.: 002864N

**Deepak Kapoor**  
Partner  
M. No.: 072302  
UDIN No. : 23072302BGXHAU2085







## Balance Sheet as at 31st March 2023

₹ in Crore

	Note	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022 <sup>^</sup>	As at 1 <sup>st</sup> April 2021 <sup>^</sup>
<b>I. ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
a) Property, Plant and Equipment	2	3965.31	4223.99	3608.72
b) Right-of-Use Assets	3	0.99	2.48	3.93
c) Investment Property	4	0.97	1.04	1.11
d) Capital Work in Progress	5	147.27	112.15	840.21
e) Other Intangible Assets	6	1.41	2.03	1.31
f) Intangible assets under development	7	30.44	26.34	22.22
<b>g) Financial Assets</b>				
i) Investments	8	491.48	491.48	447.65
ii) Loans	9	3.96	4.66	5.59
iii) Other Financial Assets	10	35.72	34.48	33.53
h) Deferred Tax Assets (Net)	27	-	-	19.17
i) Other Non-Current Assets	11	61.05	50.99	50.83
		<b>4738.60</b>	<b>4949.64</b>	<b>5034.27</b>
<b>(2) CURRENT ASSETS</b>				
a) Inventories	12	3069.81	2255.29	438.03
<b>b) Financial Assets</b>				
i) Trade Receivables	13	4118.53	2808.46	2634.09
ii) Cash and Cash Equivalents	14	12.46	25.73	39.33
iii) Other Bank Balances	15	3.20	3.09	2.89
iv) Loans	16	2.67	2.65	2.85
v) Other Financial Assets	17	49.97	95.50	33.34
c) Current Tax Assets (Net)	18	43.93	4.28	-
d) Other Current Assets	19	726.16	583.42	277.81
		<b>8026.73</b>	<b>5778.42</b>	<b>3428.34</b>
		<b>12765.33</b>	<b>10728.06</b>	<b>8462.61</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity Share Capital	20	490.58	490.58	490.58
(b) Other Equity	21	2283.25	1823.59	1713.49
		<b>2773.83</b>	<b>2314.17</b>	<b>2204.07</b>
<b>LIABILITIES</b>				
<b>(1) NON-CURRENT LIABILITIES</b>				
<b>a) Financial Liabilities</b>				
i) Borrowings	22	534.71	629.73	648.01
ii) Lease Liabilities	23	0.54	0.74	0.87
iii) Other Financial Liabilities	24	24.77	23.48	22.64
b) Provisions	25	206.55	205.68	201.47
c) Deferred Government Grant	26	1739.18	1926.94	2116.74
d) Deferred Tax Liabilities (Net)	27	67.63	3.65	-
e) Other Non-Current Liabilities	28	6.49	7.15	8.32
		<b>2579.87</b>	<b>2797.37</b>	<b>2998.05</b>
<b>(2) CURRENT LIABILITIES</b>				
<b>a) Financial Liabilities</b>				
i) Borrowings	29	3456.22	2539.83	1239.51
ii) Lease Liabilities	30	0.77	2.00	3.34
iii) Trade Payables	31			
- Micro and Small Enterprises		7.07	8.36	1.85
- Other than Micro and Small Enterprises		1748.86	1439.98	728.32
iv) Other Financial Liabilities	32	1730.91	1015.39	663.71
b) Provisions	33	109.97	239.36	258.46
c) Deferred Government Grant	34	194.88	194.87	204.25
d) Current Tax Liabilities (Net)		-	-	34.98
e) Other Current Liabilities	35	162.95	176.73	126.07
		<b>7411.63</b>	<b>5616.52</b>	<b>3260.49</b>
		<b>12765.33</b>	<b>10728.06</b>	<b>8462.61</b>

<sup>^</sup> Restated figures (Refer Note 63)

Significant accounting policies

The accompanying notes forms an integral part of these financial statements

1

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
Director (Finance)  
DIN No. 09476034

(Atul B. Patil)  
Chairman & Managing Director  
DIN No. 09557730

As per our report of even date attached  
For Arun K. Agarwal & Associates  
Chartered Accountants  
Firm Regd. No. 003917N

For Dhawan & Co.  
Chartered Accountants  
Firm Regd. No. 002864N

(Lokesh Garg)  
Partner  
Membership No. 413012

(Deepak Kapoor)  
Partner  
Membership No. 072302

Place: Noida  
Date: 29.05.2023



## Statement of Profit and Loss for the year ended 31.03.2023

₹ in Crore

	Note No.	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
<b>Revenue</b>			
Revenue from Operations	36	29616.52	15857.09
Other Income	37	192.62	25.61
<b>Total Income (I)</b>		<b>29809.14</b>	<b>15882.70</b>
<b>Expenses</b>			
Cost of Materials Consumed	38	10662.63	6219.44
Purchase of Stock- in- Trade	39	10023.16	5026.30
Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in- Trade	40	(826.42)	(1820.26)
Employee Benefits Expense	41	659.14	648.90
Power and Fuel	42	6439.04	4040.27
Freight and Handling		1043.16	845.84
Repair and Maintenance	43	83.34	95.93
Finance Cost	44	301.64	132.96
Depreciation and Amortization Expense	45	352.84	334.55
Other Expenses	46	460.84	213.95
<b>Total Expenses (II)</b>		<b>29199.37</b>	<b>15737.88</b>
<b>Profit / (Loss) before exceptional item and tax (III) = (I) - (II)</b>		<b>609.77</b>	<b>144.82</b>
<b>Exceptional Item (IV)</b>		-	-
<b>Profit/(Loss) before Tax (V)=(III)-(IV)</b>		<b>609.77</b>	<b>144.82</b>
<b>Tax expenses:</b>			
Current tax	47	92.75	13.87
Deferred tax		63.98	22.82
Short / (Excess) tax for earlier years		(3.06)	(0.07)
<b>Total Tax Expense (VI)</b>		<b>153.67</b>	<b>36.62</b>
<b>Profit/(Loss) for the year (VII)=(V)-(VI)</b>		<b>456.10</b>	<b>108.20</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Profit &amp; Loss</b>			
Remeasurement of Defined Employee Benefit obligations		4.76	2.54
Income Tax relating to above items		(1.20)	(0.64)
<b>Other Comprehensive Income (net of tax) (VIII)</b>		<b>3.56</b>	<b>1.90</b>
<b>Total Comprehensive Income (IX) = (VII) + (VIII)</b>		<b>459.66</b>	<b>110.10</b>
<b>Earnings per share</b>			
Basic earnings per share of ₹10 each	48	9.30	2.21
Diluted earnings per share of ₹10 each		9.30	2.21
Significant accounting policies	1		
The accompanying notes forms an integral part of these financial statements			

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
Director (Finance)  
DIN No. 09476034

(Atul B. Patil)  
Chairman & Managing Director  
DIN No. 09557730

As per our report of even date attached  
For Arun K. Agarwal & Associates  
Chartered Accountants  
Firm Regd. No. 003917N

(Lokesh Garg)  
Partner  
Membership No. 413012

For Dhawan & Co.  
Chartered Accountants  
Firm Regd. No. 002864N

(Deepak Kapoor)  
Partner  
Membership No.072302

Place: Noida  
Date: 29.05.2023





## Statement of Cash Flows for the year ended 31st March 2023

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) Before Tax	609.77	144.82
Adjustments For :		
Depreciation / Amortization	352.84	334.55
Finance Charges	301.64	132.96
Amortisation of Deferred Govt Grant	(190.90)	(198.53)
Interest Income	(4.61)	(4.69)
Profit on Sale of Fixed Assets	(0.24)	(2.08)
Exchange Rate Variation (Net)	(32.10)	8.72
Provision for Doubtful Debts/ Advances	20.53	3.84
Provision for Obsolete/Surplus Stores	0.30	0.12
Provision for GST	(2.35)	(2.81)
Provisions no longer required written back	(129.64)	-
Stores and Spares write offs	3.92	4.18
Assets Written off	67.71	0.12
Advance Written off	129.64	-
Other Write off	0.06	0.47
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1126.57</b>	<b>421.67</b>
Adjustments For :		
Trade and Other Receivables	(1426.46)	(526.47)
Inventories	(818.80)	(1822.03)
Trade Payables, Provisions & Others Liabilities	921.65	1154.40
Direct Taxes paid	(138.32)	(53.60)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(335.36)</b>	<b>(826.03)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for purchase of PPE (including CWIP)	(208.33)	(297.23)
Investment in Joint Ventures	-	(43.83)
Proceeds from disposal of PPE	0.96	4.46
Interest Received	3.85	4.09
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(203.52)</b>	<b>(332.51)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans	916.39	1300.32
Long Term Loan	(95.02)	(18.28)
Interest Paid	(293.68)	(134.91)
Payment of Lease Liabilities	(2.08)	(2.19)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>525.61</b>	<b>1144.94</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13.27)</b>	<b>(13.60)</b>
Cash And Cash Equivalents (Closing Balance)	12.46	25.73
Cash And Cash Equivalents (Opening Balance)	25.73	39.33
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13.27)</b>	<b>(13.60)</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
<b>Components of Cash and Cash Equivalents (Note - 14)</b>		
<b>Balances with banks</b>		
Current accounts	4.37	6.15
Remittances in transit	8.07	19.56
Cash on hand	0.02	0.02
<b>Total</b>	<b>12.46</b>	<b>25.73</b>

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
Director (Finance)  
DIN No. 09476034

(Atul B. Patil)  
Chairman & Managing Director  
DIN No. 09557730

As per our report of even date attached  
For Arun K. Agarwal & Associates  
Chartered Accountants  
Firm Regd. No. 003917N

(Lokesh Garg)  
Partner  
Membership No. 413012

For Dhawan & Co.  
Chartered Accountants  
Firm Regd. No. 002864N

(Deepak Kapoor)  
Partner  
Membership No. 072302

Place: Noida  
Date: 29.05.2023



## Statement of Changes in Equity for the year ended 31.03.2023

### A. Equity Share Capital

₹ in Crore

	Notes	Amount
As at 1st April 2021	20	490.58
Changes in Equity Share Capital due to prior period errors		-
Restated balance at the beginning of the current reporting period		-
Change in Equity Share Capital during the year		-
<b>As at 31st March 2022</b>		<b>490.58</b>
As at 1st April 2022	20	490.58
Changes in Equity Share Capital due to prior period errors		-
Restated balance at the beginning of the current reporting period		-
Change in Equity Share Capital during the year		-
<b>As at 31st March 2023</b>		<b>490.58</b>





## B. Other Equity

₹ in Crore

Particulars	Reserve & Surplus			
	Capital Reserve	General Reserve	Retained Earning	Total
<b>Opening balance as at 1st April 2021 (As previously reported)</b>	2.51	332.89	1,345.46	1,680.86
Adj: Prior Period Error (Reversal of Provision created out of Accumulated Profit & Loss Account) <sup>^</sup>	-	-	130.69	130.69
Adj: Prior Period Error (Adjustment of amount recovered in FY 2003-04 & 2006-07) <sup>^</sup>	-	(1.05)	-	(1.05)
Adj: Creation of Provision from Retained Earnings <sup>^</sup>	-	-	(129.64)	(129.64)
Adj: Creation of Deferred Tax Asset on Provision for doubtful advance <sup>^</sup>	-	-	32.63	32.63
<b>Opening balance as at 1st April 2021 (Restated)<sup>^</sup></b>	<b>2.51</b>	<b>331.84</b>	<b>1,379.14</b>	<b>1,713.49</b>
Add: Profit for the year	-	-	108.20	108.20
Add: Comprehensive income for the year	-	-	1.90	1.90
Add: Adjustment of Bearer Plant	-	-	-	-
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>110.10</b>	<b>110.10</b>
Dividend Paid	-	-	-	-
Transfer to/(from) retained earnings	-	-	-	-
<b>Closing balance as at 31st March 2022<sup>^</sup></b>	<b>2.51</b>	<b>331.84</b>	<b>1,489.24</b>	<b>1,823.59</b>
<b>Opening balance as at 1st April 2022 (As previously reported)</b>	<b>2.51</b>	<b>332.89</b>	<b>1,455.56</b>	<b>1,790.96</b>
Adj: Prior Period Error (Reversal of Provision created out of Accumulated Profit & Loss Account) <sup>^</sup>	-	-	130.69	130.69
Adj: Prior Period Error (Adjustment of amount recovered in FY 2003-04 & 2006-07) <sup>^</sup>	-	(1.05)	-	(1.05)
Adj: Creation of Provision from Retained Earnings <sup>^</sup>	-	-	(129.64)	(129.64)
Adj: Creation of Deferred Tax Asset on Provision for doubtful advance <sup>^</sup>	-	-	32.63	32.63
Profit for the year	-	-	456.10	456.10
Comprehensive income for the year	-	-	3.56	3.56
Adjustment of Bearer Plants (refer note 21)	-	-	-	-
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>459.66</b>	<b>459.66</b>
Dividend Paid	-	-	-	-
Transfer to/(from) retained earnings	-	-	-	-
<b>Closing Balance as at 31st March 2023</b>	<b>2.51</b>	<b>331.84</b>	<b>1,948.90</b>	<b>2,283.25</b>

<sup>^</sup> Restated figure (Refer Note 63)

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
Director (Finance)  
DIN No. 09476034

(Atul B. Patil)  
Chairman & Managing Director  
DIN No. 09557730

As per our report of even date attached  
For Arun K. Agarwal & Associates  
Chartered Accountants  
Firm Regd. No. 003917N

For Dhawan & Co.  
Chartered Accountants  
Firm Regd. No. 002864N

(Lokesh Garg)  
Partner  
Membership No. 413012

(Deepak Kapoor)  
Partner  
Membership No.072302

Place: Noida  
Date: 29.05.2023



# Notes to the Financial Statements and Significant Accounting Policies

## Company Overview and Significant Accounting Policies

### 1.1 Company Overview

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

The financial statements are approved for issue by the Company's Board of Directors on 29.05.2023.

### 1.2 Significant Accounting Policies

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

#### 1.2.1 Basis of preparation

##### (a) Compliance with Ind AS

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

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

##### (b) Historical cost convention

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

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

#### 1.2.2 Use of estimates

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





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

### 1.2.3 Critical Accounting Estimates and judgments

#### (a) Property Plant and Equipment:

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

#### (b) Revenue Recognition

Price and Freight Subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC), an office of the Government of India which regulates such subsidy and the bills are raised based on such notifications. 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 52 for segment information presented.

### 1.2.5 Foreign currency translation

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

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

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

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

### 1.2.6 Revenue recognition

Revenue is recognized net of returns, trade allowances, rebates etc. when performance obligation is satisfied by transferring control of goods or services (i.e. an asset) to a customer and it is probable to collect the consideration.

Sale of scrap/ waste materials is recognized on disposal.

### 1.2.7 Government grants

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

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

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

### 1.2.8 Income tax

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

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

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

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

### 1.2.9 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as





appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

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

#### **Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are aligned to useful life specified under Schedule II of the Companies Act, 2013 except for certain items of plant and machinery which are depreciated as below:

- |  |          |
|--|----------|
| a) Reformer Package and Instrumentation:                         | 15 years |
| b) Heat Exchangers, compressor, pumps, turbines and CO2 Booster: | 20 years |

In respect of plant and machinery, computer and data processing units, residual value of five percent and rupee one in respect of asset acquired out of Govt Grant / retailer margin, capital spares and other fixed assets is retained.

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

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

Spares that can be used only in connection with an item of fixed asset are 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.

Catalysts are capitalized and amortized based on estimated useful life as technically assessed.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other Income.

#### **1.2.10 Investment Property**

Investment Properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss.

#### **1.2.11 Intangible Assets**

Intangible Assets are stated at cost less accumulated amortization and impairment.

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

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

### 1.2.12 Capital Work in Progress

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition/construction of fixed assets, are capitalised at the time of commissioning of assets.

Pre-project expenditure relating to projects which are considered unviable/closed is charged off to Revenue in the year of declaration/closure.

The capital work in progress includes construction stores including material in transit/equipment/services etc. received at site for use in the projects.

### 1.2.13 Leases

#### Till 31st March 2019:

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### With effective from 1st April 2019:

“Effective April 1st, 2019, the company has adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Accordingly, comparative information as at and for the year ended March 31, 2019 has not been restated. The impact of adoption of the standard on financial statements of the company has been disclosed in the notes to accounts.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

#### The Company as a lessee:

The company's lease asset classes primarily consist of leases for land, vehicle and office premises. The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the company has substantially all of the economic benefits from use of the asset through the period of







the lease and

- (iii) the company has the right to direct the use of the asset.

At the date of commencement of the lease, the company recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and estimated restoration costs of the underlying asset where applicable. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate of the company. Lease liabilities are remeasured to reflect any re-assessment, lease modification, or revised in-substance fixed lease payments, with a corresponding adjustment to the related right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities and ROU assets have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

### **The Company as a Lessor**

Leases, for which the company is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use assets arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The company need not to make any adjustment to the accounting for assets held as lessor as a result of adopting the new leasing standard.

### 1.2.14 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 1.2.15 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks/ financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 1.2.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### 1.2.17 Trade receivables

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 1.2.18 Inventories - Raw materials and stores, work in progress, packaging material and finished goods

Raw materials, packaging materials and stores and spares are stated at the lower of monthly weighted average cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In case of stores and spares not moved for more than two years and upto five years, provision for obsolescence is made at five percent per annum (on straight line basis) and charged to revenue. In case of stores and spares which have not moved for more than five years/identified as surplus or obsolete, value is taken as certified by valuers and diminution, if any is charged to revenue.

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

Traded Fertilizers are valued at lower of cost determined on first-in-first-out basis and net realizable value.

Other Traded Goods are valued at lower of weighted average cost and net realizable value.





## 1.2.19 Investments and other financial assets

### (a) Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses arising from fair valuation will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

### (b) Measurement

#### Initial recognition

The company measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, at fair value including transaction costs that are directly attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. 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 59 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 at 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 recognized 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 are recognized on the basis of certainty of ultimate collection.

### 1.2.27 Adjustment pertaining to Prior Period

Income/Expenditure pertaining to prior period upto Rs 10.00 crores in each case subject to cumulative limit of 0.50% of sales turnover of previous year are not considered material and are included under the income/expenditure of the current year.

### 1.2.28 Prepaid Expenditure

Prepaid expenditure upto Rupee one lakh in each case not being considered material is included under the expenditure of the current year.





### 1.2.29 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's board of directors.

### 1.2.30 Earnings per share

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- (i) the profit attributable to owners of the company
- (ii) by the weighted average number of equity shares outstanding during the financial year.

#### (b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- (i) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- (ii) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

# Notes to Financial Statements for the year ended 31st March 2023

## Note: 2 Property, Plant and Equipment

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2022	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2023	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2022	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto 31st March 2023	As at 31st March 2023	As at 31st March 2022
<b>LAND</b>										
- Freehold	12.19	-	-	12.19	-	-	-	-	12.19	12.19
- Leasehold	6.35	-	-	6.35	0.70	0.10	-	0.80	5.55	5.65
<b>BUILDINGS</b>										
- on Freehold Land	151.16	9.13	-	160.29	37.04	5.74	-	42.78	117.51	114.12
- on Leasehold Land	35.30	0.20	-	35.50	19.80	1.18	-	20.98	14.52	15.50
Leasehold Buildings	0.28	5.25	-	5.53	0.28	0.05	-	0.33	5.20	-
Plant and Machinery	5984.64	123.98	78.00	6030.62	1945.64	330.78	9.68	2,266.74	3763.88	4039.00
Furniture and Fixtures	4.12	1.55	0.05	5.62	2.37	0.42	0.02	2.77	2.85	1.75
Vehicles	9.06	0.35	0.07	9.34	3.23	0.87	0.07	4.03	5.31	5.83
Office Equipments	8.20	2.17	(0.09)	10.46	4.97	1.36	(0.09)	6.42	4.04	3.23
<b>OTHERS</b>										
Electrical Installations	23.06	1.56	0.38	24.24	17.19	1.58	0.34	18.43	5.81	5.87
Railway Sidings	2.95	4.47	-	7.42	1.13	0.20	-	1.33	6.09	1.82
EDP Equipments	52.58	6.79	(0.30)	59.67	45.84	3.88	(0.31)	50.03	9.64	6.74
Other Equipments	34.40	4.24	0.16	38.48	22.11	3.79	0.14	25.76	12.72	12.29
Bearer Plants	-	-	-	-	-	-	-	-	-	-
<b>As at 31st March, 2023</b>	<b>6324.29</b>	<b>159.69</b>	<b>78.27</b>	<b>6405.71</b>	<b>2100.30</b>	<b>349.95</b>	<b>9.85</b>	<b>2440.40</b>	<b>3965.31</b>	<b>4223.99</b>
<b>As at 31st March, 2022</b>	<b>5385.07</b>	<b>964.41</b>	<b>25.19</b>	<b>6324.29</b>	<b>1776.35</b>	<b>330.90</b>	<b>6.95</b>	<b>2100.30</b>	<b>4223.99</b>	

### Footnote:

- Out of total land of 2541.82 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 title of entire land including 325.70 acre vests with the Company in the records, the physical possession of 325.70 acres of land is not with the Company. Further, there is a litigation in respect of land measuring 1.7 acres approx. before Punjab & Haryana High Court, Chandigarh. The Regular Second Appeal (RSA) preferred by appellant is pending wherein Hon'ble High Court has ordered status-quo in the matter.
- 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 ₹3890.17 crore (CPLY ₹3890.68 crore) represented by capital grant as disclosed in Note: 26 & 34 relating to Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹1925.20 crore (CPLY ₹2115.66 crore) as on 31.03.2023.
- In terms of exemption granted under Ind AS 101, the company has opted to treat exchange difference arising from translation of long term foreign currency monetary items as addition/deletion to Property, Plant & Equipment. Accordingly, an exchange loss/(gain) of ` Nil crore (CPLY gain of ` Nil crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2023. The unamortized amount of exchange difference as on 31.03.2023 is ₹56.12 crore (CPLY ₹59.81 crore).
- During the year, on 9th January 2023, Gas Turbine Generator (GTG) along with HRSG (Heat Recovery Steam Generator), a major part of PPE, installed at Bathinda Unit tripped during normal plant operation and a major component of GTG unit got completely damaged. After technical inspection by the OEM and as estimated by OEM and the company, 55% of the total cost of GTG plant needs replacement.  
  
Accordingly, Gross Carrying amount of Rs. 73.58 Crores having a written down value (WDV) of Rs 67.65 crore, has been derecognized from "Property Plant & Equipment" in the financial statements for the FY 2022-23 and estimated salvage value of the damaged component amounting to Rs. 0.22 Crore has been considered as "Non-Current Asset held for Sale" w.e.f. 9th January 2023."
- The Gross Carrying Amount and the Net Carrying Amount of Bearer Plant is ₹1404/-. Hence, Nil due to rounding off.
- Title deeds of following Immoveable Properties are not held in the name of the Company:





Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of Govt of	Whether title deed holder is a promoter, director or relative of promoter /director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property Plant & Equipment	Leasehold Land - Vijaipur	*	Govt of Madhya Pradesh	No	12.07.1984	Lease Deed is under execution.
Property Plant & Equipment	Free Hold Land - Bathinda	₹ 0.15 crore	Govt of Punjab	No	11.02.1988 10.03.1988 20.01.1988 21.01.1988 23.05.1984	Out of 685.301 Acres of land, 14.261 Acres of land for construction of Fertilizers Minor was acquired at the cost of NFL but there is no provision in the Government rules to transfer the ownership of Government Property.
Property Plant & Equipment	Free hold land at Alwar	**	Urban Improvement Trust, Alwar	No	05.04.1986	The land has not yet been registered in the name of NFL due to on going litigation between Urban Improvement Trust, Alwar and the concerned farmer.

\* The deemed cost of Leasehold Land at Vijaipur Unit as on 01.04.2015 (Transition to Ind AS) was Nil.

\*\* The value of Land at Alwar is ₹ 1, hence figure not given.

## Notes to Financial Statements for the year ended 31st March 2023

### Note: 3 Right-of-Use Assets

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2022	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2023	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2022	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto 31st March 2023	As at 31st March 2023	As at 31st March 2022
Vehicles	8.14	0.65	0.08	8.71	5.66	2.14	0.08	7.72	0.99	2.48
<b>As at 31st March, 2023</b>	<b>8.14</b>	<b>0.65</b>	<b>0.08</b>	<b>8.71</b>	<b>5.66</b>	<b>2.14</b>	<b>0.08</b>	<b>7.72</b>	<b>0.99</b>	<b>2.48</b>
<b>As at 31st March, 2022</b>	<b>7.49</b>	<b>0.72</b>	<b>0.07</b>	<b>8.14</b>	<b>3.56</b>	<b>2.17</b>	<b>0.07</b>	<b>5.66</b>	<b>2.48</b>	

#### Amount recognised in Statement of Profit and Loss Account

₹ in Crore

Particulars	₹ in Crore	
	FY 2022-23	FY 2021-22
Depreciation charged for the Right of Use Asset	2.14	2.17
Interest Expense	0.18	0.32

The Total Cash Outflow for leases for the year ended March 31, 2023 was ₹ 2.26 crore (CPLY ₹ 2.51 crore)

The following is the movement in lease liabilities during the year ended March 31, 2023:

₹ in Crore

Particulars	₹ in Crore	
	FY 2022-23	FY 2021-22
<b>Opening Balance</b>	<b>2.74</b>	<b>4.21</b>
Additions during the period	0.65	0.72
Finance Cost accrued during the period	0.18	0.32
Less : Payment of Lease Liabilities	2.26	2.51
<b>Closing Balance</b>	<b>1.31</b>	<b>2.74</b>
Lease Liabilities - Current (Note No. - 30)	0.77	2.00
Lease Liabilities - Non Current (Note No. - 23)	0.54	0.74







## Notes to Financial Statements for the year ended 31st March 2023

### Note: 4 Investment Property

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2022	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2023	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2022	For the year	Deductions/ Adjustments	Accumulated Depreciation Upto 31st March 2023	As at 31st March 2023	As at 31st March 2022
<b>Building</b>										
Scope Building – New Delhi	1.18	-	-	1.18	0.26	0.04	-	0.30	0.88	0.92
Paryavas Bhawan – Bhopal	0.30	-	-	0.30	0.23	0.03	-	0.26	0.04	0.07
Bajaj Bhawan - Mumbai	0.05	-	-	0.05	-	-	-	-	0.05	0.05
<b>As at 31st March, 2023</b>	<b>1.53</b>	<b>-</b>	<b>-</b>	<b>1.53</b>	<b>0.49</b>	<b>0.07</b>	<b>-</b>	<b>0.56</b>	<b>0.97</b>	<b>1.04</b>
<b>As at 31st March, 2022</b>	<b>1.53</b>	<b>-</b>	<b>-</b>	<b>1.53</b>	<b>0.42</b>	<b>0.07</b>	<b>-</b>	<b>0.49</b>	<b>1.04</b>	

- (i) Title/Lease Deed for Building at Scope Complex, New Delhi is pending for execution.  
(ii) The above assets have been determined as Investment Properties with effect from 01.04.2019.

#### iii) Information regarding income and expenditure of Investment Property

₹ in Crore

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Rental Income derived from investment properties.</b>	<b>13.88</b>	<b>13.35</b>
Less : Direct operating expenses (including repairs and maintenance) generating rental income	0.15	0.33
Less : Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.01	0.01
<b>Profit arising from investment properties before depreciation and indirect expense</b>	<b>13.72</b>	<b>13.01</b>
Less: Depreciation	0.07	0.07
<b>Profit arising from investment properties before indirect expense</b>	<b>13.65</b>	<b>12.94</b>

- (iv) Title deeds of following Investment Property is not held in the name of the Company.

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Investment Property	3190.46 Sq Mtrs in Core - III, SCOPE Complex, Lodhi Road, New Delhi	1.18	SCOPE	No	19.10.1979	The company is a deemed owner of the property.

## Notes to Financial Statements for the year ended 31st March 2023

### Note : 5 Capital Work-In-Progress

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Building	11.40	14.47
Plant and Machinery	22.42	23.80
Capital Stores	113.12	73.88
Expenditure During Construction Period	0.33	-
	<b>147.27</b>	<b>112.15</b>
<b>Details of Expenditure During Construction Period</b>		
<b>Opening Balance</b>	-	<b>98.04</b>
<b>Add: Expenditure during the year :</b>		
Employees' Remuneration & Benefits	-	0.88
Power & fuel	-	2.54
Project Management fee	0.07	0.12
Other Expenses	0.26	1.13
Finance cost	-	14.98
Trial Run Expense:	-	5.85
<b>Total</b>	<b>0.33</b>	<b>25.50</b>
<b>Total Expenditure</b>	<b>0.33</b>	<b>123.54</b>
<b>Less: Transfer to Property, Plant &amp; Equipment</b>	-	<b>123.54</b>
<b>Closing Balance</b>	<b>0.33</b>	-

#### a) CWIP ageing schedule as at 31.03.2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	122.00	23.78	1.17	0.32	147.27
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>122.00</b>	<b>23.78</b>	<b>1.17</b>	<b>0.32</b>	<b>147.27</b>

#### b) The following is the list of project under capital-work-in progress as on 31.03.2023, whose completion is overdue or has exceeded its cost compared to its original plan:

CWIP	Name of Scheme	Total Budgeted Cost	Total Actual Cost	Date of Completion as per PO / WO	Expected Date of Completion	Less than 1 year	To be completed in		
							1-2 years	2-3 years	More than 3 years
Nil									





## Notes to Financial Statements for the year ended 31st March 2023

### Note: 6 Other Intangible Assets

₹ in Crore

Description	Gross Block				Amortization				Net Block	
	Gross Carrying Amount as on 1st April 2022	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2023	Accumulated Depreciation as on 1st April 2022	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2023	As at 31st March 2023	As at 31st March 2022
Computer Software	3.14	0.01	0.02	3.13	1.30	0.48	0.02	1.76	1.37	1.84
Licence and Know-how	26.18	0.05	-	26.23	25.99	0.20	-	26.19	0.04	0.19
<b>As at 31st March, 2023</b>	<b>29.32</b>	<b>0.06</b>	<b>0.02</b>	<b>29.36</b>	<b>27.29</b>	<b>0.68</b>	<b>0.02</b>	<b>27.95</b>	<b>1.41</b>	<b>2.03</b>
<b>As at 31st March, 2022</b>	<b>27.19</b>	<b>2.13</b>	<b>-</b>	<b>29.32</b>	<b>25.88</b>	<b>1.41</b>	<b>-</b>	<b>27.29</b>	<b>2.03</b>	

## Notes to Financial Statements for the year ended 31st March 2023

### Note: 7 Intangible assets under development

₹ in Crore

DESCRIPTION	Gross Block				
	Gross Carrying Amount as on 1st April 2022	Additions	Deductions/ Adjustments	Capitalisation	Gross Carrying Amount as on 31st March 2023
ERP	26.34	4.10	-	-	30.44
<b>As at 31st March, 2023</b>	<b>26.34</b>	<b>4.10</b>	<b>-</b>	<b>-</b>	<b>30.44</b>
<b>As at 31st March, 2022</b>	<b>22.22</b>	<b>4.44</b>	<b>0.32</b>	<b>-</b>	<b>26.34</b>

#### a) Intangible assets under development aging schedule as on 31.03.2023

Intangible assets under development	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress - ERP	4.10	4.44	21.42	0.48	30.44
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>4.10</b>	<b>4.44</b>	<b>21.42</b>	<b>0.48</b>	<b>30.44</b>

#### b) The following is the list of Intangible Assets under Development as on 31.03.2023, whose completion is overdue or has exceeded its cost compared to its original plan:

₹ in Crore

Intangible assets under development	Name of Scheme	Total Budgeted Cost	Total Actual Cost	Date of Completion as per PO / WO	Expected Date of Completion	To be completed in			
						Less than 1 year	1-2 years	2-3 years	More than 3 years
ERP	Implementation of ERP	Rs.49.50 Crore	Rs.42.18 Crore	29-07-2021	30-09-2023	11.74	-	-	-





## Notes to Financial Statements for the year ended 31st March 2023

### Note: 8 Investments

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Investment in Equity instruments of Bodies Corporates (Unquoted) #</b>		
<b>Joint Venture Companies</b>		
1,80,002 Equity Shares (CPLY 1,80,002 Equity Shares) with face value of ₹10 each fully paid up in Urvarak Videsh Limited**	0.18	0.18
Provision for impairment in value of investments	(0.16)	(0.16)
	0.02	0.02
49,14,62,400 Equity Shares (CPLY 49,14,62,400 Equity Shares) with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)§	491.46	491.46
	491.48	491.48
Aggregate amount of unquoted investments	491.64	491.64
Aggregate provision for diminution in value of investments	(0.16)	(0.16)
	<b>491.48</b>	<b>491.48</b>
<b>Investment in Equity Instruments of Co-operative Societies (Unquoted)*</b>		
1250 Equity Shares (CPLY 1250 Equity Shares) with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*
100 Equity Shares (CPLY 100 Equity Shares) with face value of ₹50 each fully paid up (₹5000) in NFL Employees' Consumer co-operative stores	*	*
Investment in mutual fund (₹5000)	*	*
	<b>491.48</b>	<b>491.48</b>

\* 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	
		31st March 2023	31st March 2022
Urvarak Videsh Limited	India	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00

\*\* Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup on 18.07.2008 for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited was declared Dormant Company from 04.11.2015.

§ 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. RFCL has declared commercial operation on 22.03.2021. The Annual Urea capacity of plant is 12.71 Lakhs MT.



## Notes to Financial Statements for the year ended 31st March 2023

### Note : 9 Loans

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Secured, considered good</b>		
Loans to employees	3.96	4.66
<b>Unsecured, considered good</b>		
Loans to employees	-	-
<b>Total</b>	<b>3.96</b>	<b>4.66</b>

### Note :10 Other Financial Assets

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Security Deposits	27.26	25.08
Fixed Deposit - Margin Money against Bank Guarantees (more than one year)	8.10	8.10
Claims recoverable	0.54	1.55
	<b>35.90</b>	<b>34.73</b>
Unsecured, considered good from above	35.72	34.48
Unsecured, considered doubtful from above	0.18	0.25
Provision for doubtful advances*	(0.18)	(0.25)
	<b>35.72</b>	<b>34.48</b>
<b>* Details of Provisions for doubtful advance</b>		
Claims recoverable	0.18	0.25
<b>Total</b>	<b>0.18</b>	<b>0.25</b>





## Notes to Financial Statements for the year ended 31st March 2023

### Note :11 Other Non-Current Assets

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Unsecured, considered good</b>		
Income Tax Assets (Net)	58.20	49.22
Recoverable Balances with customs and excise authorities	0.85	0.85
Supplier#	-	129.64
Others	2.01	0.93
	<b>61.06</b>	<b>180.64</b>
Unsecured, considered good from above	61.05	50.99
Unsecured, considered doubtful from above	0.01	129.65
Provision for doubtful advances <sup>^</sup>	(0.01)	(0.01)
Provision for doubtful advances appropriated from reserve <sup>^</sup>	-	(129.64)
	<b>61.05</b>	<b>50.99</b>
<b><sup>^</sup> Details of Provisions for doubtful advances</b>		
Suppliers	-	129.64
Others	0.01	0.01
Total	<b>0.01</b>	<b>129.65</b>

# Refer Note 62

## Notes to Financial Statements for the year ended 31st March 2023

### Note : 12 Inventories

₹ in Crore

	As at 31st March 2023		As at 31st March 2022	
Raw materials	4.86		4.18	
Add: In transit	0.39	5.25	1.58	5.76
Work in Progress		64.68		34.82
Finished goods	104.99		275.86	
Add: In transit	169.66	274.65	60.68	336.54
Traded goods	1920.94		1561.58	
Add: In transit	585.60	2506.54	85.54	1647.12
Stores and spares	164.21		176.69	
Add: In transit	9.10		2.87	
Less: Provision for Obsolescence	2.24	171.07	1.94	177.62
Loose Tools		0.07		0.06
Packing Materials	18.22		25.17	
Add: In transit	3.78	22.00	1.68	26.85
Others (Carbon Slurry)*		25.55		26.52
		<b>3069.81</b>		<b>2255.29</b>

\* Based on expert opinion, during FY 2021-22 stock of Carbon Slurry has been recognised as inventory on account of contractual agreements with third parties considering likely certainty of performance.





## Notes to Financial Statements for the year ended 31st March 2023

### Note : 13 Trade Receivables

₹ in Crore

	As at 31st March 2023		As at 31st March 2022	
<b>Trade Receivables outstanding for a period more than six months from the date they are due for payment</b>				
Subsidy (Government of India)#	77.81		25.48	
Others	10.28	88.09	12.72	38.20
<b>Trade Receivables less than six months</b>				
Subsidy (Government of India)#	3444.30		2617.14	
Others	626.58	4070.88	174.82	2791.96
Provision for doubtful receivables		(40.44)		(21.70)
		<b>4118.53</b>		<b>2808.46</b>
<b>Aggregate of trade receivables:</b>				
Unsecured, considered good (including secured debts backed by bank guarantees ₹ 54.68 crore, (CPLY ₹ 16.68 crore)		4118.53		2808.46
Unsecured, considered doubtful		40.44		21.70
Provision for doubtful receivables		(40.44)		(21.70)
		<b>4118.53</b>		<b>2808.46</b>

# The Total Subsidy Receivable is ₹3522.11 crore (CPLY ₹2642.62 crore).

Pending sale of Urea and P&K fertilizer totalling 10.616 lakh MT through POS device to beneficiaries as on 31.03.2023, subsidy of ₹3896.87 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS device and same has been recognized in the current period (CPLY quantities 5.24 lakh MT and subsidy ₹1064.65 crore).

## Notes to Financial Statements for the year ended 31st March 2023

### Trade Receivable Ageing Schedule as on 31.03.2023

₹ in Crore

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(I) Undisputed Trade receivables – considered good	4,025.65	47.73	20.31	1.38	23.46	4,118.53
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>4,025.65</b>	<b>47.73</b>	<b>20.31</b>	<b>1.38</b>	<b>23.46</b>	<b>4,118.53</b>

### Trade Receivable Ageing Schedule as on 31.03.2022

₹ in Crore

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(I) Undisputed Trade receivables – considered good	2782.30	0.91	1.56	0.30	23.39	2808.46
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
	<b>2782.30</b>	<b>0.91</b>	<b>1.56</b>	<b>0.30</b>	<b>23.39</b>	<b>2808.46</b>







## Notes to Financial Statements for the year ended 31st March 2023

### Note: 14 Cash and Cash Equivalents

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Balances with banks</b>		
Current accounts	4.37	6.15
Remittances in transit	8.07	19.56
<b>Cash on hand</b>	0.02	0.02
	<b>12.46</b>	<b>25.73</b>

### Note: 15 Other Bank Balances

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Fixed Deposit - Margin Money against Bank Guarantees	3.00	2.88
Unclaimed dividend account	0.20	0.21
	<b>3.20</b>	<b>3.09</b>

### Note : 16 Loans

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Secured, considered good</b>		
Loans to employees	0.77	0.88
<b>Unsecured, considered good</b>		
Loans to employees	1.90	1.77
	<b>2.67</b>	<b>2.65</b>

## Notes to Financial Statements for the year ended 31st March 2023

### Note : 17 Other Financial Assets

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Security Deposits	0.48	0.46
Claims recoverable	43.28	89.64
Interest Accrued but not due on Deposits	6.43	5.40
	<b>50.19</b>	<b>95.50</b>
Unsecured, considered good from above	49.97	95.50
Unsecured, considered doubtful from above	0.22	-
Provision for doubtful advances*	(0.22)	-
	<b>49.97</b>	<b>95.50</b>
<b>* Details of Provisions for doubtful advance</b>		
Claims recoverable	0.22	-
<b>Total</b>	<b>0.22</b>	<b>0.00</b>

### Note : 18 Current Tax Assets (Net)

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Advance Tax / TDS	137.88	18.79
Less : Provision for Tax	(93.95)	(14.51)
	<b>43.93</b>	<b>4.28</b>





## Notes to Financial Statements for the year ended 31st March 2023

### Note: 19 Other current assets

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Unsecured, considered good unless otherwise stated</b>		
<b>Advances</b>		
Contractors	16.66	4.22
Suppliers *	207.23	238.78
Employees	2.78	3.21
Recoverable/Balances with customs and excise authorities	1.48	1.48
GST Input Credit	409.22	280.75
Non Current Asset Held for Sale#	17.71	17.72
Others	104.71	72.57
	<b>759.79</b>	<b>618.73</b>
Unsecured, considered good from above	726.16	583.42
Unsecured, considered doubtful from above	33.63	35.31
Provision for doubtful advances^	(33.63)	(35.31)
	<b>726.16</b>	<b>583.42</b>
<b>^ Details of Provisions for doubtful advances</b>		
Contractors	0.58	0.32
Suppliers	6.36	6.51
GST Input Credit	25.11	27.46
Others	1.58	1.02
<b>Total</b>	<b>33.63</b>	<b>35.31</b>

\* Includes amount recoverable on account of Gas Pool Account amounting to ₹ 185.18 crore (CPLY ₹ 193.88 crore)

#### # Details of Non-Current Asset Held for Sale

₹ in Crore

Particulars	As at 31.03.2023	As at 31.03.2022
Particulars Plant & Machinery	17.71	17.72

^ The Company expects to dispose of items classified under "Non Current Asset Held for Sale" within one year.

## Notes to Financial Statements for the year ended 31st March 2023

### Note : 20 Equity Share Capital

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Authorized</b> 100,00,00,000 Equity Shares (CPLY 100,00,00,000 Equity Shares) of ₹10 each	1000.00	1000.00
<b>Issued, Subscribed and Paid -up</b> 49,05,78,400 Equity Shares (CPLY 49,05,78,400 Equity Shares) of ₹10 each fully paid up	490.58	490.58
	<b>490.58</b>	<b>490.58</b>

#### a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period.

Particulars	31st March 2023		31st March 2022	
	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)
Opening Balance	490578400	490.58	490578400	490.58
Increase during the year	-	-	-	-
<b>Closing Balance</b>	<b>490578400</b>	<b>490.58</b>	<b>490578400</b>	<b>490.58</b>

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

#### b. Terms/Rights attached to equity shares

The Company has only one class of equity share having a face value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends. The dividend proposed by the Board of Director is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which is approved by the Board of Directors. In the event of liquidation of the company, the holders of equity share will be entitled to receive the remaining assets of the company, after distribution to creditors and all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder.

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

Particulars	31st March 2023		31st March 2022	
	No. of Shares	%	No. of Shares	%
<b>Equity Shares of ₹10 each fully paid</b>				
i) Government of India	366529532	74.71	366529532	74.71
ii) Life Insurance Corporation of India (LIC)	49048115	10.00	55523101	11.32





## Notes to Financial Statements for the year ended 31st March 2023

### d. Shareholding of Promoters as under:

Equity Shares held by promoters as on 31.03.2023				% Change during the year
S. No.	Promoter name	No. of Shares	%of total shares	
1	Government of India	36,65,29,532	74.71	-
	Total	<u>36,65,29,532</u>	<u>-</u>	-

Equity Shares held by promoters as on 31.03.2022				% Change during the year
S. No.	Promoter name	No. of Shares	%of total shares	
1	Government of India	36,65,29,532	74.71	-
	Total	<u>36,65,29,532</u>	<u>-</u>	-



## Notes to Financial Statements for the year ended 31st March 2023

### Note : 21 Other Equity

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Capital Reserve</b>		
Balance at the beginning of the year	2.51	2.51
Balance at the end of the year	<b>A 2.51</b>	<b>2.51</b>
<b>General Reserve</b>		
Balance at the beginning of the year (As previously reported)	332.89	332.89 ^
Adj: Prior Period Error (Adjustment of amount recovered in FY 2003-04 & 2006-07)^	(1.05)	(1.05)
Opening balance as at 1st April 2021 (Restated)^	-	331.84
Balance at the end of the year^	<b>B 331.84</b>	<b>331.84</b>
<b>Retained Earnings in Statement of Profit and Loss</b>		
Balance at the beginning of the year (As previously reported)	1455.56	1345.46 ^
Adj: Prior Period Error (Reversal of Provision created out of Accumulated Profit & Loss Account)^	130.69	130.69
Adj: Creation of Provision from Retained Earnings^	(129.64)	(129.64)
Adj: Creation of Deferred Tax Asset on Provision for doubtful advance^	32.63	32.63
<b>Balance at the beginning of the year (Restated)^</b>	-	<b>1379.14 ^</b>
Less: Dividend Paid	-	-
Less: Adjustment of Bearer Plants	*	*
	1489.24	1379.14
Profit/(Loss) for the year transferred from Statement of Profit and Loss	456.10	108.20
Profit/(Loss) for the year transferred from Other Comprehensive Income	3.56	1.90
<b>Balance at the end of the year</b>	<b>C 1948.90</b>	<b>1489.24</b>
<b>Total (A+B+C)</b>	<b>2283.25</b>	<b>1823.59</b>

\* Value being less than ₹50,000/- not appearing.

^ Restated figures (Refer Note 63)





## Notes to Financial Statements for the year ended 31st March 2023

### Note : 22 Borrowings

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Term Loans</b>		
Rupee Term Loan ( Secured)#	534.71	629.73
	<b>534.71</b>	<b>629.73</b>

# To meet the funding requirement of Energy Saving and other Capex Schemes, the company has entered into a Rupee Term Loan Agreement with SBI on 24.12.2018 for ₹ 1044 crore.

The borrowings of Rupee Term loan is secured by first pari-passu charge on the fixed assets (both movable and immovable) of the manufacturing units i.e. Nangal, Bathinda, Panipat, Vijapur - I & Vijapur - II and Corporate Office and over cash flow of the company.

A sum of ₹ 639.11 crore is outstanding as on 31.03.2023 out of which instalment due for payment upto 31st March 2024 amounting to ₹ 104.40 crore is disclosed on Note: 29 - Borrowings.

Repayment of sanctioned term loan would be repayable in 40 quarterly instalments of ₹ 26.10 crore each started from June 2020 and ending in March 2030. The rate of interest on the term loan is 6 months SBI MCLR plus spread of 0.15%. During the year, for the period upto 29th June 2022, interest Rate was 7.10 % p.a, from 30th June 2022 to 29th December 2022, interest rate was 7.50%, and from 30th December 2022 onwards, interest Rate was 8.45%.

### Note : 23 Lease Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Lease Liability	0.54	0.74
	<b>0.54</b>	<b>0.74</b>

### Note : 24 Other Financial Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Security Deposits	5.91	5.29
Others#	18.86	18.19
	<b>24.77</b>	<b>23.48</b>

# Gross amount of ₹ 23.98 crore (CPLY ₹24.28 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 Financial Statements for the year ended 31st March 2023

### Note : 25 Provisions

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Provision for employee benefits *^	206.55	205.68
	<b>206.55</b>	<b>205.68</b>
<b>* Item wise breakup of Provisions for employee benefits</b>		
Earned Leave	98.15	95.89
Half Pay Leave	93.89	94.93
Post Retirement Settlement Benefits	1.46	1.52
Long Service Award	0.56	0.64
Social Security Benefits	3.92	3.95
Employees' Family Economic Rehabilitation Scheme	8.57	8.75
	<b>206.55</b>	<b>205.68</b>

^ Short term Provision for Employee Benefits of ₹ 94.77 crore is disclosed in Note 33.

### Note: 26 Deferred Government Grant

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Opening Balance#		
Non Current	1926.94	2116.74
Current	194.87	204.25
Add: Addition/Adjustment during the year (AFCP)*	(0.70)	(1.71)
Add: Addition/Adjustment during the year (Others)	3.85	1.06
Less : Govt Grant recognised in Statement of Profit & loss Account (Note No. 36)	190.90	198.53
Less : Transferred Deferred Government Grant Current (Note 34)	194.88	194.87
	<b>1739.18</b>	<b>1926.94</b>

# Includes Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 08.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 08.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 08.02.2010 for Nangal Unit. The grant has been accordingly accounted for as per Ind AS 20 'Accounting for Government Grants'.

\* Represents addition / adjustment 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 Financial Statements for the year ended 31st March 2023

### Note:27 Deferred Tax Assets / Liability (net)

₹ in Crore

	As at 31st March 2023	As at 31st March 2022 <sup>^</sup>
<b>Deferred Tax Liability (A)</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.	173.53	173.74
<b>(A)</b>	<b>173.53</b>	<b>173.74</b>
<b>Deferred Tax Assets (B)</b>		
Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.	105.90	137.46
Creation of Deferred Tax Asset on Provision for doubtful advance <sup>^</sup>	-	32.63
<b>(B)</b>	<b>105.90</b>	<b>170.09</b>
<b>Net deferred tax liability</b>	<b>67.63</b>	<b>3.65</b>

#### Movement in deferred tax components

₹ in Crore

Particulars	At April 1, 2022	Charged or (credited) to profit or loss	At March 31, 2023
Expenses allowed on cash basis	137.46	31.56	105.90
Creation of Deferred Tax Asset on Provision for doubtful advance	32.63	32.63	-
Property, Plant & Equipment impact	(173.74)	(0.21)	(173.53)
<b>Total</b>	<b>(3.65)</b>	<b>63.98</b>	<b>(67.63)</b>

<sup>^</sup> Restated figures (Refer Note 63)

Tax has been computed as per section 115 BAA of the Income Tax Act, 1961.

## Notes to Financial Statements for the year ended 31st March 2023

### Note : 28 Other Non Current Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Others	6.49	7.15
	<b>6.49</b>	<b>7.15</b>

### Note : 29 Borrowings

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Secured</b>		
Cash credit from banks*	43.86	10.23
Working Capital Demand Loan*	1200.00	1200.13
<b>Unsecured</b>		
Commercial Paper	-	-
Short Term loans from Banks	2107.96	1225.07
<b>Current maturities of long term borrowings</b>		
Rupee Term Loan\$	104.40	104.40
	<b>3456.22</b>	<b>2539.83</b>

\* Cash credit / Working Capital Demand Loan from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation on the whole of the current assets of the borrower namely, Stocks of Raw Materials, Stocks in Process, Semi Finished and Finished Goods, Stores and Spares not relating to Plant & Machinery (Consumable Stores and Spares), Bills receivables and book debts and all other moveables, both present and future of the company.

\$ Details in respect of Interest and terms of repayment of Rupee Term Loan are disclosed in Note : 22 Borrowings.

Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts







## Notes to Financial Statements for the year ended 31st March 2023

### Note : 30 Lease Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Lease Liabilities	0.77	2.00
	<b>0.77</b>	<b>2.00</b>

### Note : 31 Trade Payables

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Micro and Small Enterprises*	7.07	8.36
Other than Micro and Small Enterprises <sup>§</sup>	1748.86	1439.98
	<b>1755.93</b>	<b>1448.34</b>

\*Interest amount due to MSMED parties during the year is not due/accrued/paid or payable.

§ Includes amount of ₹ 1382.83 crore (CPLY ₹ 1189.78 crore) on account of Gas supplies.

#### Trade Payables ageing Schedule as on 31.03.2023

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	7.07	-	-	-	7.07
(ii) Others	1,682.61	25.57	27.12	13.12	1748.42
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	0.44	0.44
<b>Total</b>	<b>1,689.68</b>	<b>25.57</b>	<b>27.12</b>	<b>13.56</b>	<b>1755.93</b>

#### Trade Payables ageing Schedule as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	8.36	-	-	-	8.36
(ii) Others	1,379.71	36.73	20.06	2.84	1,439.34
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	0.64	0.64
<b>Total</b>	<b>1,388.07</b>	<b>36.73</b>	<b>20.06</b>	<b>3.48</b>	<b>1,448.34</b>

## Notes to Financial Statements for the year ended 31st March 2023

### Note:32 Other Financial Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Creditors for Capital Works	53.45	62.81
Security Deposits	302.90	260.29
Liability for employee benefits / remuneration	52.00	32.09
Unclaimed dividend	0.20	0.21
Unspent amount of CSR yet to be transferred to specified fund account	-	0.04
Others <sup>§</sup>	1322.36	659.95
	<b>1730.91</b>	<b>1015.39</b>

§ Gross amount of ₹ 3.57 crore (CPLY ₹1.32 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 :33 Provisions

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Provision for employee benefits* <sup>^</sup>	94.77	227.20
Provision for Impairment in NFL PF Trust Investment (refer note 51.1.7)	15.20	12.16
	<b>109.97</b>	<b>239.36</b>
<b>* Item wise breakup of provisions for employee benefits:</b>		
Gratuity	56.65	190.64
Earned Leave	15.77	15.15
Half Pay Leave	18.49	17.31
Post Retirement Settlement Benefits	0.23	0.23
Long Service Award	0.17	0.20
Social Security Benefits	1.26	1.34
Employees' Family Economic Rehabilitation Scheme	2.20	2.33
	<b>94.77</b>	<b>227.20</b>

<sup>^</sup> Long term Provision for Employee Benefits of ₹206.55 crore is disclosed in Note 25.





## Notes to Financial Statements for the year ended 31st March 2023

### Note: 34 Deferred Government Grant

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Deferred Government Grant		
AFCP#	193.46	194.16
Others	1.42	0.71
	<b>194.88</b>	<b>194.87</b>

# 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 08.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 08.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 08.02.2010 for Nangal Unit. The grant has been accordingly accounted for as per Ind AS 20 'Accounting for Government Grants'.

Non Current Deferred Government Grant is disclosed in Note No. 26.

### Note: 35 Other Current Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Advances from Customers	34.13	69.15
Statutory Dues	71.41	50.17
Provision for Statutory Dues	57.41	57.41
	<b>162.95</b>	<b>176.73</b>

## Notes to Financial Statements for the year ended 31st March 2023

### Note : 36 Revenue from operations

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>A) Sale of Goods</b>		
Finished goods	2948.11	2432.83
Traded goods	4139.79	2456.31
<b>(a)</b>	<b>7087.90</b>	<b>4889.14</b>
<b>Subsidy from Government of India:</b>		
<b>Finished goods (Urea)-Subsidy</b>		
Finished goods (Urea)	17023.48	8764.85
<b>Traded Goods</b>		
DAP (Di Ammonium Phosphate)	4,302.63	1,229.16
Compost	-	2.30
Muriate of Potash	0.29	40.34
NPK	311.69	254.21
APS (Ammonium Phosphate Sulphate)	397.23	113.89
IMP UREA - Govt A/c	99.65	171.55
NPK 10:26:26	95.71	138.52
APS 16:20:0:13	26.18	-
Subsidy on Seeds	8.44	-
<b>Total subsidy<sup>§</sup></b>	<b>22265.30</b>	<b>10714.82</b>
<b>Revenue from operations (gross) (a)+(b)</b>	<b>29353.20</b>	<b>15603.96</b>
§ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year	589.95	55.06

Pending sale of urea and P&K fertilizer totalling 10.616 lakh MT through POS device to beneficiaries as on 31.03.2023, subsidy of ₹3896.87 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS device has been recognized in the current period (CPLY quantities 5.24 lakh MT and subsidy ₹1064.65 crore).

Pursuant to Department of Fertilizers notification dated 18-11-2022 conveying the extension of Revised Energy Norms of NUP-2015 for 14 Urea Manufacturing Units including 4 units of NFL i.e. Nangal, Bathinda, Panipat and Vijaipur-I, the Revenue from Operations for the current year includes estimated differential subsidy receivable for the period from 01-10-2020 to 31-03-2023 amounting to ₹928.37 crore which includes a sum of ₹211.29 crore for the FY 2022-23.





## Notes to Financial Statements for the year ended 31st March 2023

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>B) Sale of Services</b>		
i) Training & Recruitment for other organisation	0.09	0.07
ii) Services to Other Organisations	28.85	18.89
<b>(B)</b>	<b>28.94</b>	<b>18.96</b>

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>C) Other Operating Revenue</b>		
i) Amortisation of Deferred Govt Grant*		
AFCP	189.74	198.10
Others	1.16	0.43
ii) Forfeiture of Security Deposits etc	0.06	0.24
iii) Liquidated Damages recovered from Contractor / Supplier	10.51	7.07
iv) Recovery of Dispatch Money	6.42	7.49
v) Sale of Scrap	6.26	7.13
vi) Hire Charges of Equipment	0.01	0.15
vii) Service Charges (on Import of Urea on behalf of Govt.)	12.11	-
viii) Recoveries on delayed payment on credit sales	9.01	10.62
ix) Insurance Claims	(0.90)	2.94
<b>(C)</b>	<b>234.38</b>	<b>234.17</b>
<b>Total Revenue from Operations</b>	<b>29616.52</b>	<b>15857.09</b>
<b>(A+B+C)</b>		

\* Deferred Govt Grant of ₹ 190.90 crore (CPLY ₹ 198.53 crore) recognised on a systematic basis over the useful life of the AFCP and Other Assets. The corresponding depreciation is appearing in Note No. 45.



## Notes to Financial Statements for the year ended 31st March 2023

### Note : 37 Other Income

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>A) Interest Income on Financial Assets measured at amortised cost</b>		
i) Term Deposits	1.29	1.45
ii) Loan to employees	0.23	0.25
iii) Unwinding of Interest accrued on Deposits	2.19	1.76
iv) Others	0.90	1.23
<b>(A)</b>	<b>4.61</b>	<b>4.69</b>
<b>B) Non Operating Income</b>		
i) Profit on Sale of Assets	0.24	2.08
ii) Exchange Rate Variation (net)	32.10	(8.72)
iii) Rent	20.13	21.24
iv) Provision no Longer required Written Back*	129.64	-
v) Others	5.90	6.32
<b>(B)</b>	<b>188.01</b>	<b>20.92</b>
<b>(A+B)</b>	<b>192.62</b>	<b>25.61</b>

\* Refer note 62

### Note: 38 Cost of material consumed

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Raw Material (A)</b>		
Inventory at the beginning of the year	5.76	1.42
Purchases	10370.97	5969.79
	<b>10376.73</b>	<b>5971.21</b>
Less: Inventory at the end of the year	(5.25)	(5.76)
Cost of raw material consumed	<b>10371.48</b>	<b>5965.45</b>
<b>Packing material (B)</b>	226.12	200.90
<b>Stores and spares ( C)</b>	65.00	53.08
<b>Loose Tools ( D)</b>	0.03	0.01
<b>Cost of material consumed (A+B+C+D)</b>	<b>10662.63</b>	<b>6219.44</b>
<b>Itemwise break up of raw material consumed</b>		
Natural Gas	10311.25	5926.31
Others	60.23	39.14
	<b>10371.48</b>	<b>5965.45</b>





## Notes to Financial Statements for the year ended 31st March 2023

### Note 39 Purchase of Stock- in- Trade

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Traded goods purchased</b>		
<b>Imported</b>		
Di Ammonium Phosphate (DAP)	6366.17	3256.36
Ammonium Phosphate Sulphate (APS)	1530.44	182.69
Muriate of Potash (MOP)	-	(2.75)*
NPK (12:32:16)	732.88	512.66
NPK (10:26:26)	349.66	246.12
APS (16:20:0:13)	128.69	-
<b>Indigenous</b>		
Imported Urea - Govt A/c	172.31	362.76
Agro Chemicals	66.66	22.72
Seeds	44.75	58.76
Less-Misappropriation of Stock (refer note 56)	(0.58)	-
Compost	8.37	9.71
SSP Powder	7.66	9.62
SSP Plain	5.33	5.90
Water Soluble Fertilizer	8.80	10.38
Ammonia	139.22	95.38
RFCL Urea	443.97	195.24
POTASH from MOLASSES	17.11	0.19
FACT AMFOS (CD)	0.00	58.84
Bentonite Sulphur	1.72	1.72
	<b>10023.16</b>	<b>5026.30</b>

\* Negative due to Price Adjustment.

## Notes to Financial Statements for the year ended 31st March 2023

### Note: 40 Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in-Trade

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Opening inventories</b>		
Work in Progress	34.82	16.43
Finished goods	336.54	97.98
Traded goods	1647.12	110.33
Others	26.52	
	<b>2045.00</b>	<b>224.74</b>
<b>Closing inventories</b>		
Work in Progress	64.68	34.82
Finished goods	274.65	336.54
Traded goods	2506.54	1650.96
Less : Misappropriation of Stock	- 2506.54	(3.84) 1647.12
Others	25.55	26.52
	<b>2871.42</b>	<b>2045.00</b>
Net (Increase)/decrease in inventories	<b>(826.42)</b>	<b>(1820.26)</b>





## Notes to Financial Statements for the year ended 31st March 2023

### Note: 41 Employee benefits expense

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Salaries, Wages and Bonus	528.33	511.75
Contribution to Provident and Other Funds	52.34	51.94
Gratuity Expenses	20.95	23.55
Welfare expenses <sup>#</sup>	57.52	61.66
	<b>659.14</b>	<b>648.90</b>

# Includes payment of ₹ 3.34 crore (CPLY ₹ 3.17 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

### Note: 42 Power and fuel

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Purchased power	81.27	99.00
Coal	283.21	394.26
Natural gas	6054.24	3526.55
Cess on Electricity	20.32	20.46
	<b>6439.04</b>	<b>4040.27</b>

### Note: 43 Repair and maintenance

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Plant and machinery	64.04	79.58
Buildings	8.97	6.58
Others	10.33	9.77
	<b>83.34</b>	<b>95.93</b>

## Notes to Financial Statements for the year ended 31st March 2023

### Note: 44 Finance Costs

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Interest :</b>		
Cash credit	3.03	4.00
Commercial Papers	12.41	38.32
Short term loans	220.30	47.23
Rupee Term Loan	53.60	34.11
Unwinding of Interest accrued on Deposits	2.44	1.96
Others	9.02	6.39
Other Borrowing Cost	0.84	0.95
	<b>301.64</b>	<b>132.96</b>

### Note: 45 Depreciation and Amortization Expense

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Depreciation / Amortization on tangible assets*	349.95	330.91
Depreciation on Investment Property	0.07	0.07
Depreciation on Right of Use Asset	2.14	2.17
Amortization of intangible assets	0.68	1.40
	<b>352.84</b>	<b>334.55</b>

\* Depreciation includes ₹ 190.90 crore (CPLY ₹ 198.53 crore) towards Assets of AFCP / PoS Devices / Others purchased from Govt Grant / retailer margin and equivalent amount is appearing as Govt Grant Income in Note 36.







## Notes to Financial Statements for the year ended 31st March 2023

### Note : 46 Other expenses

₹ in Crore

	Year Ended 31st March 2023		Year Ended 31st March 2022	
Rent		0.60		0.53
Rent for Godown		9.04		8.13
Rates and taxes		4.11		7.56
Insurance		41.52		34.85
<b>Auditors' remuneration:</b>				
Audit Fee		0.30		0.30
Tax Audit Fee		0.08		0.08
Certification and other fee		0.34		0.30
Out of pocket expenses		0.12	0.09	0.77
Cost Audit Fee		0.04		0.03
Security Expenses		70.04		65.38
Printing and Stationery		1.09		0.94
Advertisement, Publicity and Sales Promotion		4.64		3.26
Directors' Fees		0.28		0.10
Telephone and Postage		2.32		2.32
Travelling		6.89		3.31
Water Charges		36.98		28.56
<b>Provision for:</b>				
Doubtful Advances & Debts		20.53		3.84
Un-utilised GST Input Credit		(2.35)		(2.81)
Others		0.30	0.12	1.15
<b>Write Off:</b>				
Stores and spares		3.92		4.18
Fixed Assets		67.71		0.12
Advance for Supply of Urea*		129.64	-	-
Others		0.06	0.47	4.77
Legal Expenses		0.50		0.31
Bank Charges		5.89		4.20
Demurrage and Wharfage		3.24		1.69
CSR Expenditure (refer note 57)		1.40		3.45
Miscellaneous expenses		51.61		42.64
		<b>460.84</b>		<b>213.95</b>

\* Refer note 62

## Notes to Financial Statements for the year ended 31st March 2023

### Note : 47 Income Tax Expense

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Current Tax</b>		
Current Tax on Profits for the year	93.95	14.51
Adjustments for Current Tax of prior periods	(3.06)	(0.07)
<b>Total Current tax expense (A)</b>	<b>90.89</b>	<b>14.44</b>
<b>Deferred Tax</b>		
Decrease / (increase) in deferred tax assets	64.19	2.67
(Decrease) / increase in deferred tax liabilities	(0.21)	20.15
<b>Total Deferred Tax Expense / (benefits) (B)</b>	<b>63.98</b>	<b>22.82</b>
<b>A+B</b>	<b>154.87</b>	<b>37.26</b>
<b>Income Tax Relating to Other Comprehensive Income</b>	<b>(1.20)</b>	<b>(0.64)</b>
<b>Income Tax Expense</b>	<b>153.67</b>	<b>36.62</b>

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Reconciliation of the tax expense and the accounting profit multiplied by tax rate</b>		
<b>Profit before tax</b>	<b>609.77</b>	<b>144.82</b>
<b>Tax at the enacted rate of 25.168%</b>	<b>153.47</b>	<b>36.45</b>
<b>Add :</b>		
<b>Tax effect of amount not deductible (taxable) while calculating taxable income</b>		
Add : CSR Exp	0.35	0.87
Add : Interest on Income Tax	-	0.23
Add: Payment To Special Welfare Fund Not Allowable	-	0.01
Others	(0.15)	(0.94)
<b>Total Income Tax Expense</b>	<b>153.67</b>	<b>36.62</b>





## Notes to Financial Statements for the year ended 31st March 2023

### Note: 48 Earning per share

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Profit/(Loss) after Tax (₹ in Crore)	456.10	108.20
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	9.30	2.21

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

### Note 49 : Contingent liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Claims against the Company not acknowledged as debts</b>		
<b>a. Pending Appellate/Judicial decisions:</b>		
Income tax	3.19	34.94
Excise, Customs, GST and Service Tax	13.75	13.73
Sales Tax & Value Added Tax	6.93	6.93
Land compensation/development claims	1.32	1.25
Arbitration and civil cases	127.37	62.80
<b>b. Other claims</b>	1.64	1.58
<b>c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable</b>	-	-
	<b>154.20</b>	<b>121.23</b>

In Contingent Liability cases, interest on Statutory demands is recognised on receipt of demand notice.

### Note 50: Capital and other commitments

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:</b>		
(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	365.32	213.79
(ii) Unutilized amount of Letter of Credit	1249.01	625.56

## Notes to Financial Statements for the year ended 31st March 2023

### 51.1 Ind AS-19: Employee Benefits

#### 51.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹20 lakh to eligible employees who render continuous service of 5 years or more.
Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}	Payable on separation to eligible employees who have accumulated earned leave and half pay leave. During the service period encashment of accumulated earned leave is allowed in a financial year leaving minimum balance leave of 10 days.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Post Retirement Settlement Benefits (PRSB)	Post Retirement Settlement Benefits (PRSB) for settlement at home town for employees and dependents
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹9.00 lakhs with minimum benefits of ₹1.00 lakhs).
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

#### 51.1.2 Provident Fund:

The Provident Fund contributions are made to a Trust. 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 ₹ 37.20 crore (CPLY ₹ 36.46 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, 2023.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.





## Notes to Financial Statements for the year ended 31st March 2023

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

₹ in Crore

	Gratuity		EL		HPL		PRSB		LSA		PF	
	22-23	21-22	22-23	21-22	22-23	21-22	22-23	21-22	22-23	21-22	22-23	21-22

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

1 Present value of projected benefit obligations at beginning of the year	296.13	308.59	111.03	101.78	112.24	114.34	1.75	1.80	0.85	0.94	1319.43	1278.69
2 Acquisition adjustment	-	0.00	-	-	-	-	-	-	-	-	-	-
3 Service Cost	7.60	8.15	6.66	6.21	4.62	4.51	0.07	0.07	0.04	0.05	37.20	36.46
4 Past Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
5 Interest Cost	20.73	20.61	7.78	6.80	7.86	7.64	0.12	0.12	0.06	0.06	102.63	101.39
6 Actuarial (Gains) / Losses	(5.47)	(2.69)	24.53	31.28	(1.40)	(4.12)	(0.08)	(0.04)	(0.01)	(0.02)	(3.24)	1.43
7 Benefits Paid	(41.65)	(38.53)	(36.08)	(35.04)	(10.94)	(10.13)	(0.17)	(0.20)	(0.21)	(0.18)	(171.57)	(178.63)
8 Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	65.75	78.70
9 Transfer in	-	-	-	-	-	-	-	-	-	-	1.95	1.39
10 Present value of projected benefit obligations at close of the year [1 to 9]	277.34	296.13	113.92	111.03	112.38	112.24	1.69	1.75	0.73	0.85	1352.15	1319.43
11 Fair Value of Plan assets at close of the year	(220.69)	(105.49)	-	-	-	-	-	-	-	-	1356.44	1323.20
12 Net Liability recognized in Balance Sheet at close of the year [10-11]	56.65	190.64	113.92	111.03	112.38	112.24	1.69	1.75	0.73	0.85	-	-

#### (ii) Reconciliation of fair value of assets and obligations [Refer Foot Note a below]:

1 Fair value of plan assets at beginning of the year	105.49	83.61	-	-	-	-	-	-	-	-	1323.20	1289.10
Opening Adjustment as per balance sheet	-	-	-	-	-	-	-	-	-	-	67.70	80.09
2 Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	67.70	80.09
3 Expected Return on plan assets	7.38	5.58	-	-	-	-	-	-	-	-	102.63	101.39
4 Actual Company's contribution	150.00	55.02	-	-	-	-	-	-	-	-	37.20	36.46
5 Actuarial Gains/(Losses)	(0.80)	(0.20)	-	-	-	-	-	-	-	-	(2.72)	(5.21)
6 Benefits Payments	(41.38)	(38.52)	-	-	-	-	-	-	-	-	(171.57)	(178.63)
7 Past service Cost	-	-	-	-	-	-	-	-	-	-	-	-
8 Fair value of plan assets at close of the year (1 to 7)	220.69	105.49	-	-	-	-	-	-	-	-	1356.44	1323.20
9 Present value of defined benefit obligation	277.34	296.13	-	-	-	-	-	-	-	-	1352.15	1319.43
10 Net liability recognized in the Balance Sheet at close of the year [9-8]	56.65	190.64	-	-	-	-	-	-	-	-	-	-

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

1 Service Cost	7.60	8.15	6.66	6.21	4.62	4.51	0.07	0.07	0.04	0.05	37.20	36.46
2 Interest Cost	20.73	20.61	7.78	6.80	7.86	7.64	0.12	0.12	0.06	0.06	102.63	101.39
3 Actuarial (Gains) / Losses	(4.67)	(2.49)	24.53	31.28	(1.40)	(4.12)	(0.08)	(0.04)	(0.01)	(0.02)	(3.24)	1.43
4 Expected return on Plan Assets	(7.38)	(5.58)	-	-	-	-	-	-	-	-	(102.63)	(101.39)
5 Total charged to P&L Account	16.28	20.69	38.97	44.29	11.08	8.03	0.11	0.15	0.09	0.09	-	-



**(iv) Actuarial assumptions:**

	As at 31st March 2023	As at 31st March 2022
1 Method used	Projected Unit credit	Projected Unit credit
2 Discount Rate (per annum)	7.37%	7.00%
3 Mortality Rate	Indian assured lives mortality (2012-14) modified ultimate	Indian assured lives mortality (2012-14) modified ultimate
4 Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Executives 3%/2%/1%, depending upon age	Executives and Non Executives 3%/2%/1%, depending upon age
5 Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	6.00%	6.00%

**(v) Actuarial assumptions (PF):**

	As at 31st March 2023	As at 31st March 2022
1 Discount Rate (per annum)	7.37%	7.00%
2 Interest Rate Guarantee	8.15%	8.10%

**Sensitivity Analysis of the defined benefit obligation.**
**Effect of half percent point change in the Discount rate on Employee's Benefit Schemes**

₹ in Crore

Sr. No.	Particulars	0.5 percent point decrease in discounting rate	0.5 percent point increase in discounting rate
1	Gratuity	6.60	(6.26)
2	Earned Leave	3.68	(3.43)
3	Half Pay Leave	2.69	(2.55)

**Effect of half percent point change in the Salary escalation on Employee's Benefit Schemes**

₹ in Crore

Sr. No.	Particulars	0.5 percent point decrease in salary escalation rate	0.5 percent point increase in salary escalation rate
1	Gratuity	(2.09)	2.00
2	Earned Leave	(3.49)	3.72
3	Half Pay Leave	(2.60)	2.71





Foot Note:

- a 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 ₹ 56.65 crore (CPLY ₹ 190.64 crore) is unfunded as on 31st March, 2023. Other defined benefit obligations are unfunded.

### 51.1.4 Other Employee Benefit Schemes:

Provision of ₹ (0.40) crore (CPLY ₹ 0.27 crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits Scheme has been charged on the basis of actuarial valuation and credited to the Statement of Profit and Loss account. A net liability of ₹ 15.96 crore (CPLY ₹ 16.36 crore) has been recognized in the Balance Sheet as at 31st March 2023 on account of these schemes.

### 51.1.5 Provident Fund:

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

### 51.1.6 The major categories of plans assets are as follows:

Particulars	31st March 2023				31st March 2022			
	Quoted ₹	Unquoted ₹	Total ₹	in %	Quoted ₹	Unquoted ₹	Total ₹	in %
Equity instruments	29.51	-	29.51	2.27	23.36	-	23.36	1.81
Debt instruments	1258.50	-	1258.50	96.95	1256.02	-	1256.02	97.50
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	10.05	10.05	0.77	-	8.86	8.86	0.69
<b>Total</b>	<b>1288.01</b>	<b>10.05</b>	<b>1298.06</b>	<b>100.00</b>	<b>1279.38</b>	<b>8.86</b>	<b>1288.24</b>	<b>100.00</b>

₹ in Crore

### 51.1.7

The Employee benefit of Provident Fund is administered through a separate NFL Employees Provident Fund Trust. Out of the investment made by PF trust in the past, one issuer of security has defaulted in payments. The value of Investment is ₹ 15.20 crore. Considering the Employers obligation to make good the loss in value of investment under Provident Fund Regulations, pending assessment of actual loss the Company has provided for 100% of value of investment amounting to ₹ 15.20 crore in the books of accounts.

## Note 52 : Ind AS-108: Operating Segments

Ind AS-108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about product and services, geographical areas and major customers.

Company's primary business segments are

- Own Fertilizers (Urea, Bio Fertilizers and Bentonite Sulphur)
- Fertilizers Trading (Indigenous and Imported)
- Other Products & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme), and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).



### 52.1.1 Geographical Segment:

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

### 52.1.2 The disclosure of segment-wise information is as below:

₹ in Crore

PARTICULARS	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Segment Revenue</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	19413.58	10826.87
Fertilizer Trading	9162.13	4216.76
Other Products & Services	1242.02	917.11
Less : Eliminations	201.21	103.65
<b>Total Segment Revenue</b>	<b>29616.52</b>	<b>15857.09</b>
<b>Segment Results</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	984.92	(266.92)
Fertilizer Trading	(366.53)	368.75
Other Products & Services	360.58	243.54
<b>Total Segment Results</b>	<b>978.97</b>	<b>345.37</b>
Finance expenses	301.64	132.96
Unallocable Expenses (Net of unallocable income)	67.56	67.59
<b>Profit / (Loss) Before exceptional item &amp; tax</b>	<b>609.77</b>	<b>144.82</b>
Exceptional Item	-	-
<b>Profit / (Loss) Before Tax</b>	<b>609.77</b>	<b>144.82</b>
Provision for Tax	153.67	36.62
<b>Profit After Tax</b>	<b>456.10</b>	<b>108.20</b>
Other comprehensive income (net of taxes)	3.56	1.90
<b>Total Comprehensive Income</b>	<b>459.66</b>	<b>110.10</b>
<b>Segment Assets</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	6429.00	7467.14
Fertilizer Trading	4867.17	2049.42
Other Products & Services	188.32	165.73
Unallocable	1280.84	1045.77
<b>Segment Assets</b>	<b>12765.33</b>	<b>10728.06</b>
<b>Segment Liabilities</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4413.23	4393.54
Fertilizer Trading	1263.88	610.74
Other Products & Services	64.23	64.26
Unallocable	4250.16	3345.35
<b>Segment Liabilities</b>	<b>9991.50</b>	<b>8413.89</b>
<b>Capital Expenditure</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	128.77	965.08
Fertilizer Trading	-	-
Other Products & Services	30.96	0.37
Unallocable	0.67	1.09
<b>Capital Expenditure</b>	<b>160.40</b>	<b>966.54</b>
<b>Depreciation and Amortisation expenses</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	340.69	324.56
Fertilizer Trading	-	-
Other Products & Services	9.66	7.60
Unallocable	2.49	2.40
<b>Depreciation and Amortisation expenses</b>	<b>352.84</b>	<b>334.56</b>
<b>Non-cash expenses other than Depreciation and Amortisation</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	90.91	4.93
Fertilizer Trading	(33.69)	9.70
Other Products & Services	0.83	-
Unallocable	-	-
<b>Non-cash expenses other than Depreciation and Amortisation</b>	<b>58.05</b>	<b>14.63</b>





## Notes to Financial Statements for the year ended 31st March 2023

### Note 53 Ind AS-24: Related Party Disclosures

A)	<b>Nature of Relationship</b> Joint Ventures	<b>Name of the Related Party</b> Urvarak Videsh Limited Ramagundam Fertilizers & Chemicals Limited
B)	<b>Nature of Relationship</b> Key Management Personnel	<b>Name of the Related Party</b> (i) Shri Nirlep Singh Rai Chairman & Managing Director upto 31.08.2022  (ii) Shri Atul B. Patil Chairman and Managing Director (Addl. Charge) w.e.f. 01.09.2022 and Director (Marketing) w.e.f. 07.04.2022  (iii) Shri Hira Nand Director (Finance) w.e.f. 17.06.2022 and Chief Financial Officer w.e.f. 24.05.2022  (iv) Shri Rajan Kanwar Director (Technical) w.e.f. 21.10.2022  (v) Shri Ashok Jha Company Secretary

C) **Key management personnel compensation**

₹ in Crore

	31st March 2023	31st March 2022
Short-term employee benefits	1.40	1.57
Post-employment benefits	-	-
Other Long-term employee benefits	0.52	0.61
Termination benefits	-	-
Share based payment	-	-
<b>Total Compensation</b>	<b>1.92</b>	<b>2.18</b>

D) **Transactions with Related parties:**

- (i) During the year, there were transactions of ₹ 698.08 crore (CPLY ₹ 407.53 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹ Nil crore (CPLY ₹ 43.83 crore) and others ₹ 698.08 crore (CPLY ₹ 363.70 crore). The amount recoverable from Ramagundam Fertilizers & Chemicals Limited as on 31.03.2023 is ₹ 113.29 crore (CPLY ₹ 47.83 crore) and amount payable to Ramagundam Fertilizers & Chemicals Limited as on 31.03.2023 is ₹ 140.51 crore (CPLY ₹ 50.21 crore)
- (ii) Remuneration to Key Management Personnel at (C) above is ₹ 1.92 crore (CPLY ₹ 2.18 crore). In addition to the above, they are eligible for non monetary perquisites as per Government of India guidelines.

## Notes to Financial Statements for the year ended 31st March 2023

### Note 54: 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 55

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 56

Misappropriation of seeds stock amount to Rs 0.64 crore by a 'Wheat Seed Producer' under Warehousing and Processing of Wheat seed Agreement with the company has been reported in FY 2022-23 and police complaint has been filed. This amount has been debited to the Wheat Seed producer. Due to uncertainty of recovery, provision for doubtful recoverable amounting to Rs 0.58 crore after adjustment of advance and security deposit has been created in the Books of Accounts.







## Notes to Financial Statements for the year ended 31st March 2023

### Note 57

As per Section 135 of the Companies Act 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under

₹ in Crore

PARTICULARS	Current period	Previous period
A Balance of CSR Fund carried forward from earlier year	-	-
B Amount required to be spent during the year (As per Companies Act)	1.40	3.45
C Total (A+B)	1.40	3.45
D CSR cash expenses during the year	0.08	2.16
E Provision made for CSR ongoing projects expenses for the amount to be deposited in separate Bank Account.	1.32	1.25
F Provision made for unspent CSR expenditure (Other than Ongoing projects).	*	0.04
G Closing Balance of CSR Fund (C-D-E-F)	-	-

\* Value being Less than Rs. 50,000.

**Break-up of the CSR expenses including provision of Rs.1.32 crore under major heads is as under:**

₹ in Crore

PARTICULARS	Amount
1 Health and Sanitation	0.69
2 Education & Skill Development	0.71
3 Promoting gender, empowering women, setting up homes	-
4 Environmental & Sustainability	-
5 Measure for the benefit of Armed Force	-
6 Training to Promote Rural Sports, paralympic sports	-
7 Rural Development projects	-
<b>Total</b>	<b>1.40</b>

₹ 1.32 crore towards unspent amount of "Ongoing Project" has been transferred to a separate Bank Account as per the provisions of Section 135 (6) of the Companies Act, 2013.

Further, ₹ 22,365 towards unspent amount of "Other than Ongoing Project" shall be transferred to a fund specified in Schedule VII within a period of six months from the expiry of the financial year as per provisions of Section 135 (5) of the Companies Act, 2013.

### Note 58-Remittance in foreign currencies for dividends

The Company has not paid any Dividend during Financial Year 2022-23.

# Notes to Financial Statements for the year ended 31st March 2023

## Note : 59 Fair Value Measurement

### Financial instruments by category

₹ in Crore

PARTICULARS	March 31, 2023			March 31, 2022		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investment	-	-	491.48	-	-	491.48
Loan	-	-	6.63	-	-	7.31
Other Financial Assets	-	-	85.69	-	-	129.98
Trade Receivables	-	-	4118.53	-	-	2808.46
Cash and Cash Equivalents	-	-	12.46	-	-	25.73
Other Bank Balances	-	-	3.20	-	-	3.09
<b>Total financial assets</b>	-	-	<b>4717.99</b>	-	-	<b>3466.05</b>
<b>Financial liabilities</b>						
<b>Borrowings</b>						
Term Loan	-	-	534.71	-	-	629.73
Borrowings	-	-	3,456.22	-	-	2539.83
Lease Liabilities	-	-	1.31	-	-	2.74
Other Financial Liabilities	-	-	1,446.87	-	-	773.29
Security Deposits	-	-	308.81	-	-	265.58
Trade Payables	-	-	1,755.93	-	-	1448.34
<b>Total financial liabilities</b>	-	-	<b>7503.85</b>	-	-	<b>5659.51</b>

### 1. Four value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

### Financial Assets and Liabilities measured at fair value - recurring fair value measurements

At 31 March 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<b>Financial Investments at FVTPL:</b>					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
<b>Financial Investments at FVOCI:</b>					
<b>Total financial assets</b>					
Financial liabilities		-	-	-	-
<b>Total financial liabilities</b>					





At 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<b>Financial Investments at FVTPL:</b>					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
<b>Financial Investments at FVOCI:</b>					
<b>Total financial assets</b>					
Financial liabilities					
<b>Total financial liabilities</b>					

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

₹ in Crore

At 31st March 2023	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Investment		-	-	491.48	491.48
Loans		-	-	6.63	6.63
Other Financial Assets		-	-	85.69	85.69
Trade Receivables		-	-	4118.53	4118.53
Cash and Cash Equivalents		-	-	12.46	12.46
Other Bank Balances		-	-	3.20	3.20
<b>Total Financial Assets</b>		-	-	<b>4717.99</b>	<b>4717.99</b>

**Financial Liabilities**

## Borrowings

Term Loan		-	-	534.71	534.71
Borrowings		-	-	3456.22	3456.22
Lease Liability		-	-	1.31	1.31
Other Financial Liabilities		-	-	1446.87	1446.87
Security Deposits		-	-	308.81	308.81
Trade Payables		-	-	1755.93	1755.93
<b>Total financial liabilities</b>				<b>7503.85</b>	<b>7503.85</b>

At 31st March 2022	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Investment		-	-	491.48	491.48
Loan		-	-	7.31	7.31
Other Financial Assets		-	-	129.98	129.98
Trade Receivables		-	-	2808.46	2808.46
Cash & Cash Equivalents		-	-	25.73	25.73
Other Bank Balances		-	-	3.09	3.09
<b>Total Financial Assets</b>		-	-	<b>3466.05</b>	<b>3466.05</b>

	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>					
<b>Borrowings</b>					
Term Loan		-	-	629.73	629.73
Borrowings		-	-	2539.83	2539.83
Lease Liability		-	-	2.74	2.74
Other Financial Liabilities		-	-	773.29	773.29
Security Deposits		-	-	265.58	265.58
Trade Payables		-	-	1448.34	1448.34
<b>Total financial liabilities</b>		-	-	<b>5659.51</b>	<b>5659.51</b>

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 3.

**(iii) Fair value measurements using significant unobservable inputs (level 3)**

	Equity Instruments	Total
As at 31st March, 2023	N.A.	
As at 31st March, 2022	N.A.	





(iv) Fair value of financial assets and liabilities measured at amortised cost

₹ in Crore

	March 31, 2023		March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Investment	491.48	491.48	491.48	491.48
Loans	6.63	6.63	7.31	7.31
Other Financial Assets	85.69	85.69	129.98	129.98
Trade Receivables	4118.53	4118.53	2808.46	2808.46
Cash and Cash Equivalents	12.46	12.46	25.73	25.73
Other Bank Balances	3.2	3.2	3.09	3.09
<b>Total Financial Assets</b>	<b>4717.99</b>	<b>4717.99</b>	<b>3466.05</b>	<b>3466.05</b>
<b>Financial Liabilities</b>				
<b>Borrowings</b>				
Term Loan	534.71	534.71	629.73	629.73
Borrowings	3456.22	3456.22	2539.83	2539.83
Lease Liability	1.31	1.31	2.74	2.74
Other Financial Liabilities	1446.87	1446.87	773.29	773.29
Security Deposits	308.81	308.81	265.58	265.58
Trade Payables	1755.93	1755.93	1448.34	1448.34
<b>Total financial liabilities</b>	<b>7503.85</b>	<b>7503.85</b>	<b>5659.51</b>	<b>5659.51</b>

The carrying amounts of trade receivables, trade payables, borrowing, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. The discount rate considered for FY 2022-23 is 7.00% (CPLY 7.00%). They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



# Notes to Financial Statements for the year ended 31st March 2023

## Note No. 60 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 Forex Risk Management Committee (FRMC) / central treasury department and marketing department under Co's policies approved by the Board of Directors. FRMC/Treasury identifies, evaluates and hedges financial risks. The Board provides policy 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 ₹ 4158.97 crore and ₹ 2830.16 crore as of March 31, 2023 and March 31, 2022, 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	31.03.2023 ₹ in crore	% of Total Debtors	31.03.2022 ₹ in crore	% of Total Debtors
Govt of India (Subsidy)	3522.11	84.69	2642.62	93.37
Institutional Dealers	325.05	7.81	87.52	3.09
Private Dealers	311.81	7.50	100.02	3.54
<b>Total Trade Receivables</b>	<b>4158.97</b>	<b>100.00</b>	<b>2830.16</b>	<b>100.00</b>
	31.03.2023	% of Debtors to Total Sales	31.03.2022	% of Debtors to Total Sales
<b>Total Sales</b>	<b>29353.20</b>	<b>14.17</b>	<b>15603.96</b>	<b>18.14</b>

Note - The Total Subsidy Receivable is ₹ 3522.11 crore (CPLY ₹ 2642.62 crore).





## (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 given below) and cash and cash equivalents on the basis of expected cash flows.

### Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	₹ in Crore	
	31 March, 2023	31 March, 2022
<b>Floating rate</b>		
Expiring within one year (Bank Overdraft/CC Limit and other facilities)	3,985.43	4,564.57

The Bank Overdraft/Cash Credit (CC)/Short term loan (STL) facilities may be drawn at any time and may be called back by the bank at their discretion. The credit facilities of Banks are subject to compliance with sanctioned terms & conditions. The credit facilities have an average maturity of 1 year.

## (C) Market Risk – Foreign Exchange

The Position of Hedged Foreign Currency exposures are as under:-

₹ in Crore				
Particulars	Hedged Exposures	Cross Currency	As on 31.03.2023	As on 31.03.2022
Foreign Currency exchange contracts	Trade Exposure for import of fertilizers	-	1,432.78	593.41
	Foreign Currency Term Loan (ECB)	-	-	-

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:-

₹ in Crore		
Particulars	As on 31.03.2023	As on 31.03.2022
Foreign Currency Term Loan (ECB)	-	-
Trade Exposure for import of fertilizers	-	-

# Notes to Financial Statements for the year ended 31st March 2023

## Note No. 61 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:

Debt (long term borrowings)

divided by

Total 'Equity' (as shown in the balance sheet).

The company's strategy is to maintain Debt Equity ratio within 2.5:1. The Debt Equity ratio is as follows:

₹ in Crore

Particulars	31 March, 2023	31 March, 2022 <sup>^</sup>
Debt	534.71	629.73
Total equity	2773.83	2314.17
<b>Debt to equity ratio (in times)</b>	<b>0.19</b>	<b>0.27</b>

<sup>^</sup> Restated figures (Refer Note 63)

### (b) Dividends

₹ in Crore

	31 March, 2023	31 March, 2022
<b>Equity shares</b>		
Interim dividend for the year ended 31 March 2023 (31 March 2022 – Nil)	-	-
Final dividend for the year ended 31 March 2022 (31 March 2021 – Nil)	-	-





## Notes to Financial Statements for the year ended 31st March 2023

### Note No. 62

During the financial year 1995-96, the company had given an advance of ₹ 130.69 crore (USD 37.62 million) to a foreign supplier M/s. Karsan Daanismanlik Turizm Sanayi Tiracet Ltd STI Turkey (M/s KARSAN) against import of urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, a provision for doubtful recovery of advance was created during FY 1996-97 by way of direct appropriation from accumulated profit & loss having no impact on profitability/taxable income for the year 1996-97.

The outstanding amount of advance was shown in accounts under 'Loan and Advances Recoverable by netting off from provision for doubtful recovery created as above. As said provision was not debited to P&L account in that year, provision so created was neither claimed nor added to book profit while computing taxable income for the year 1996-97."

"The net amount of outstanding advance as on 01.04.2021 recoverable of ₹ 129.64 crore (net of actual recovery of ₹ 1.05 crore in earlier years) has continued to be shown in the accounts till FY 2021-22 under 'Other Non-Curr ent Assets' separately indicating the equivalent amount of provision for doubtful advances from reserves and surplus.

Despite ongoing protracted litigation for recovery of advance amount for more than 25 years at various jurisdictional levels, the amount of ₹ 129.64 crore could not be recovered.

The company, after considering the fact of remote possibility of recovery in future, has decided to write off the outstanding amount of ₹ 129.64 crore in current financial year."

Consequent to write-off of this amount in current financial year, the provision of ₹ 129.64 crore made in earlier year(s) has been written back and credited to 'Statement of Profit and Loss'.

### Note No. 63 Others

#### Restatement for the year 31st March 2022 and at 01st April 2021

During the financial year 1995-96, the company had given an advance of ₹ 130.69 crore (USD 37.62 million) to a foreign supplier M/s. Karsan Daanismanlik Turizm Sanayi Tiracet Ltd STI Turkey (M/s KARSAN) against import of urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, a provision for doubtful recovery of advance was created during FY 1996-97 by way of direct appropriation from accumulated profit & loss having no impact on profitability/taxable income for the year 1996-97.

"An error had occurred during the FY 1996-97 while creating provision for doubtful recovery of advance which was appropriated directly from Profit & Loss Appropriation Account in place of debiting to the Profit & Loss Account.

The net amount of outstanding advance recoverable of ₹ 129.64 crore (net of actual recovery of ₹ 1.05 crore in earlier years) continues to be shown in the accounts under the head 'Other Non-Current Assets', separately indicating the equivalent amount of provision for doubtful advances."

During the FY 2022-23, the above error has been discovered. Therefore, for making the correction of error in prior period affecting the financial statements, based on opinion of an expert, the company has restated its balance sheet to show the corrected financial position for the prior periods. As per Ind AS 8, the correction of a prior period error is excluded from profit & loss for the period in which the error is discovered. Hence, in this respect the company is presenting a third balance sheet as at the beginning of the preceding period i.e. 01.04.2021 in addition to the minimum comparative financial statements in this respect.

"In line with the requirements of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the error has been corrected by retrospectively restating the opening balances of assets, liabilities and equity for the earliest period presented i.e. as of 01.04.2021 and 31.03.2022.

There is no impact on EPS of the previous period of the financial statement due to such restatement.

## Notes to Financial Statements for the year ended 31st March 2023

### Reconciliation of restated items of Balance Sheet as at 31st March 2022 and 01st April 2021

₹ in Crore

Particulars	Note No.	31st March 2022			1st April 2021				
		As previously reported	Adjustments		As previously reported	Adjustments		As restated	
<b>Balance Sheet (Extract)</b>									
Deferred Tax Assets (Net) *	27	-	-	-	-	-	19.17	-	19.17
Deferred Tax Liability (Net) *	27	36.28	(32.63)	3.65	13.46	-	(13.46)	-	
Other Equity - General Reserve	21	332.89	(1.05)	331.84	332.89	-	(1.05)	331.84	
Other Equity - Retained Earning	21	1455.56	163.32	(129.64)	1489.24	1345.46	163.32	(129.64)	1379.14
Other Equity - Total	21	1790.96	162.27	(129.64)	1823.59	1680.86	162.27	(129.64)	1713.49
Provision for doubtful advances	11	129.64	(129.64)	129.64	129.64	129.64	(129.64)	129.64	129.64
Total Assets*		10728.06	-	-	10728.06	8443.44	19.17	-	8462.61
Total Liability*		10728.06	32.63	(32.63)	10728.06	8443.44	19.17	-	8462.61

\* Deferred Tax Asset has been created on Provision for doubtful advance by ₹ 32.63 crore.

### Note No. 64 Additional Regulatory Information

a) **Details of Benami Property Held**

The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property:

- b) The Company has not been declared willful defaulter by any bank or financial institution or any other lender.
- c) There are no material transactions with respect to struck off companies as mentioned under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- d) The Company does not have any charges or satisfaction of charges which are yet to be registered with ROC beyond the statutory period
- e) Provision regarding the number of layers prescribed under Section of Section 2 (87) of the Act read with the Companies (Restriction on number of layers) Rules, 2017 is not applicable.
- f) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of Income Tax Act, 1961).
- g) The Company has not traded or invested in crypto currency or virtual currency during the respective financial year/period.
- h) The Company does not have any scheme of arrangements which have been approved by the Competent Authority in terms of Section 230 to 237 of the Companies Act, 2013
- i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - Provide any guarantee, security or like to or on behalf of the Ultimate Beneficiaries.
- j) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or
  - Provide any guarantee, security or the like on the behalf of the Ultimate Beneficiaries.





## Notes to Financial Statements for the year ended 31st March 2023

### k) Ratios

S.r.	Particulars	Numerator	Denominator	₹ in crore		% variance	Reasons for variance
				2022-23	2021-22		
<b>1 Current Ratio</b>							
1.a		Current Assets		8026.73	5778.42		Variance < 25%
1.b		Less: Assets held for disposals		(17.71)	(17.72)		
1.c		Current Assets		<b>8009.02</b>	<b>5760.70</b>		
1.d			Current Liabilities	7411.63	5616.52		
1.e			Less: Deferred Government Grant	(194.88)	(194.87)		
1.f			Current Liabilities	<b>7216.75</b>	<b>5421.65</b>		
		<b>Current ratio (1.c/2.f)</b>		<b>1.11</b>	<b>1.06</b>	<b>4.45%</b>	
<b>2 Debt-Equity Ratio</b>							
2.a		Long Term Borrowings		534.71	629.73		Variance < 25%
2.b		Add: Short Term borrowings		3456.22	2539.83		
2.c		<b>Total Debt</b>		<b>3990.93</b>	<b>3169.56</b>		
2.d			Equity Share Capital	490.58	490.58		
2.e			Add : Other equity	2283.25	1823.59		
2.f			Equity (Shareholders Funds)	<b>2773.83</b>	<b>2314.17</b>		
		<b>Debt-Equity Ratio (2.c/2.f)</b>		<b>1.44</b>	<b>1.37</b>	<b>5.05%</b>	
<b>3 Debt service coverage ratio</b>							
3.a		<b>Profit After Tax</b>		456.10	108.20		Variance < 25%
3.b		Add : Depreciation and amortisation		352.84	334.55		
3.c		Add: Finance cost		301.64	132.96		
		Add: Loss on Sale of Assets		-	-		
3.d		Earnings Available for Debt-Service		1110.58	575.71		
3.e			Interest Expense	301.64	132.96		
3.f			Add: Principal Repayments	104.40	104.40		
3.g			Total Debt service	<b>406.04</b>	<b>237.36</b>		
		<b>Debt service coverage ratio (3.d/3.g)</b>		<b>2.74</b>	<b>2.43</b>	<b>12.77%</b>	
<b>4 Return on Equity (ROE)</b>							
4.a		Profit After Taxes		456.10	108.20		Return On Equity has increase mainly due to increase in Profit after tax. Profit has increased due to higher production and sale of urea, relaxation of energy norms
4.b			Average Shareholder's Equity	2314.17	2171.44		
4.c			Opening Shareholder's Equity	2773.83	2314.17		
4.d			Average Shareholder's Equity	<b>2544.00</b>	<b>2242.81</b>		
		<b>Return on Equity (ROE) (4.a/4.d)</b>		<b>17.93%</b>	<b>4.82%</b>	<b>271.63%</b>	



## Notes to Financial Statements for the year ended 31st March 2023

S.r.	Particulars	Numerator	Denominator	₹ in crore		% variance	Reasons for variance
				2022-23	2021-22		
<b>5 Inventory Turnover Ratio</b>							
5.a		Sales		29353.2	15603.96		Variance < 25%
5.b			Opening Inventory of Finished Goods	336.54	97.98		
5.c			Opening Inventory of Traded goods	1647.12	110.32		
5.d			Total Opening Inventory	1983.66	208.30		
5.e			Closing Inventory of Finished Goods	274.65	336.54		
5.f			Closing Inventory of Traded goods	2506.54	1647.12		
5.g			Total closing Inventory	2781.19	1983.66		
5.h			Average Inventory $\{(5.d+5.g)/2\}$	<b>2382.43</b>	<b>1095.98</b>		
		<b>Inventory Turnover Ratio (5.a/5.h)</b>		<b>12.32</b>	<b>14.24</b>	<b>-13.46%</b>	
<b>6 Trade Receivables Turnover Ratio</b>							
6.a		Sales		29353.2	15603.96		Trade Receivables Turnover Ratio has increased due to increase in sale value.
6.b			Opening Trade Receivables	2808.46	2634.09		
6.c			Closing Trade Receivables	4118.53	2808.46		
6.d			Average Trade Receivables	<b>3463.50</b>	<b>2721.28</b>		
		<b>Trade Receivables Turnover Ratio (6.a/6.d)</b>		<b>8.48</b>	<b>5.73</b>	<b>47.80%</b>	
<b>7 Trade Payables Turnover Ratio</b>							
7.a		Total Purchases		28432.1	15973.06		Variance < 25%
7.b			Opening Trade Payables	1448.34	730.17		
7.c			Closing Trade Payables	1755.93	1448.34		
7.d			Average Trade Payables	<b>1602.14</b>	<b>1089.26</b>		
		<b>Trade Payables Turnover Ratio (7.a/7.d)</b>		<b>17.75</b>	<b>14.66</b>	<b>21.02%</b>	
<b>8 Net Capital Turnover Ratio</b>							
8.a		Sales		29353.2	15603.96		Variance < 25%
8.b			Current Assets (as per 1.c)	8009.02	5760.70		
8.c			Current Liabilities (as per 1.f)	7216.75	5421.65		
8.d			<b>Working Capital</b>	792.27	339.05		
		<b>Net Capital Turnover Ratio (8.a/8.d)</b>		<b>37.05</b>	<b>46.02</b>	<b>-19.50%</b>	
<b>9 Net Profit Ratio</b>							
9.a		Profit After Tax (as per 4.a)		456.10	108.20		Net Profit Ratio of current year is higher due to higher production and sale of urea, relaxation of energy norms.
9.b			Sales	29353.2	15603.96		
		<b>Net profit ratio (9.a/9.b)</b>		<b>1.55%</b>	<b>0.69%</b>	<b>124.08%</b>	





## Notes to Financial Statements for the year ended 31st March 2023

S.r.	Particulars	Numerator	Denominator	₹ in crore		% variance	Reasons for variance
				2022-23	2021-22		
<b>10</b>	<b>Return on Capital Employed</b>						
10.a		Profit Before Tax (as per 3.a )		609.77	144.82		Return on capital employed is higher due to higher profit during current year as explained above.
10.b		Add : Finance cost (as per 3.c)		301.64	132.96		
10.c		Earnings before interest and tax		911.41	277.78		
10.d			Net Worth (as per 2.f)	2773.83	2314.17		
10.e			Add: Total Debt (as per 2.c)	3990.93	3169.56		
10.f			Add: Deferred Tax Liability	67.63	3.65		
10.g			Capital Employed	<b>6832.39</b>	<b>5487.38</b>		
		<b>Return on Capital Employed (10.c/10.g)</b>		<b>13.34%</b>	<b>5.06%</b>	<b>163.51%</b>	
<b>11</b>	<b>Return on Investment</b>		<b>Not Applicable</b>				

### Note No. 65 Others

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
Director (Finance)  
DIN No. 09476034

(Atul B. Patil)  
Chairman & Managing Director  
DIN No. 09557730

As per our report of even date attached  
For **Arun K. Agarwal & Associates**  
Chartered Accountants  
Firm Regd. No. 003917N

(Lokesh Garg)  
Partner  
Membership No. 413012

Place: Noida  
Date: 29.05.2023

For **Dhawan & Co.**  
Chartered Accountants  
Firm Regd. No. 002864N

(Deepak Kapoor)  
Partner  
Membership No.072302

## Auditor's Report

**ARUN K. AGARWAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
 105, FF, South Ex. Plaza – 1,  
 389, Masjid Moth,  
 South Extn. Part-II, New Delhi – 110 049

**DHAWAN & CO.**  
**CHARTERED ACCOUNTANTS**  
 312, Wegmans House,  
 21, Veer Savarkar Block,  
 Shakarpur, Vikas Marg, Delhi – 110 092

### INDEPENDENT AUDITOR'S REPORT

To the Members of  
 National Fertilizers Limited

#### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of National Fertilizers Limited (herein after referred to as “the Company”) and its jointly controlled entities, which comprise the consolidated Balance Sheet as at 31 March 2023, 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 notes to the financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as “consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the jointly controlled entities, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (“IND AS”) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the consolidated state of affairs of the company and its jointly controlled entities as at 31 March 2023, its consolidated profit (including other comprehensive income), consolidated changes in equity and consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the company and its jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Emphasis of Matter

We draw attention to:





- (i) Note No. 2(d) of accompanying consolidated financial statements regarding derecognizing Property, Plant & Equipment amounting to ₹ 67.65 crores on account of permanent damage of Gas Turbine Generator (GTG) at Bhatinda Unit.
- (ii) Note No. 36 of accompanying consolidated financial statements regarding recognition of subsidy amounting to ₹ 928.37 crores on management's estimates, towards extension of the Revised Energy Norms.
- (iii) Note No. 62 of accompanying consolidated financial statements regarding write-off of advance recoverable from foreign supplier against import of urea amounting to ₹ 129.64 crores as per the decision of board of directors due to remote possibility of recovery.

Our opinion is not modified in respect of above matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the jointly controlled entities, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. Summary of the same is mentioned here under:

S.No.	Key Audit Matter	Response to Key Audit Matter
1	<p><b>Revenue recognition</b></p> <p>Recognition of subsidy is made on the basis of in-principle recognition/approval/ settlement of claims from Fertilizer Industry Coordination Committee (FICC), Department of Fertilizers (DoF), Government of India, while finalizing the financial statements. Also the FICC regulates such subsidy and the bills raised on such notifications. Escalation/de-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given.</p> <p>Since there is a time lag between actual expenditure incurred and notification of concession rates for the year, management exercises significant judgment in arriving at the income entitled on account of same for the year.</p> <p>Therefore, there is a risk of revenue being misstated on account of estimation of concession/ Import Parity Price (IPP) rates yet to be notified.</p> <p>Regarding process of Collection, utilization and retention of Retailer Margin.</p>	<p><b>Principal Audit Procedures</b></p> <p>The following principal audit procedures have been performed by us in relation to revenue recognition:</p> <ol style="list-style-type: none"> <li>a) We have reviewed the company's Accounting policies for Revenue Recognition (Refer Note No. 1.2.7 of the consolidated financial statements), relevant Notifications and Circulars issued by the DoF, Government of India.</li> <li>b) We have carried out substantive procedures on sample basis for evaluation of operating effectiveness of key controls over subsidy and each income stream, basis of management estimation and their corresponding disclosure.</li> <li>c) We have reviewed directions of FICC, various Notifications issued from time to time and management assessment in relation to retailer margin.</li> </ol>

<p><b>2</b></p>	<p><b>Estimation of Provision &amp; Contingent Liabilities</b></p> <p>The company has its operations in various States within India, exposing it to a variety of different Central and State laws. Litigations and claims may arise from direct and indirect tax proceedings. Resolution of litigations and claims proceedings may span over multiple years beyond 31 March 2023.</p> <p>The determination of a provision or contingent liability requires significant judgement by the company because of the inherent complexity in estimating future liabilities.</p> <p>The company has reported Contingent liabilities amounting to ₹154.20 Crores in Note 49 to consolidated financial statement.</p> <p>The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims over time as new facts emerge as each legal case progresses and positions taken by the company. There is an inherent complexity in estimations of magnitude of potential exposures. Significant judgment is required to estimate the likelihood amount of cash outflows, timing based on interpretations of the legal aspects, opinions, demand notices, relevant judgements etc.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit process involved understanding of identification process relating to litigations, claims and contingent liabilities.</p> <p>We have evaluated the design and testing the operating effectiveness of controls in respect of process.</p> <p>We have evaluated management's assessment of the likely outcome and potential exposures arising from significant contingencies subject to ongoing court cases and arbitration proceedings and considered the requirements for any provision as per the best estimate of the possible expenditure.</p> <p>In respect of significant claims, we checked the amount of claim, nature of issues involved, management submissions and corroborated the same with external evidence, where available.</p>
<p><b>3</b></p>	<p><b>Trade receivables</b></p> <p>Trade Receivables appearing in financial statement consists of receivables from sale of products as well as receivable from Government of India in the form of subsidy. Trade Receivables as at 31 March 2023 amounting to ₹ 4118.53 crores includes subsidy receivable of ₹ 3522.11 crores.</p> <p>Refer Note 13 to the Consolidated Financial Statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>a) In respect of Subsidy recoverable from Government of India, as no confirmation of balance is on record, we have relied on the management's assertion and estimates on the recoverability.</p> <p>As subsidy receivable is outstanding from Department of Fertilizer, Government of India (i.e. Sovereign Authority) and is backed by the approved claims generated from MFMS (Mobile Fertilizer Management System), amount outstanding as at balance sheet date has been considered as recoverable (net of provisions).</p> <p>b) In respect of receivables other than Subsidy receivables, management have sent request for confirmation from the parties. The response to the request was checked together, subsequent realisation check was also performed and long outstanding balances have been reviewed.</p>







4	<p><b>Property, Plant and Equipment</b></p> <p>Management judgment is applied for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/ amortization rates. These include the decision to capitalize or expense costs; the annual asset life review; the timelines of the capitalization/ decapitalization of assets and the measurement and recognition criteria for assets retired from active use. Please refer accounting policy no 1.2.10.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>a) Testing of controls in place over the fixed assets cycle,</li> <li>b) Evaluation of appropriateness of capitalization process. Performed tests to verify the capitalized costs,</li> <li>c) Assessment of the timelines of the capitalization of the assets and assessed the derecognition criteria for assets retired from active use.</li> </ul> <p>The useful life of assets has been assessed by the management. In performing these procedures, we reviewed the judgments made by management for the following:</p> <ul style="list-style-type: none"> <li>a) Identification of the nature of underlying costs capitalized,</li> <li>b) Determination of realizable value of the assets retired from active use,</li> <li>c) Appropriateness of asset lives applied in the calculation of depreciation/ amortization,</li> <li>d) Useful lives of assets prescribed in Schedule II of the Companies Act, 2013.</li> </ul>
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### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The company's management and board of directors is responsible for the preparation of other information. The other information comprises the Management Discussion and Analysis, Director's Report including annexures to Director's Report, Business Responsibility Report, Corporate Governance, Performance at a Glance and Chairman's Statement included in the annual report of the company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of audit, or otherwise appears to be materially misstated. On reading the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.



## Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The company's board of directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements 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 and its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the IND AS prescribed under Section 133 of the Act read with relevant rules issued thereunder. Further the respective board of directors of the company and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the board of directors of the company, as aforesaid.

In preparing the consolidated financial statements, the respective board of directors of the company and its jointly controlled entities are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective board of directors of the company and its jointly controlled entities are also responsible for overseeing the financial reporting process of the company and its jointly controlled entities.

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and board of directors.





- Conclude on the appropriateness of the management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the company and its jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the company and its jointly controlled entities, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

1. The consolidated financial statements include the company's share of net profit after tax of ₹ 2.23 crore and total comprehensive income of ₹ 2.28 crore for the year ended 31 March 2023, in respect of two jointly controlled entities i.e. Ramagundam Fertilizers & Chemicals Limited and Urvarak Videsh Limited, whose financial statements have not been audited by us. These financial statements 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, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

2. The following matter is given by another firm of Chartered Accountants vide their audit report dated 27 April 2023 on the financial statements of Urvarak Videsh Limited ("UVL"), a jointly controlled entity of the company which is reproduced by us as under:

UVL has not been carrying out any business/trading activity and has been declared as Dormant Company on 04 Nov, 2015 by Registrar of Companies, Delhi. To this extent, the going concern basis of the UVL is affected.

Our opinion is not modified in respect of above matters.

### 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.
- (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 and report of other auditors;
- (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 books of account;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the IND AS specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) As per notification number G.S.R. 463(E) dated 5 June 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the company, since it is a Government Company;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure A";
- (g) As per notification number G.S.R. 463 (E) dated 5 June 2015 issued by Ministry of Corporate Affairs, section 197 of the Act regarding remuneration to director is not applicable to the company, since it is a Government Company; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 49 to the consolidated 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.
  - iv. (a) The respective management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall,
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries")
    - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;





- (b) The respective management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
- v. No dividend has been declared or paid during the financial year by the company. However, the board of directors of the company in its meeting held on 29 May 2023, have declared an interim dividend of ₹ 1.53 per equity share aggregating to ₹ 75.06 crore in respect of the financial year ended 31 March 2023, which is yet to be paid. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. Since applicability of maintenance of audit trail in accounting software has been deferred to 1 April 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the “Order”/ “CARO”) issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by the respective auditors of companies included in the consolidated financial statements, to which reporting under CARO is applicable, we report as under:

Qualification or adverse remarks by the respective auditors in the CARO reports of the companies included in the consolidated financial statements are:

Name of the entity	CIN	Nature of Relationship	Clause number of the CARO report which is qualified or is adverse	Remarks
Ramagundam Fertilizers and Chemicals Limited	U24100DL2015 PLC276753	Joint Venture	(ii)(b)	Reporting of higher amount of Debtors and Inventory in Quarterly statements filed with banks for Qtr. ended March 2023 as compared to books of accounts
			(xvii)	Cash losses in immediately preceding financial year

**For ARUN K. AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 003917N

**Lokesh Kumar Garg**  
Partner  
M. No. : 413012  
UDIN No. : 23413012BGWRJQ7378

**For DHAWAN & CO.**  
Chartered Accountants  
Firm's Registration No.: 002864N

**Deepak Kapoor**  
Partner  
M. No.: 072302  
UDIN No. : 23072302BGXHAV8891

Place: Noida  
Date: 29-05-2023





## ANNEXURE "A"

**The Annexure referred to in Independent Auditor's Report to the members of the Company on the consolidated financial statement for the year ended 31 March 2023.**

**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 entities as of 31 March 2023 in conjunction with our audit of the consolidated 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 entities are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') 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 the company's business, including adherence to the 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.

### Auditor's 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 consolidated 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 in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the company and its jointly controlled entities, as aforesaid.







## 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 and its jointly controlled entities has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the company and its jointly controlled entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

## 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 insofar as it relates to two jointly controlled entities, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

Our opinion is not modified in respect of this matter.

**For ARUN K. AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 003917N

**Lokesh Kumar Garg**  
Partner  
M. No. : 413012  
UDIN No. : 23413012BGWRJQ7378

Place: Noida  
Date: 29-05-2023

**For DHAWAN & CO.**  
Chartered Accountants  
Firm's Registration No.: 002864N

**Deepak Kapoor**  
Partner  
M. No.: 072302  
UDIN No. : 23072302BGXHAV8891



# Consolidated Balance Sheet as at 31st March 2023

₹ in Crore

	Note	As at 31st March 2023	As at 31st March 2022 <sup>^</sup>	As at 1st April 2021 <sup>^</sup>
<b>I. ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
a) Property, Plant and Equipment	2	3965.31	4223.99	3608.72
b) Right-of-Use Assets	3	0.99	2.48	3.93
c) Investment Property	4	0.97	1.04	1.11
d) Capital Work In Progress	5	147.27	112.15	840.21
e) Other Intangible Assets	6	1.41	2.03	1.31
f) Intangible assets under development	7	30.44	26.34	22.22
g) Investments	8	259.30	257.02	416.40
<b>h) Financial Assets</b>				
i) Loans	9	3.96	4.66	5.59
ii) Other Financial Assets	10	35.72	34.48	33.53
i) Deferred Tax Assets (Net)	27	-	-	19.17
j) Other Non-Current Assets	11	61.05	50.99	50.83
		<b>4506.42</b>	<b>4715.18</b>	<b>5003.02</b>
<b>(2) CURRENT ASSETS</b>				
a) Inventories	12	3069.81	2255.29	438.03
<b>b) Financial Assets</b>				
i) Trade Receivables	13	4118.53	2808.46	2634.09
ii) Cash and Cash Equivalents	14	12.46	25.73	39.33
iii) Other Bank Balances	15	3.20	3.09	2.89
iv) Loans	16	2.67	2.65	2.85
v) Other Financial Assets	17	49.97	95.50	33.34
c) Current Tax Assets (Net)	18	43.93	4.28	-
d) Other Current Assets	19	726.16	583.42	277.81
		<b>8026.73</b>	<b>5778.42</b>	<b>3428.34</b>
		<b>12533.15</b>	<b>10493.60</b>	<b>8431.36</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity Share Capital	20	490.58	490.58	490.58
(b) Other Equity	21	2051.07	1589.13	1682.24
		<b>2541.65</b>	<b>2079.71</b>	<b>2172.82</b>
<b>LIABILITIES</b>				
<b>(1) NON-CURRENT LIABILITIES</b>				
<b>a) Financial Liabilities</b>				
i) Borrowings	22	534.71	629.73	648.01
ii) Lease Liabilities	23	0.54	0.74	0.87
iii) Other Financial Liabilities	24	24.77	23.48	22.64
b) Provisions	25	206.55	205.68	201.47
c) Deferred Government Grant	26	1739.18	1926.94	2116.74
d) Deferred Tax Liabilities (Net)	27	67.63	3.65	-
e) Other Non-Current Liabilities	28	6.49	7.15	8.32
		<b>2579.87</b>	<b>2797.37</b>	<b>2998.05</b>
<b>(2) CURRENT LIABILITIES</b>				
<b>a) Financial Liabilities</b>				
i) Borrowings	29	3456.22	2539.83	1239.51
ii) Lease Liabilities	30	0.77	2.00	3.34
iii) Trade Payables	31			
- Micro and Small Enterprises		7.07	8.36	1.85
- Other than Micro and Small Enterprises		1748.86	1439.98	728.32
iv) Other Financial Liabilities	32	1730.91	1015.39	663.71
b) Provisions	33	109.97	239.36	258.46
c) Deferred Government Grant	34	194.88	194.87	204.25
d) Current Tax Liabilities (Net)		-	-	34.98
e) Other Current Liabilities	35	162.95	176.73	126.07
		<b>7411.63</b>	<b>5616.52</b>	<b>3260.49</b>
		<b>12533.15</b>	<b>10493.60</b>	<b>8431.36</b>

<sup>^</sup> Restated figures (Refer Note 63)

Significant accounting policies

The accompanying notes forms an integral part of these financial statements

1

For and on behalf of the Board of Directors

 (Ashok Jha)  
Company Secretary  
A-14100

 (Hira Nand)  
Director (Finance)  
DIN No. 09476034

 (Atul B. Patil)  
Chairman & Managing Director  
DIN No. 09557730

As per our report of even date attached

 For Arun K. Agarwal & Associates  
Chartered Accountants  
Firm Regd. No. 003917N

 (Lokesh Garg)  
Partner  
Membership No. 413012

 For Dhawan & Co.  
Chartered Accountants  
Firm Regd. No. 002864N

 (Deepak Kapoor)  
Partner  
Membership No.072302

 Place: Noida  
Date: 29.05.2023




# Consolidated Statement of Profit and Loss for the year ended 31.03.2023

₹ in Crore

	Note	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Revenue</b>			
Revenue from Operations	36	29616.52	15857.09
Other Income	37	192.62	25.61
<b>Total Revenue (I)</b>		<b>29809.14</b>	<b>15882.70</b>
<b>Expenses</b>			
Cost of Materials Consumed	38	10662.63	6219.44
Purchase of Stock- in- Trade	39	10023.16	5026.30
Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in- Trade	40	(826.42)	(1820.26)
Employee Benefits Expense	41	659.14	648.90
Power and Fuel	42	6439.04	4040.27
Freight and Handling		1043.16	845.84
Repair and Maintenance	43	83.34	95.93
Finance Cost	44	301.64	132.96
Depreciation and Amortization Expense	45	352.84	334.55
Other Expenses	46	460.84	213.95
<b>Total Expenses (II)</b>		<b>29199.37</b>	<b>15737.88</b>
<b>Profit before share of profit / (loss) of joint venture as per equity method, exceptional item and tax (III) = (I) - (II)</b>		<b>609.77</b>	<b>144.82</b>
<b>Share of Profit / (loss) of Joint Venture as per Equity Method (IV)</b>		<b>2.23</b>	<b>(203.32)</b>
<b>Profit / (Loss) before exceptional item and tax (V) = (III) + (IV)</b>		<b>612.00</b>	<b>(58.50)</b>
<b>Exceptional Item (VI)</b>		-	-
<b>Profit/(Loss) before Tax (VII)=(V)-(VI)</b>		<b>612.00</b>	<b>(58.50)</b>
<b>Tax expenses:</b>	47		
Current tax		92.75	13.87
Deferred tax		63.98	22.82
Short / (Excess) tax for earlier years		(3.06)	(0.07)
<b>Total Tax Expense (VIII)</b>		<b>153.67</b>	<b>36.62</b>
<b>Profit/(Loss) for the year (IX)=(VII)-(VIII)</b>		<b>458.33</b>	<b>(95.12)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Profit &amp; Loss</b>			
Remeasurement of Defined Employee Benefit obligations		4.76	2.54
Income Tax relating to above items		(1.20)	(0.64)
Share of other comprehensive income in joint ventures, to the extent not to be reclassified to profit or loss		0.05	0.11
<b>Other Comprehensive Income (net of tax) (X)</b>		<b>3.61</b>	<b>2.01</b>
<b>Total Comprehensive Income (XI) = (IX) + (X)</b>		<b>461.94</b>	<b>(93.11)</b>
<b>Earnings per share</b>			
Basic earnings per share of ₹ 10 each	48	9.34	(1.94)
Diluted earnings per share of ₹ 10 each		9.34	(1.94)
Significant accounting policies	1		

The accompanying notes forms an integral part of these financial statements

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
Director (Finance)  
DIN No. 09476034

(Atul B. Patil)  
Chairman & Managing Director  
DIN No. 09557730

As per our report of even date attached

For Arun K. Agarwal & Associates  
Chartered Accountants  
Firm Regd. No. 003917N

(Lokesh Garg)  
Partner  
Membership No. 413012

For Dhawan & Co.  
Chartered Accountants  
Firm Regd. No. 002864N

(Deepak Kapoor)  
Partner  
Membership No.072302

Place: Noida  
Date: 29.05.2023



# Consolidated Statement of Cash Flows for the year ended 31st March 2023

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) Before Tax	612.00	(58.50)
Adjustments For :		
Depreciation / Amortization	352.84	334.55
Finance Charges	301.64	132.96
Amortisation of Deferred Govt Grant	(190.90)	(198.53)
Interest Income	(4.61)	(4.69)
Profit on Sale of Fixed Assets	(0.24)	(2.08)
Exchange Rate Variation (Net)	(32.10)	8.72
Provision for Doubtful Debts/ Advances	20.53	3.84
Provision for Obsolete/Surplus Stores	0.30	0.12
Provision for GST	(2.35)	(2.81)
Provisions no longer required written back	(129.64)	-
Stores and Spares write offs	3.92	4.18
Assets Written off	67.71	0.12
Advance Written off	129.64	-
Other Write off	0.06	0.47
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1128.80</b>	<b>218.35</b>
Adjustments For :		
Trade and Other Receivables	(1426.46)	(526.47)
Inventories	(818.80)	(1822.03)
Trade Payables, Provisions & Others Liabilities	921.70	1154.51
Direct Taxes paid	(138.32)	(53.60)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>"A"</b>	<b>(1029.24)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for purchase of PPE (including CWIP)	(208.33)	(297.23)
Investment in Joint Ventures	(2.28)	159.38
Proceeds from disposal of PPE	0.96	4.46
Interest Received	3.85	4.09
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>"B"</b>	<b>(129.30)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (Decrease) in Working Capital Borrowings & Short Term Loans	916.39	1300.32
Long Term Loan	(95.02)	(18.28)
Interest Paid	(293.68)	(134.91)
Payment of Lease Liabilities	(2.08)	(2.19)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>"C"</b>	<b>1144.94</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<b>(13.60)</b>
Cash And Cash Equivalents (Closing Balance)	12.46	25.73
Cash And Cash Equivalents (Opening Balance)	25.73	39.33
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13.27)</b>	<b>(13.60)</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
<b>Components of Cash and Cash Equivalents (Note - 14)</b>		
<b>Balances with banks</b>		
Current accounts	4.37	6.15
Remittances in transit	8.07	19.56
Cash on hand	0.02	0.02
<b>Total</b>	<b>12.46</b>	<b>25.73</b>

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
Director (Finance)  
DIN No. 09476034

(Atul B. Patil)  
Chairman & Managing Director  
DIN No. 09557730

As per our report of even date attached

For Arun K. Agarwal & Associates  
Chartered Accountants  
Firm Regd. No. 003917N

For Dhawan & Co.  
Chartered Accountants  
Firm Regd. No. 002864N

(Lokesh Garg)  
Partner  
Membership No. 413012

(Deepak Kapoor)  
Partner  
Membership No.072302

Place: Noida  
Date: 29.05.2023





## Consolidated Statement of Changes in Equity for the year ended 31.03.2023

### A. Equity Share Capital

₹ in Crore

	Notes	Amount
As at 1st April 2021	20	490.58
<b>Changes in Equity Share Capital due to prior period errors</b>		-
<b>Restated balance at the beginning of the current reporting period</b>		-
Change in equity share capital during the year		-
<b>As at 31st March 2022</b>		<b>490.58</b>
As at 1st April 2022	20	490.58
<b>Changes in Equity Share Capital due to prior period errors</b>		-
<b>Restated balance at the beginning of the current reporting period</b>		-
Change in equity share capital during the year		-
<b>As at 31st March 2023</b>		<b>490.58</b>

### B. Other Equity

₹ in Crore

Particulars	Reserve & Surplus			
	Capital Reserve	General Reserve	Retained Earning	Total
<b>Opening balance as at 1st April 2021 (As previously reported)</b>	2.51	332.89	1,314.21	1,649.61
Adj: Prior Period Error (Reversal of Provision created out of Accumulated Profit & Loss Account) <sup>^</sup>	-	-	130.69	130.69
Adj: Prior Period Error (Adjustment of amount recovered in FY 2003-04 & 2006-07) <sup>^</sup>	-	(1.05)	-	(1.05)
Adj: Creation of Provision from Retained Earnings <sup>^</sup>	-	-	(129.64)	(129.64)
Adj: Creation of Deferred Tax Asset on Provision for doubtful advance <sup>^</sup>	-	-	32.63	32.63
<b>Opening balance as at 1st April 2021 (Restated)<sup>^</sup></b>	<b>2.51</b>	<b>331.84</b>	<b>1,347.89</b>	<b>1,682.24</b>
Add: Profit for the year	-	-	(95.12)	(95.12)
Add: Comprehensive income for the year	-	-	2.01	2.01
Add: Adjustment of Bearer Plant	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	-	<b>(93.11)</b>	<b>(93.11)</b>
Dividend Paid	-	-	-	-
Transfer to/(from) retained earnings	-	-	-	-
<b>Closing balance as at 31st March 2022<sup>^</sup></b>	<b>2.51</b>	<b>331.84</b>	<b>1,254.78</b>	<b>1,589.13</b>
<b>Opening balance as at 1st April 2022 (As previously reported)</b>	2.51	332.89	1,221.10	1,556.50
Adj: Prior Period Error (Reversal of Provision created out of Accumulated Profit & Loss Account) <sup>^</sup>	-	-	130.69	130.69
Adj: Prior Period Error (Adjustment of amount recovered in FY 2003-04 & 2006-07) <sup>^</sup>	-	(1.05)	-	(1.05)
Adj: Creation of Provision from Retained Earnings <sup>^</sup>	-	-	(129.64)	(129.64)
Adj: Creation of Deferred Tax Asset on Provision for doubtful advance <sup>^</sup>	-	-	32.63	32.63
Profit for the year	-	-	458.33	458.33
Comprehensive income for the year	-	-	3.61	3.61
Adjustment of Bearer Plants (refer note 21)	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	-	<b>461.94</b>	<b>461.94</b>
Dividend Paid	-	-	-	-
Transfer to/(from) retained earnings	-	-	-	-
<b>Closing Balance as at 31st March 2023</b>	<b>2.51</b>	<b>331.84</b>	<b>1,716.72</b>	<b>2,051.07</b>

<sup>^</sup> Restated figures (Refer Note 63)

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

As per our report of even date attached

For Arun K. Agarwal & Associates  
Chartered Accountants  
Firm Regd. No. 003917N

(Lokesh Garg)  
Partner  
Membership No. 413012

(Hira Nand)  
Director (Finance)  
DIN No. 09476034

(Atul B. Patil)  
Chairman & Managing Director  
DIN No. 09557730

For Dhawan & Co.  
Chartered Accountants  
Firm Regd. No. 002864N

(Deepak Kapoor)  
Partner  
Membership No.072302

Place: Noida  
Date: 29.05.2023





# Notes to the Consolidated Financial Statements and Significant Accounting Policies

## 1. Overview and Significant Accounting Policies

### 1.1 Overview

National Fertilizers Limited (the 'company') is a company limited by shares, incorporated and domiciled in India. These are consolidated financial statements of National Fertilizers Limited and its Joint Ventures referred below for the year ended 31st March 2023.

- a) Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited has been declared Dormant company.
- b) Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Limited (EIL) and Fertilizer Corporation (FCIL) of India has been incorporated on 17.02.2015 for revival of closed Fertilizer Unit of FCIL at Ramagundam, Telengana, India.

The company is engaged in producing and marketing of Neem Coated Urea, Bio-Fertilizers (solid & liquid) and other allied Industrial products like Ammonia, Nitric Acid, Ammonium Nitrate, Sodium Nitrite and Sodium Nitrate. The company is also engaged in trading of fertilizers, compost, seeds, agro chemicals and other agro products. The registered office of the company is located at New Delhi, India. The Government of India is the principal shareholder of the company. The shares of the company are listed on National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE"), India.

The consolidated financial statements were approved for issue by the Board of Directors and authorized for issue on 29.05.2023.

### 1.2 Significant Accounting Policies

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

#### 1.2.1 Basis of preparation

##### (a) Compliance with Ind AS

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

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

##### (b) Historical cost convention

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

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- assets held for sale — measured at the lower of carrying amount and fair value less cost to sell; and





- defined benefit plans — plan assets measured at fair value.

## 1.2.2 Basis of consolidation

### Joint Venture

In the consolidated Balance Sheet Interests in the joint venture are accounted for using the equity method. Under the equity method of accounting, the investment are initially being recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described below.

These consolidated financial statements comprise the financial statement of National Fertilizers Limited (the company”) and its joint ventures (JV) (the “Group”), as given in the following table:

Name of Joint Venture	Country of incorporation	Extent of Holding (%age)	
		31 March 2023	31 March 2022
Urvarak Videsh Limited	India	33.33%	33.33%
Ramagundam Fertilizers & Chemicals Limited	India	26.00%	26.76%

## 1.2.3 Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates and judgments affect the application of accounting policies and the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of financial statements and the reported amount of revenue and expenses during the period. Application of accounting policies that require critical accounting estimates involving judgments have been disclosed in note (1.2.4).

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

## 1.2.4 Critical Accounting Estimates and judgments

### (a) Property Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the company.



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

### **(b) Revenue Recognition**

Price and freight subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC), an office of the Government of India, which regulates such subsidy and the bills are raised based on such notifications. 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 52 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 recognized net of returns, trade allowances, rebates etc. when performance obligation is satisfied by transferring control of goods or services (i.e. an asset) to a customer and it is probable to collect the consideration.

Sale of scrap/ waste materials is recognized on disposal.





### 1.2.8 Government grants

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

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

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

### 1.2.9 Income tax

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

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

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

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

### 1.2.10 Property, plant and equipment

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

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

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

## Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are aligned to useful life specified under Schedule II of the Companies Act, 2013 except for certain items of plant and machinery which are depreciated as below:

- |  |          |
|--|----------|
| a) Reformer Package and Instrumentation:                         | 15 years |
| b) Heat Exchangers, compressor, pumps, turbines and CO2 Booster: | 20 years |

In respect of plant and machinery, computer and data processing units, residual value of five percent and rupee one in respect of asset acquired out of Govt Grant / retailer margin, capital spares and other fixed assets is retained.

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

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

Spares that can be used only in connection with an item of fixed asset is depreciated over a period not exceeding the useful life of the principal item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Catalyst are capitalized and amortized based on estimated useful life as technically assessed.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss with in other Income.

### 1.2.11 Investment Property

Investment Properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss.

### 1.2.12 Intangible Assets

Intangible Assets are stated at cost less accumulated amortization and impairment.

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

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

### 1.2.13 Capital Work in Progress

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition/construction of fixed assets, are capitalised at the time of commissioning of assets.

Pre-project expenditure relating to projects which are considered unviable/closed is charged off to revenue







in the year of declaration/closure.

The capital work in progress includes construction stores including material in transit/equipment/services etc. received at site for use in the projects.

### 1.2.14 Leases

#### Till 31st March 2019:

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### With effective from 1st April 2019:

“Effective April 1st, 2019, the company has adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Accordingly, comparative information as at and for the year ended March 31, 2019 has not been restated. The impact of adoption of the standard on financial statements of the company has been disclosed in the notes to accounts.

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

#### The Company as a lessee:

The company's lease asset classes primarily consist of leases for land, vehicle and office premises. The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the company has the right to direct the use of the asset.

At the date of commencement of the lease, the company recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases,

the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and estimated restoration costs of the underlying asset where applicable. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate of the company. Lease liabilities are remeasured to reflect any re-assessment, lease modification, or revised in-substance fixed lease payments, with a corresponding adjustment to the related right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities and ROU assets have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

### **The Company as a Lessor**

Leases, for which the company is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use assets arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The company need not to make any adjustment to the accounting for assets held as lessor as a result of adopting the new leasing standard.

#### **1.2.15 Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that





suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 1.2.16 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks/ financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 1.2.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### 1.2.18 Trade receivables

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 1.2.19 Inventories - Raw materials and stores, work in progress, packaging material and finished goods

Raw materials, packaging materials and stores and spares are stated at the lower of monthly weighted average cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In case of stores and spares not moved for more than two years and upto five years, provision for obsolescence is made at five percent per annum (on straight line basis) and charged to revenue. In case of stores and spares which have not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

Finished and semi-finished goods are valued at lower of weighted average cost and net realizable value based on the applicable concession/sale price. In warehouses carrying Finished Goods of more than one Plant, the Plant wise finished stocks are determined on first-in-first-out basis and costs worked out accordingly.

Traded Fertilizers are valued at lower of cost determined on first-in-first-out basis and net realizable value.

Other Traded Goods are valued at lower of weighted average cost and net realizable value.

### 1.2.20 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. However, trade receivables that do not contain a significant financing component are measured at transaction price. 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 59 details how the





company determines whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (d) **Income recognition**

##### **Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

##### **Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

#### (e) **Derivatives**

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value through profit or loss at the end of each reporting period.

### **1.2.21 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### **1.2.22 Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **1.2.23 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

### **1.2.24 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and





prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the statement of Profit and Loss Account in the period in which they are incurred.

### 1.2.25 Employee benefits

#### (a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (b) Other long-term employee benefit obligations

The company provides following long term benefits:

- i) Leave Encashment (Earned Leave/Sick Leave/Half Pay Leave)
- ii) Long Service Award (LSA)

The liability for Leave encashment and Long term service awards are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the financial reporting period using the projected unit credit method as calculated by Actuary. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

#### (c) Post-employment obligations

The company operates the following post-employment schemes:

- (i) defined benefit plans such as gratuity, provident fund, post retirement settlement benefits, social security benefits and employees' family economic rehabilitation scheme; and
- (ii) defined contribution plans such as post-employment medical plan and pension plan.

#### (d) Defined Benefit Obligations

The defined benefit obligation (other than Provident Fund) is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The liability or asset recognised in the balance sheet in respect of defined benefit obligations (except Provident Fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined





benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

#### (e) **Provident Fund**

Contribution to provident fund is accounted for on accrual basis. The provident fund contributions are made by employee and company as monthly contribution equal to specified percentage of covered employee's salary to a trust administered by the company. The trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the trust is notified by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

#### (f) **Defined Contribution Plans**

The company has a Post-Retirement Medical Benefits (PRMB) and pension plan for its employees. The company has taken the insurance policies to meet its obligations under these plans. Accordingly, the liability of the company is limited upto the amount of insurance premium paid. These plans have been treated as defined contribution plans. The insurance premium paid for these plans is recognised as employee benefit expense and charged in statement of profit and loss account.

### 1.2.26 Provisions

Provisions (other than employee benefits) are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

### 1.2.27 Claims

Pending settlement, claims made on underwriters /railways /others as assessed by the company are recognized on the basis of certainty of ultimate collection.

### 1.2.28 Adjustment pertaining to Prior Period

Income/Expenditure pertaining to prior period upto Rs 10.00 crores in each case subject to cumulative limit of 0.50% of sales turnover of previous year are not considered material and are included under the income/expenditure of the current year.

### 1.2.29 Prepaid Expenditure

Prepaid expenditure upto Rupee one lakh in each case not being considered material is included under the expenditure of the current year.

### 1.2.30 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's board of directors.



### 1.2.31 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 2023

### Note: 2 Property, Plant and Equipment

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2022	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2023	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2022	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2023	As at 31st March 2023	As at 31st March 2022
<b>LAND</b>										
- Freehold	12.19	-	-	12.19	-	-	-	-	12.19	12.19
- Leasehold	6.35	-	-	6.35	0.70	0.10	-	0.80	5.55	5.65
<b>BUILDINGS</b>										
- on Freehold Land	151.16	9.13	-	160.29	37.04	5.74	-	42.78	117.51	114.12
- on Leasehold Land	35.30	0.20	-	35.50	19.80	1.18	-	20.98	14.52	15.50
Leasehold Buildings	0.28	5.25	-	5.53	0.28	0.05	-	0.33	5.20	-
Plant and Machinery	5984.64	123.98	78.00	6030.62	1945.64	330.78	9.68	2,266.74	3763.88	4039.00
Furniture and Fixtures	4.12	1.55	0.05	5.62	2.37	0.42	0.02	2.77	2.85	1.75
Vehicles	9.06	0.35	0.07	9.34	3.23	0.87	0.07	4.03	5.31	5.83
Office Equipments	8.20	2.17	(0.09)	10.46	4.97	1.36	(0.09)	6.42	4.04	3.23
<b>OTHERS</b>										
Electrical Installations	23.06	1.56	0.38	24.24	17.19	1.58	0.34	18.43	5.81	5.87
Railway Sidings	2.95	4.47	-	7.42	1.13	0.20	-	1.33	6.09	1.82
EDP Equipments	52.58	6.79	(0.30)	59.67	45.84	3.88	(0.31)	50.03	9.64	6.74
Other Equipments	34.40	4.24	0.16	38.48	22.11	3.79	0.14	25.76	12.72	12.29
Bearer Plants	-	-	-	-	-	-	-	-	-	-
<b>As at 31st March, 2023</b>	<b>6324.29</b>	<b>159.69</b>	<b>78.27</b>	<b>6405.71</b>	<b>2100.30</b>	<b>349.95</b>	<b>9.85</b>	<b>2440.40</b>	<b>3965.31</b>	<b>4223.99</b>
<b>As at 31st March, 2022</b>	<b>5385.07</b>	<b>964.41</b>	<b>25.19</b>	<b>6324.29</b>	<b>1776.35</b>	<b>330.90</b>	<b>6.95</b>	<b>2100.30</b>	<b>4223.99</b>	

#### Footnote:

- Out of total land of 2541.82 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 title of entire land including 325.70 acre vests with the Company in the records, the physical possession of 325.70 acres of land is not with the Company. Further, there is a litigation in respect of land measuring 1.7 acres approx. before Punjab & Haryana High Court, Chandigarh. The Regular Second Appeal (RSA) preferred by appellant is pending wherein Hon'ble High Court has ordered status-quo in the matter.
- 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 ₹ 3890.17 crore (CPLY ₹ 3890.68 crore) represented by capital grant as disclosed in Note: 26 & 34 relating to Deferred Government Grant and the net Property, Plant & Equipment of Ammonia Feed Stock Conversion Projects amount to ₹ 1925.20 crore (CPLY ₹ 2115.66 crore) as on 31.03.2023.
- In terms of exemption granted under Ind AS 101, the company has opted to treat exchange difference arising from translation of long term foreign currency monetary items as addition/deletion to Property, Plant & Equipment. Accordingly, an exchange loss/(gain) of ₹ Nil crore (CPLY gain of ₹ Nil crore) has been included in the addition to Property, Plant & Equipment as on 31st March, 2023. The unamortized amount of exchange difference as on 31.03.2023 is ₹ 56.12 crore (CPLY ₹ 59.81 crore).
- During the year, on 9th January 2023, Gas Turbine Generator (GTG) along with HRSG (Heat Recovery Steam Generator), a major part of PPE, installed at Bathinda Unit tripped during normal plant operation and a major component of GTG unit got completely damaged. After technical inspection by the OEM and as estimated by OEM and the company, 55% of the total cost of GTG plant needs replacement.

Accordingly, Gross Carrying amount of ₹ 73.58 Crores having a written down value (WDV) of ₹ 67.65 crore, has been derecognized from "Property Plant & Equipment" in the financial statements for the FY 2022-23 and estimated salvage value of the damaged component amounting to Rs. 0.22 Crore has been considered as "Non-Current Asset held for Sale" w.e.f. 9th January 2023.

e. The Gross Carrying Amount and the Net Carrying Amount of Bearer Plant is ₹ 1404/- . Hence, Nil due to rounding off.

f. Title deeds of following Immoveable Properties are not held in the name of the Company:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property Plant & Equipment	Leasehold Land - Vijaipur	*	Govt of Madhya Pradesh	No	12.07.1984	Lease Deed is under execution.
Property Plant & Equipment	Free Hold Land - Bathinda	₹ 0.15 crore	Govt of Punjab	No	11.02.1988 10.03.1988 20.01.1988 21.01.1988 23.05.1984	Out of 685.301 Acres of land, 14.261 Acres of land for construction of Fertilizers Minor was acquired at the cost of NFL but there is no provision in the Government rules to transfer the ownership of Government Property.
Property Plant & Equipment	Free hold land at Alwar	**	Urban Improvement Trust, Alwar	No	05.04.1986	The land has not yet been registered in the name of NFL due to on going litigation between Urban Improvement Trust, Alwar and the concerned farmer.

\* The deemed cost of Leasehold Land at Vijaipur Unit as on 01.04.2015 (Transition to Ind AS) was Nil.

\*\* The value of Land at Alwar is ₹ 1, hence figure not given.







# Notes to Consolidated Financial Statements for the year ended 31st March 2023

## Note: 3 Right-of-Use Assets

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2022	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2023	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2022	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2023	As at 31st March 2023	As at 31st March 2022
Vehicles	8.14	0.65	0.08	8.71	5.66	2.14	0.08	7.72	0.99	2.48
<b>As at 31st March, 2023</b>	<b>8.14</b>	<b>0.65</b>	<b>0.08</b>	<b>8.71</b>	<b>5.66</b>	<b>2.14</b>	<b>0.08</b>	<b>7.72</b>	<b>0.99</b>	<b>2.48</b>
<b>As at 31st March, 2022</b>	<b>7.49</b>	<b>0.72</b>	<b>0.07</b>	<b>8.14</b>	<b>3.56</b>	<b>2.17</b>	<b>0.07</b>	<b>5.66</b>	<b>2.48</b>	

### Amount recognised in Statement of Profit and Loss Account

₹ in Crore

Particulars	FY 2022-23	FY 2021-22
Depreciation charged for the Right- of- Use Asset	2.14	2.17
Interest Expense	0.18	0.32

The Total Cash Outflow for leases for the year ended March 31, 2023 was ₹ 2.26 crore (CPLY ₹ 2.51 crore)

### The following is the movement in lease liabilities during the year ended March 31, 2023

₹ in Crore

Particulars	FY 2022-23	FY 2021-22
Opening Balance	2.74	4.21
Additions during the period	0.65	0.72
Finance Cost accrued during the period	0.18	0.32
Less : Payment of Lease Liability	2.26	2.51
<b>Closing Balance</b>	<b>1.31</b>	<b>2.74</b>
Lease Liability - Current (Note No. - 30)	0.77	2.00
Lease Liability - Non Current (Note No. - 23)	0.54	0.74

# Notes to Consolidated Financial Statements for the year ended 31st March 2023

## Note: 4 Investment Property

₹ in Crore

Description	Gross Carrying Amount as on 1st April 2022	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2023	Depreciation				Net carrying Amount	
					Accumulated Depreciation as on 1st April 2022	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2023	As at 31st March 2023	As at 31st March 2022
<b>Building</b>										
Scope Building – New Delhi	1.18	-	-	1.18	0.26	0.04	-	0.30	0.88	0.92
Paryavas Bhawan – Bhopal	0.30	-	-	0.30	0.23	0.03	-	0.26	0.04	0.07
Bajaj Bhawan - Mumbai	0.05	-	-	0.05	-	-	-	-	0.05	0.05
<b>As at 31st March, 2023</b>	<b>1.53</b>	<b>-</b>	<b>-</b>	<b>1.53</b>	<b>0.49</b>	<b>0.07</b>	<b>-</b>	<b>0.56</b>	<b>0.97</b>	<b>1.04</b>
<b>As at 31st March, 2022</b>	<b>1.53</b>	<b>-</b>	<b>-</b>	<b>1.53</b>	<b>0.42</b>	<b>0.07</b>	<b>-</b>	<b>0.49</b>	<b>1.04</b>	

- (i) Title/Lease Deed for Building at Scope Complex, New Delhi is pending for execution.
- (ii) The above assets have been determined as Investment Properties with effect from 01.04.2019.
- iii) Information regarding income and expenditure of Investment Property**

₹ in Crore

Particulars	As at 31st March 2023	As at 31st March 2022
Rental Income derived from investment properties.	13.88	13.35
Less : Direct operating expenses (including repairs and maintenance) generating rental income	0.15	0.33
Less : Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.01	0.01
<b>Profit arising from investment properties before depreciation and indirect expense.</b>	<b>13.72</b>	<b>13.01</b>
Less: Depreciation	0.07	0.07
<b>Profit arising from investment properties before indirect expense.</b>	<b>13.65</b>	<b>12.94</b>

**(iv) Title deeds of following Investment Property is not held in the name of the Company**

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Investment Property	3190.46 Sq Mtrs in Core - III, SCOPE Complex, Lodhi Road, New Delhi	1.18	SCOPE	No	19.10.1979	The company is a deemed owner of the property.





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 5 Capital Work-In-Progress

₹ in Crore

Particulars	As at 31st March 2023	As at 31st March 2022
Building	11.40	14.47
Plant and Machinery	22.42	23.80
Capital Stores	113.12	73.88
Expenditure During Construction Period	0.33	-
	<b>147.27</b>	<b>112.15</b>
<b>Details of Expenditure During Construction Period</b>		
<b>Opening Balance</b>	-	<b>98.04</b>
<b>Add: Expenditure during the year:</b>		
Employees' Remuneration & Benefits	-	0.88
Power & fuel	-	2.54
Project Management fee	0.07	0.12
Other Expenses	0.26	1.13
Finance cost	-	14.98
Trial Run Expense:	-	5.85
<b>Total</b>	<b>0.33</b>	<b>25.50</b>
<b>Total Expenditure</b>	<b>0.33</b>	<b>123.54</b>
<b>Less: Transfer to Property, Plant &amp; Equipment</b>	-	123.54
<b>Closing Balance</b>	<b>0.33</b>	-

#### a) CWIP ageing schedule as at 31.03.2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	122.00	23.78	1.17	0.32	147.27
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>122.00</b>	<b>23.78</b>	<b>1.17</b>	<b>0.32</b>	<b>147.27</b>

#### b) The following is the list of project under capital-work-in progress as on 31.03.2023, whose completion is overdue or has exceeded its cost compared to its original plan:

CWIP	Name of Scheme	Total Budgeted Cost	Total Actual Cost	Date of Completion as per PO / WO	Expected	To be completed in			
						Less than 1 year	1-2 years	2-3 years	More than 3 years
Nil									

## Note: 6 Other Intangible Assets

₹ in Crore

Description	Gross Block				Amortization				Net Block	
	Gross Carrying Amount as on 1st April 2022	Additions	Deductions/ Adjustments	Gross Carrying Amount as on 31st March 2023	Accumulated Depreciation as on 1st April 2022	For the year	Deductions/ Adjustments	Accumulated Depreciation upto 31st March 2023	As at 31st March 2023	As at 31st March 2022
Computer Software	3.14	0.01	0.02	3.13	1.30	0.48	0.02	1.76	1.37	1.84
Licence and Know-how	26.18	0.05	-	26.23	25.99	0.20	-	26.19	0.04	0.19
As at 31st March, 2023	<b>29.32</b>	<b>0.06</b>	<b>0.02</b>	<b>29.36</b>	<b>27.29</b>	<b>0.68</b>	<b>0.02</b>	<b>27.95</b>	<b>1.41</b>	<b>2.03</b>
As at 31st March, 2022	<b>27.19</b>	<b>2.13</b>	-	<b>29.32</b>	<b>25.88</b>	<b>1.41</b>	-	<b>27.29</b>	<b>2.03</b>	





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note: 7 Intangible assets under development

₹ in Crore

DESCRIPTION	Gross Block				
	Gross Carrying Amount as on 1st April 2022	Additions	Deductions/ Adjustments	Capitalisation	Gross Carrying Amount as on 31st March 2023
ERP	26.34	4.10	-	-	30.44
<b>As at 31st March, 2023</b>	26.34	4.10	-	-	30.44
<b>As at 31st March, 2022</b>	22.22	4.44	0.32	-	26.34

#### a) Intangible assets under development aging schedule as on 31.03.2023

Intangible assets under development	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress - ERP	4.10	4.44	21.42	0.48	30.44
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>4.10</b>	<b>4.44</b>	<b>21.42</b>	<b>0.48</b>	<b>30.44</b>

#### b) The following is the list of Intangible Assets under Development as on 31.03.2023, whose completion is overdue or has exceeded its cost compared to its original plan:

₹ in Crore

Intangible assets under development	Name of Scheme	Total Budgeted Cost	Total Actual Cost	Date of Completion as per PO / WO	Expected Date of Completion	To be completed in			
						Less than 1 year	1-2 years	2-3 years	More than 3 years
ERP	Implementation of ERP	Rs.49.50 Crore	Rs. 42.18 Crore	29-07-2021	30-09-23	11.74	-	-	-



## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note: 8 Investments

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Investment in Equity instruments of Bodies Corporates (Unquoted) #</b>		
<b>Joint Venture Companies</b>		
1,80,002 Equity Shares (CPLY 1,80,002 Equity Shares) with face value of ₹10 each fully paid up in Urvarak Videsh Limited**	0.02	0.02
Accumulated Losses in Joint Venture	(0.01)	(0.01)
Share of Loss in Joint Venture	-	-
<b>(A)</b>	<b>0.01</b>	<b>0.01</b>
49,14,62,400 Equity Shares (CPLY 49,14,62,400 Equity Shares) with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)§	491.46	491.46
Accumulated Losses in Joint Venture	(234.45)	(31.24)
Share of Profit / (Loss) in Joint Venture	2.28	(203.21)
<b>(B)</b>	<b>259.29</b>	<b>257.01</b>
<b>Total (A + B)</b>	<b>259.30</b>	<b>257.02</b>
<b>Investment in Equity Instruments of Co-operative Societies (Unquoted)*</b>		
1250 Equity Shares (CPLY 1250 Equity Shares) with face value of ₹10 each fully paid up (₹12500) in NFL Employees' Consumer co-operative stores	*	*
100 Equity Shares (CPLY 100 Equity Shares) with face value of ₹50 each fully paid up (₹5000) in NFL Employees' Consumer co-operative stores	*	*
Investment in mutual fund (₹5000)	*	*
	<b>259.30</b>	<b>257.02</b>

\* 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	
		31st March 2023	31st March 2022
Urvarak Videsh Limited	India	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	26.00

\*\* Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup on 18.07.2008 for fertilizer business and rendering consultancy services in this regard. Urvarak Videsh Limited was declared Dormant Company from 04.11.2015.

§ 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. RFCL has declared commercial operation on 22.03.2021. The Annual Urea capacity of plant is 12.71 Lakhs MT.





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 9 Loans

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Secured, considered good</b>		
Loans to employees	3.96	4.66
<b>Unsecured, considered good</b>		
Loans to employees	-	-
	<b>3.96</b>	<b>4.66</b>

### Note : 10 Other Financial Assets

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Security Deposits	27.26	25.08
Fixed Deposit - Margin Money against Bank Guarantees (more than one year)	8.10	8.10
Claims recoverable	0.54	1.55
	<b>35.90</b>	<b>34.73</b>
Unsecured, considered good from above	35.72	34.48
Unsecured, considered doubtful from above	0.18	0.25
Provision for doubtful advances*	(0.18)	(0.25)
	<b>35.72</b>	<b>34.48</b>
<b>* Details of Provisions for doubtful advance</b>		
Claims recoverable	0.18	0.25
<b>Total</b>	<b>0.18</b>	<b>0.25</b>

### Note : 11 Other Non-Current Assets

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Unsecured, considered good</b>		
Income Tax Assets (Net)	58.20	49.22
Recoverable Balances with customs and excise authorities	0.85	0.85
Supplier#	-	129.64
Others	2.01	0.93
	<b>61.06</b>	<b>180.64</b>
Unsecured, considered good from above	61.05	50.99
Unsecured, considered doubtful from above	0.01	129.65
Provision for doubtful advances <sup>^</sup>	(0.01)	(0.01)
Provision for doubtful advances appropriated from reserve <sup>^</sup>	-	(129.64)
	<b>61.05</b>	<b>50.99</b>
<b>^ Details of Provisions for doubtful advances</b>		
Suppliers	-	129.64
Others	0.01	0.01
<b>Total</b>	<b>0.01</b>	<b>129.65</b>

# Refer Note 62



## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 12 Inventories

₹ in Crore

	As at 31st March 2023		As at 31st March 2022	
Raw materials	4.86		4.18	
Add: In transit	0.39	5.25	1.58	5.76
Work in Progress		64.68		34.82
Finished goods	104.99		275.86	
Add: In transit	169.66	274.65	60.68	336.54
Traded goods	1920.94		1561.58	
Add: In transit	585.60	2506.54	85.54	1647.12
Stores and spares	164.21		176.69	
Add: In transit	9.10		2.87	
Less: Provision for Obsolescence	2.24	171.07	1.94	177.62
Loose Tools		0.07		0.06
Packing Materials	18.22		25.17	
Add: In transit	3.78	22.00	1.68	26.85
Others (Carbon Slurry)*		25.55		26.52
		<b>3069.81</b>		<b>2255.29</b>

\* Based on expert opinion, during FY 2021-22 stock of Carbon Slurry has been recognised as inventory on account of contractual agreements with third parties considering likely certainty of performance





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 13 Trade Receivables

₹ in Crore

	As at 31st March 2023		As at 31st March 2022	
<b>Trade Receivables outstanding for a period more than six months from the date they are due for payment</b>				
Subsidy (Government of India)#	77.81		25.48	
Others	10.28	88.09	12.72	38.20
<b>Trade Receivables less than six months</b>				
Subsidy (Government of India)#	3444.30		2617.14	
Others	626.58	4070.88	174.82	2791.96
Provision for doubtful receivables		(40.44)		(21.70)
		<b>4118.53</b>		<b>2808.46</b>
<b>Aggregate of trade receivables:</b>				
Unsecured, considered good (including secured debts backed by bank guarantees ₹ 54.68 crore, (CPLY ₹ 16.68 crore)		4118.53		2808.46
Unsecured, considered doubtful		40.44		21.70
Provision for doubtful receivables		(40.44)		(21.70)
		<b>4118.53</b>		<b>2808.46</b>

# The Total Subsidy Receivable is ₹ 3522.11 crore (CPLY ₹ 2642.62 crore).

Pending sale of Urea and P&K fertilizer totalling 10.616 lakh MT through POS device to beneficiaries as on 31.03.2023, subsidy of ₹ 3896.87 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS device and same has been recognized in the current period (CPLY quantities 5.24 lakh MT and subsidy ₹ 1064.65 crore).

### Trade Receivable Ageing Schedule as on 31.03.2023

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	4,025.65	47.73	20.31	1.38	23.46	4,118.53
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>4,025.65</b>	<b>47.73</b>	<b>20.31</b>	<b>1.38</b>	<b>23.46</b>	<b>4,118.53</b>

### Trade Receivable Ageing Schedule as on 31.03.2022

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	2782.30	0.91	1.56	0.30	23.39	2808.46
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>2782.20</b>	<b>0.91</b>	<b>1.56</b>	<b>0.30</b>	<b>23.39</b>	<b>2808.46</b>







## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note: 14 Cash and Cash Equivalents

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Balances with banks</b>		
Current accounts	4.37	6.15
Remittances in transit	8.07	19.56
<b>Cash on hand</b>	0.02	0.02
	<b>12.46</b>	<b>25.73</b>

### Note: 15 Other Bank Balances

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Fixed Deposit - Margin Money against Bank Guarantees	3.30	2.88
Unclaimed dividend account	0.20	0.21
	<b>3.20</b>	<b>3.09</b>

### Note : 16 Loans

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Secured, considered good</b>		
Loans to employees	0.77	0.88
<b>Unsecured, considered good</b>		
Loans to employees	1.90	1.77
	<b>2.67</b>	<b>2.65</b>

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 17 Other Financial Assets

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Security Deposits	0.48	0.46
Claims recoverable	43.28	89.64
Interest Accrued but not due on Deposits	6.43	5.40
	<b>50.19</b>	<b>95.50</b>
Unsecured, considered good from above	49.97	95.50
Unsecured, considered doubtful from above	0.22	-
Provision for doubtful advances*	(0.22)	-
	<b>49.97</b>	<b>95.50</b>
<b>* Details of Provisions for doubtful advance</b>		
Claims recoverable	0.22	-
<b>Total</b>	<b>0.22</b>	<b>0.00</b>

### Note : 18 Current Tax Assets (Net)

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Advance Tax / TDS	137.88	18.79
Less : Provision for Tax	(93.95)	(14.51)
	<b>43.93</b>	<b>4.28</b>





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note: 19 Other Current Assets

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Unsecured, considered good unless otherwise stated</b>		
<b>Advances</b>		
Contractors	16.66	4.22
Suppliers*	207.23	238.78
Employees	2.78	3.21
Recoverable/Balances with customs and excise authorities	1.48	1.48
GST Input Credit	409.22	280.75
Non Current Asset Held for Sale#	17.71	17.72
Others	104.71	72.57
	<b>759.79</b>	<b>618.73</b>
Unsecured, considered good from above	726.16	583.42
Unsecured, considered doubtful from above	33.63	35.31
Provision for doubtful advances^	(33.63)	(35.31)
	<b>726.16</b>	<b>583.42</b>
<b>^ Details of Provisions for doubtful advances</b>		
Contractors	0.58	0.32
Suppliers	6.36	6.51
GST Input Credit	25.11	27.46
Others	1.58	1.02
<b>Total</b>	<b>33.63</b>	<b>35.31</b>

\* Includes amount recoverable on account of Gas Pool Account amounting to ₹ 185.18 crore (CPLY ₹ 193.88 crore)

#### \* Details of Non-Current Asset Held for Sale

₹ in Crore

Particulars	As at 31.03.2023	As at 31.03.2022
Plant & Machinery	17.71	17.72

The Company expects to dispose of items classified under "Non Current Asset Held for Sale" within one year.

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 20 Equity Share Capital

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Authorized</b> 100,00,00,000 Equity Shares (CPLY 100,00,00,000 Equity Shares) of ₹ 10 each	1000.00	1000.00
<b>Issued, Subscribed and Paid-up</b> 49,05,78,400 Equity Shares (CPLY 49,05,78,400 Equity Shares) of ₹ 10 each fully paid up	490.58	490.58
	<b>490.58</b>	<b>490.58</b>

#### a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period.

Particulars	31st March 2023		31st March 2022	
	No. of Shares	Amount (₹ In crore)	No. of Shares	Amount (₹ In crore)
Opening Balance	490578400	490.58	490578400	490.58
Increase during the year	-	-	-	-
<b>Closing Balance</b>	<b>490578400</b>	<b>490.58</b>	<b>490578400</b>	<b>490.58</b>

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. The dividend proposed by the Board of Director is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which is approved by the Board of Directors. In the event of liquidation of the company, the holders of equity share will be entitled to receive the remaining assets of the company, after distribution to creditors and all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder.

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

Particulars	31st March 2023		31st March 2022	
	No.	%	No.	%
<b>Equity Shares of ₹ 10 each fully paid</b>				
i) Government of India	366529532	74.71	366529532	74.71
ii) Life Insurance Corporation of India (LIC)	49048115	10.00	55523101	11.32

#### d. Shareholding of Promoters as under:

Equity Shares held by promoters as on 31.03.2023				% Change during the year
S.No.	Promoter name	No. of Shares	% of total shares	
1.	Government of India	366,529,532	74.71	-
	<b>Total</b>	<b>366,529,532</b>	-	-

Equity Shares held by promoters as on 31.03.2022				% Change during the year
S.No.	Promoter name	No. of Shares	% of total shares	
1.	Government of India	366,529,532	74.71	-
	<b>Total</b>	<b>366,529,532</b>	-	-





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 21 Other Equity

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Capital Reserve</b>		
Balance at the beginning of the year	2.51	2.51
Balance at the end of the year	<b>A 2.51</b>	<b>2.51</b>
<b>General Reserve</b>		
Balance at the beginning of the year (As previously reported)	332.89	332.89 <sup>^</sup>
Adj: Prior Period Error (Adjustment of amount recovered in FY 2003-04 & 2006-07) <sup>^</sup>	(1.05)	(1.05)
Opening balance as at 1st April 2021 (Restated) <sup>^</sup>	-	<b>331.84</b>
Balance at the end of the year <sup>^</sup>	<b>B 331.84</b>	<b>331.84</b>
<b>Retained Earnings in Statement of Profit and Loss</b>		
Balance at the beginning of the year (As previously reported)	1221.10	1314.21 <sup>^</sup>
Adj: Prior Period Error (Reversal of Provision created out of Accumulated Profit & Loss Account) <sup>^</sup>	130.69	130.69
Adj: Creation of Provision from Retained Earnings <sup>^</sup>	(129.64)	(129.64)
Adj: Creation of Deferred Tax Asset on Provision for doubtful advance <sup>^</sup>	32.63	32.63
<b>Balance at the beginning of the year (Restated)<sup>^</sup></b>	-	<b>1347.89<sup>^</sup></b>
Less: Dividend Paid	-	-
Less: Adjustment of Bearer Plants	*	*
	1254.78	1347.89
Profit/(Loss) for the year transferred from Statement of Profit and Loss	458.33	(95.12)
Profit/(Loss) for the year transferred from Other Comprehensive Income	3.61	2.01
<b>Balance at the end of the year</b>	<b>C 1716.72</b>	<b>1254.78</b>
<b>Total (A+B+C)</b>	<b>2051.07</b>	<b>1589.13</b>

\* Value being less than ₹50,000/- not appearing.

<sup>^</sup> Restated figures (Refer Note 63)

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 22 Borrowings

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Term Loans</b>		
Rupee Term Loan (Secured)*	534.71	629.73
	<b>534.71</b>	<b>629.73</b>

# To meet the funding requirement of Energy Saving and other Capex Schemes, the company has entered into a Rupee Term Loan Agreement with SBI on 24.12.2018 for ₹ 1044 crore.

The borrowings of Rupee Term loan is secured by first pari-passu charge on the fixed assets (both movable and immovable) of the manufacturing units i.e. Nangal, Bathinda, Panipat, Vijaipur - I & Vijaipur - II and Corporate Office and over cash flow of the company.

A sum of ₹ 639.11 crore is outstanding as on 31.03.2023 out of which instalment due for payment upto 31st March 2024 amounting to ₹ 104.40 crore is disclosed on Note: 29 - Borrowings.

Repayment of sanctioned term loan would be repayable in 40 quarterly instalments of ₹ 26.10 crore each started from June 2020 and ending in March 2030. The rate of interest on the term loan is 6 months SBI MCLR plus spread of 0.15%. During the year, for the period upto 29th June 2022, interest Rate was 7.10 % p.a, from 30th June 2022 to 29th December 2022, interest rate was 7.50%, and from 30th December 2022 onwards, interest Rate was 8.45%.







## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 23 Lease Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Lease Liability	0.54	0.74
	<b>0.54</b>	<b>0.74</b>

### Note : 24 Other Financial Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Security Deposits	5.91	5.29
Others <sup>#</sup>	18.86	18.19
	<b>24.77</b>	<b>23.48</b>

# Gross amount of ₹ 23.98 crore (CPLY ₹ 24.28 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 : 25 Provisions

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Provision for employee benefits * <sup>^</sup>	206.55	205.68
	<b>206.55</b>	<b>205.68</b>
<b>* Item wise breakup of Provisions for employee benefits</b>		
Earned Leave	98.15	95.89
Half Pay Leave	93.69	94.93
Post Retirement Settlement Benefits	1.46	1.52
Long Service Award	0.56	0.64
Social Security Benefits	3.92	3.95
Employees' Family Economic Rehabilitation Scheme	8.57	8.75
	<b>206.55</b>	<b>205.68</b>

<sup>^</sup> Short term Provision for Employee Benefits of ₹ 94.77 crore is disclosed in Note 33.

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note: 26 Deferred Government Grant

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Opening Balance <sup>#</sup>		
Non Current	1926.94	2116.74
Current	194.87	204.25
Add: Addition/Adjustment during the year (AFCP)*	(0.70)	(1.71)
Add: Addition/Adjustment during the year (Others)	3.85	1.06
Less : Govt Grant recognised in Statement of Profit & loss Account (Note No. 36)	190.90	198.53
Less : Transferred Deferred Government Grant Current (Note 34)	194.88	194.87
	<b>1739.18</b>	<b>1926.94</b>

# Includes Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II)(2) dated 08.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 08.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 08.02.2010 for Nangal Unit. The grant has been accordingly accounted for as per Ind AS 20 'Accounting for Government Grants'.

\* Represents addition / adjustment 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 2023

### Note:27 Deferred Tax Assets / Liability (net)

₹ in Crore

	As at 31st March 2023	As at 31st March 2022 <sup>^</sup>
<b>Deferred Tax Liability (A)</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.	173.53	173.74
<b>(A)</b>	<b>173.53</b>	<b>173.74</b>
<b>Deferred Tax Assets (B)</b>		
Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.	105.90	137.46
Creation of Deferred Tax Asset on Provision for doubtful advance <sup>^</sup>	-	32.63
<b>(B)</b>	<b>105.90</b>	<b>170.09</b>
<b>Net deferred tax liability (A-B)</b>	<b>67.63</b>	<b>3.65</b>

#### Movement in deferred tax components

₹ in Crore

Particulars	At April 1, 2022	Charged or (credited) to profit or loss	At March 31, 2023
Expenses allowed on cash basis	137.46	31.56	105.90
Creation of Deferred Tax Asset on Provision for doubtful advance	32.63	32.63	-
Property, Plant & Equipment impact	(173.74)	(0.21)	(173.53)
<b>Total</b>	<b>(3.65)</b>	<b>63.98</b>	<b>(67.63)</b>

<sup>^</sup> Restated figures (Refer Note 63)

Tax has been computed as per section 115 BAA of the Income Tax Act, 1961.

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 28 Other Non Current Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Others	6.49	7.15
	<b>6.49</b>	<b>7.15</b>

### Note : 29 Borrowings

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
<b>Secured</b>		
Cash credit from banks*	43.86	10.23
Working Capital Demand Loan*	1200.00	1200.13
<b>Unsecured</b>		
Commercial Paper	-	-
Short Term loans from Banks	2107.96	1225.07
<b>Current maturities of long term borrowings</b>		
Rupee Term Loan <sup>§</sup>	104.40	104.40
	<b>3456.22</b>	<b>2539.83</b>

\* Cash credit / Working Capital Demand Loan from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation on the whole of the current assets of the borrower namely, Stocks of Raw Materials, Stocks in Process, Semi Finished and Finished Goods, Stores and Spares not relating to Plant & Machinery (Consumable Stores and Spares), Bills receivables and book debts and all other moveables, both present and future of the company.

§ Details in respect of Interest and terms of repayment of Rupee Term Loan are disclosed in Note : 22 Borrowings.

Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts

### Note : 30 Lease Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Lease Liabilities	0.77	2.00
	<b>0.77</b>	<b>2.00</b>





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 31 Trade Payables

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Micro and Small Enterprises*	7.07	8.36
Other than Micro and Small Enterprises <sup>§</sup>	1748.86	1439.98
	<b>1755.93</b>	<b>1448.34</b>

\*Interest amount due to MSME parties during the year is not due/accrued/paid or payable.

§ Includes amount of ₹ 1382.83 crore (CPLY ₹ 1189.78 crore) on account of Gas supplies.

#### Trade Payables ageing Schedule as on 31.03.2023

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	7.07	-	-	-	7.07
(ii) Others	1,682.61	25.57	27.12	13.12	1748.42
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	0.44	0.44
<b>Total</b>	<b>1,689.68</b>	<b>25.57</b>	<b>27.12</b>	<b>13.56</b>	<b>1755.93</b>

#### Trade Payables ageing Schedule as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	8.36	-	-	-	8.36
(ii) Others	1,379.71	36.73	20.06	2.84	1,439.34
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	0.64	0.64
<b>Total</b>	<b>1,388.07</b>	<b>36.73</b>	<b>20.06</b>	<b>3.48</b>	<b>1,448.34</b>

### Note : 32 Other Financial Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Creditors for Capital Works	53.45	62.81
Security Deposits	302.90	260.29
Liability for employee benefits / remuneration	52.00	32.09
Unclaimed dividend	0.20	0.21
Unspent amount of CSR yet to be transferred to specified fund account	-	0.04
Others <sup>§</sup>	1322.36	659.95
	<b>1730.91</b>	<b>1015.39</b>

§ Gross amount of ₹ 3.57 crore (CPLY ₹ 1.32 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 2023

### Note : 33 Provisions

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Provisions for employee benefits* <sup>^</sup>	94.77	227.20
Provision for Impairment in NFL PF Trust Investment (refer note 51.1.7)	15.20	12.16
	<b>109.97</b>	<b>239.36</b>
<b>* Item wise breakup of provisions for employee benefits:</b>		
Gratuity	56.65	190.64
Earned Leave	15.77	15.15
Half Pay Leave	18.49	17.31
Post Retirement Settlement Benefits	0.23	0.23
Long Service Award	0.17	0.20
Social Security Benefits	1.26	1.34
Employees' Family Economic Rehabilitation Scheme	2.20	2.33
	<b>94.77</b>	<b>227.20</b>

<sup>^</sup> Long term Provision for Employee Benefits of ₹ 206.55 crore is disclosed in Note 25.







## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note: 34 Deferred Government Grant

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Deferred Government Grant		
AFCP <sup>#</sup>	193.46	194.16
Others	1.42	0.71
	<b>194.88</b>	<b>194.87</b>

# 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 08.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 08.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 08.02.2010 for Nangal Unit. The grant has been accordingly accounted for as per Ind AS 20 'Accounting for Government Grants'.

Non Current Deferred Government Grant is disclosed in Note No. 26.

### Note: 35 Other Current Liabilities

₹ in Crore

	As at 31st March 2023	As at 31st March 2022
Advances from customers	34.13	69.15
Statutory Dues	71.41	50.17
Provision for Statutory Dues	57.41	57.41
	<b>162.95</b>	<b>176.73</b>

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 36 Revenue from operations

₹ in Crore

	As at 31st March 2023	Year Ended 31st March 2022
<b>A) Sale of Goods</b>		
Finished goods	2948.11	2432.83
Traded goods	4139.79	2456.31
<b>(a)</b>	<b>7087.90</b>	<b>4889.14</b>
<b>Subsidy from Government of India:</b>		
<b>Finished goods (Urea)-Subsidy</b>		
Finished goods (Urea)	17023.48	8764.85
<b>Traded Goods</b>		
DAP (Di Ammonium Phosphate)	4,302.63	1,229.16
Compost	-	2.30
Muriate of Potash	0.29	40.34
NPK	311.69	254.21
APS (Ammonium Phosphate Sulphate)	397.23	113.89
IMP UREA - Govt A/c	99.65	171.55
NPK 10:26:26	95.71	138.52
APS 16:20:0:13	26.18	-
Subsidy on Seeds	8.44	-
<b>Total subsidy<sup>§</sup></b>	<b>22265.30</b>	<b>10714.82</b>
<b>Revenue from operations (gross) (a)+(b)</b>	<b>29353.20</b>	<b>15603.96</b>

§ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year

589.95

55.06

Pending sale of urea and P&K fertilizer totalling 10.616 lakh MT through POS device to beneficiaries as on 31.03.2023, subsidy of ₹ 3896.87 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS device has been recognized in the current period (CPLY quantities 5.24 lakh MT and subsidy ₹1064.65 crore). Pursuant to Department of Fertilizers notification dated 18-11-2022 conveying the extension of Revised Energy Norms of NUP-2015 for 14 Urea Manufacturing Units including 4 units of NFL i.e. Nangal, Bathinda, Panipat and Vijaipur-I, the Revenue from Operations for the current year includes estimated differential subsidy receivable for the period from 01-10-2020 to 31-03-2023 amounting to ₹ 928.37 crore which includes a sum of ₹ 211.29 crore for the FY 2022-23.





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>B) Sale of Services</b>		
i) Training & Recruitment for other organisation	0.09	0.07
ii) Services to Other Organisations	28.85	18.89
<b>(B)</b>	<b>28.94</b>	<b>18.96</b>

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>C) Other Operating Revenue</b>		
i) Amortisation of Deferred Govt Grant*		
AFCP	189.74	198.10
Others	1.16	0.43
ii) Forfeiture of Security Deposits etc	0.06	0.24
iii) Liquidated Damages recovered from Contractor / Supplier	10.51	7.07
iv) Recovery of Dispatch Money	6.42	7.49
v) Sale of Scrap	6.26	7.13
vi) Hire Charges of Equipment	0.01	0.15
vii) Service Charges (on Import of Urea on behalf of Govt.)	12.11	-
viii) Recoveries on delayed payment on credit sales	9.01	10.62
ix) Insurance Claims	(0.90)	2.94
<b>(C)</b>	<b>234.38</b>	<b>234.17</b>
<b>Total Revenue from Operations (A+B+C)</b>	<b>29616.52</b>	<b>15857.09</b>

\* Deferred Govt Grant of ₹ 190.90 crore (CPLY ₹ 198.53 crore) recognised on a systematic basis over the useful life of the AFCP and Other Assets. The corresponding depreciation is appearing in Note No. 45.

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 37 Other Income

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>A) Interest Income on Financial Assets measured at amortised cost</b>		
i) Term Deposits	1.29	1.45
ii) Loan to employees	0.23	0.25
iii) Unwinding of Interest accrued on Deposits	2.19	1.76
iv) Others	0.90	1.23
<b>(A)</b>	<b>4.61</b>	<b>4.69</b>
<b>B) Non Operating Income</b>		
i) Profit on Sale of Assets	0.24	2.08
ii) Exchange Rate Variation (net)	32.10	(8.72)
iii) Rent	20.13	21.24
iv) Provision no Longer required Written Back*	129.64	-
v) Others	5.90	6.32
<b>(B)</b>	<b>188.01</b>	<b>20.92</b>
<b>(A+B)</b>	<b>192.62</b>	<b>25.61</b>

\* Refer note 62

### Note: 38 Cost of material consumed

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Raw Material (A)</b>		
Inventory at the beginning of the year	5.76	1.42
Purchases	10370.97	5969.79
	<b>10376.73</b>	<b>5971.21</b>
Less: Inventory at the end of the year	(5.25)	(5.76)
Cost of raw material consumed	<b>10371.48</b>	<b>5965.45</b>
<b>Packing material (B)</b>	226.12	200.90
<b>Stores and spares (C)</b>	65.00	53.08
<b>Loose Tools (D)</b>	0.03	0.01
<b>Cost of material consumed (A+B+C+D)</b>	<b>10662.63</b>	<b>6219.44</b>
<b>Itemwise break up of raw material consumed</b>		
Natural Gas	10311.25	5926.31
Others	60.23	39.14
	<b>10371.48</b>	<b>5965.45</b>





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note 39 Purchase of Stock-in-Trade

₹ in Crore

	Year Ended 31st March 2023		Year Ended 31st March 2022
<b>Traded goods purchased</b>			
<b>Imported</b>			
Di Ammonium Phosphate (DAP)	6366.17		3256.36
Ammonium Phosphate Sulphate (APS)	1530.44		182.69
Muriate of Potash (MOP)	-		(2.75)*
NPK (12:32:16)	732.88		512.66
NPK (10:26:26)	349.66		246.12
APS (16:20:0:13)	128.69		-
<b>Indigenous</b>			
Imported Urea - Govt A/c	172.31		362.76
Agro Chemicals	66.66		22.72
Seeds	44.75	58.76	
Less-Misappropriation of Stock (refer note 56)	<u>(0.58)</u>	<u>(-)</u>	58.76
Compost	8.37		9.71
SSP Powder	7.66		9.62
SSP Plain	5.33		5.90
Water Soluble Fertilizer	8.80		10.38
Ammonia	139.22		95.38
RFCL Urea	443.97		195.24
POTASH from MOLASSES	17.11		0.19
FACT AMFOS (CD)	0.00		58.84
Bentonite Sulphur	1.72		1.72
	<b>10023.16</b>		<b>5026.30</b>

\* Negative due to Price Adjustment.

### Note: 40 Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in-Trade

₹ in Crore

	Year Ended 31st March 2023		Year Ended 31st March 2022
<b>Opening inventories</b>			
Work in Progress	34.82		16.43
Finished goods	336.54		97.98
Traded goods	1647.12		110.33
others	26.52		-
	<b>2045.00</b>		<b>224.74</b>
<b>Closing inventories</b>			
Work in Progress	64.68		34.82
Finished goods	274.65		336.54
Traded goods	2506.54	1650.96	
Less : Misappropriation of Stock	<u>-</u>	<u>(3.84)</u>	1647.12
Others	25.55		26.52
	<b>2871.42</b>		<b>2045.00</b>
<b>Net (Increase)/decrease in inventories</b>	<b>(826.42)</b>		<b>(1820.26)</b>

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note: 41 Employee Benefits Expense

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Salaries, Wages and Bonus	528.33	511.75
Contribution to Provident and Other Funds	52.34	51.94
Gratuity Expenses	20.95	23.55
Welfare expenses <sup>#</sup>	57.52	61.66
	<b>659.14</b>	<b>648.90</b>

# Includes payment of ₹ 3.34 crore (CPLY ₹ 3.17 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

### Note: 42 Power and Fuel

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Purchased power	81.27	99.00
Coal	283.21	394.26
Natural gas	6054.24	3526.55
Cess on Electricity	20.32	20.46
	<b>6439.04</b>	<b>4040.27</b>

### Note: 43 Repair and Maintenance

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Plant and machinery	64.04	79.58
Buildings	8.97	6.58
Others	10.33	9.77
	<b>83.34</b>	<b>95.93</b>







## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note: 44 Finance Costs

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Interest :</b>		
Cash credit	3.03	4.00
Commercial Papers	12.41	38.32
Short term loans	220.30	47.23
Rupee Term Loan	53.60	34.11
Unwinding of Interest accrued on Deposits	2.44	1.96
Others	9.02	6.39
Other Borrowing Cost	0.84	0.95
	<b>301.64</b>	<b>132.96</b>

### Note: 45 Depreciation and Amortization Expense

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Depreciation / Amortization on tangible assets*	349.95	330.91
Depreciation on Investment Property	0.07	0.07
Depreciation on Right to Use Asset	2.14	2.17
Amortization of intangible assets	0.68	1.40
	<b>352.84</b>	<b>334.55</b>

\* Depreciation includes ₹ 190.90 crore (CPLY ₹ 198.53 crore) towards Assets of AFCP / PoS Devices / Others purchased from Govt Grant / retailer margin and equivalent amount is appearing as Govt Grant Income in Note 36.

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 46 Other Expenses

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Rent	0.60	0.53
Rent for Godown	9.04	8.13
Rates and taxes	4.11	7.56
Insurance	41.52	34.85
<b>Auditors' remuneration:</b>		
Audit Fee	0.30	0.30
Tax Audit Fee	0.08	0.08
Certification and other fee	0.34	0.30
Out of pocket expenses	0.12	0.09
	<b>0.84</b>	<b>0.77</b>
Cost Audit Fee	0.04	0.03
Security Expenses	70.04	65.38
Printing and Stationery	1.09	0.94
Advertisement, Publicity and Sales Promotion	4.64	3.26
Directors' Fees	0.28	0.10
Telephone and Postage	2.32	2.32
Travelling	6.89	3.31
Water Charges	36.98	28.56
<b>Provision for:</b>		
Doubtful Advances & Debts	20.53	3.84
Un-utilised GST Input Credit	(2.35)	(2.81)
Others	0.30	0.12
	<b>18.48</b>	<b>1.15</b>
<b>Write Off:</b>		
Stores and spares	3.92	4.18
Fixed Assets	67.71	0.12
Advance for Supply of Urea*	129.64	-
Others	0.06	0.47
	<b>201.33</b>	<b>4.77</b>
Legal Expenses	0.50	0.31
Bank Charges	5.89	4.20
Demurrage and Wharfage	3.24	1.69
CSR Expenditure (refer note 57)	1.40	3.45
Miscellaneous expenses	51.61	42.64
	<b>460.84</b>	<b>213.95</b>

\* Refer note 62





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 47 Income Tax Expense

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Current Tax</b>		
Current Tax on Profits for the year	93.95	14.51
Adjustments for Current Tax of prior periods	(3.06)	(0.07)
<b>Total Current tax expense (A)</b>	<b>90.89</b>	<b>14.44</b>
<b>Deferred Tax</b>		
Decrease / (increase) in deferred tax assets	64.19	2.67
(Decrease) / increase in deferred tax liabilities	(0.21)	20.15
<b>Total Deferred Tax Expense / (benefits) (B)</b>	<b>63.98</b>	<b>22.82</b>
	<b>A+B</b>	
	154.87	37.26
<b>Income Tax Relating to Other Comprehensive Income</b>	(1.20)	(0.64)
<b>Income Tax Expense</b>	<b>153.67</b>	<b>36.62</b>

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Reconciliation of the tax expense and the accounting profit multiplied by tax rate</b>		
<b>Profit before tax</b>	<b>609.77</b>	<b>144.82</b>
<b>Tax at the enacted rate of 25.168%</b>	<b>153.47</b>	<b>36.45</b>
<b>Add :</b>		
<b>Tax effect of amount not deductible (taxable) while calculating taxable income</b>		
Add :CSR Exp	0.35	0.87
Add : Interest on Income Tax	-	0.23
Add: Payment To Special Welfare Fund Not Allowable	-	0.01
Others	(0.15)	(0.94)
<b>Total Income Tax Expense</b>	<b>153.67</b>	<b>36.62</b>

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note: 48 Earning per Share

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
Profit/(Loss) after Tax (₹ in Crore)	458.33	(95.12)
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	9.34	(1.94)

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

### Note 49 : Contingent Liabilities

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Claims against the Company not acknowledged as debts</b>		
<b>a. Pending Appellate/Judicial decisions:</b>		
Income tax	3.19	34.94
Excise, Customs, GST and Service Tax	13.75	13.73
Sales Tax & Value Added Tax	6.93	6.93
Land compensation/development claims	1.32	1.25
Arbitration and civil cases	127.37	62.80
<b>b. Other claims</b>	1.64	1.58
<b>c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable</b>	-	-
	<b>154.20</b>	<b>121.23</b>

In Contingent Liability cases, interest on Statutory demands is recognised on receipt of demand notice.

### Note 50: Capital and Other Commitments

₹ in Crore

	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:</b>		
(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	365.32	213.79
(ii) Unutilized amount of Letter of Credit	1249.01	625.56





## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### 51.1 Ind AS-19: Employee Benefits

#### 51.1.1 General description of defined benefit schemes:

<b>Gratuity</b>	Payable on separation @ 15 days pay for each completed year of service subject to maximum of Rs 20 lakh to eligible employees who render continuous service of 5 years or more.
<b>Leave Encashment (Earned Leave (EL) and Half Pay Leave(HPL))</b>	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.
<b>Long Service Award (LSA)</b>	Payable to employees on completion of specified years of service.
<b>Post Retirement Settlement Benefits (PRSB)</b>	Post Retirement Settlement Benefits (PRSB) for settlement at home town for employees and dependents
<b>Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:</b>	
<b>Social Security Benefits (SSB)</b>	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).
<b>Employees' Family Economic Rehabilitation Scheme (EFERS)</b>	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

#### 51.1.2 Provident Fund:

The Provident Fund contributions are made to a Trust. 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 ₹ 37.20 crore (CPLY ₹ 36.46 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, 2023.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

### 51.1. 3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ in Crore

	Gratuity		EL		HPL		PRSB		LSA		PF	
	22-23	21-22	22-23	21-22	22-23	21-22	22-23	21-22	22-23	21-22	22-23	21-22

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

1 Present value of projected benefit obligations at beginning of the year	296.13	308.59	111.03	101.78	112.24	114.34	1.75	1.80	0.85	0.94	1319.43	1278.69
2 Acquisition adjustment	-	0.00	-	-	-	-	-	-	-	-	-	-
3 Service Cost	7.60	8.15	6.66	6.21	4.62	4.51	0.07	0.07	0.04	0.05	37.20	36.46
4 Past Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
5 Interest Cost	20.73	20.61	7.78	6.80	7.86	7.64	0.12	0.12	0.06	0.06	102.63	101.39
6 Actuarial (Gains) / Losses	(5.47)	(2.69)	24.53	31.28	(1.40)	(4.12)	(0.08)	(0.04)	(0.01)	(0.02)	(3.24)	1.43
7 Benefits Paid	(41.65)	(38.53)	(36.08)	(35.04)	(10.94)	(10.13)	(0.17)	(0.20)	(0.21)	(0.18)	(171.57)	(178.63)
8 Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	65.75	78.70
9 Transfer in	-	-	-	-	-	-	-	-	-	-	1.95	1.39
10 Present value of projected benefit obligations at close of the year [1 to 9]	277.34	296.13	113.92	111.03	112.38	112.24	1.69	1.75	0.73	0.85	1352.15	1319.43
11 Fair Value of Plan assets at close of the year	(220.69)	(105.49)	-	-	-	-	-	-	-	-	1356.44	1323.20
12 Net Liability recognized in Balance Sheet at close of the year [10-11]	56.65	190.64	113.92	111.03	112.38	112.24	1.69	1.75	0.73	0.85	-	-

#### (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	105.49	83.61	-	-	-	-	-	-	-	-	1323.20	1289.10
Opening Adjustment as per balance sheet	-	-	-	-	-	-	-	-	-	-	-	-
2 Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	67.70	80.09
3 Expected Return on plan assets	7.38	5.58	-	-	-	-	-	-	-	-	102.63	101.39
4 Actual Company's contribution	150.00	55.02	-	-	-	-	-	-	-	-	37.20	36.46
5 Actuarial Gains/(Losses)	(0.80)	(0.20)	-	-	-	-	-	-	-	-	(2.72)	(5.21)
6 Benefits Payments	(41.38)	(38.52)	-	-	-	-	-	-	-	-	(171.57)	(178.63)
7 Past service Cost	-	-	-	-	-	-	-	-	-	-	-	-
8 Fair value of plan assets at close of the year (1 to 7)	220.69	105.49	-	-	-	-	-	-	-	-	1356.44	1323.20
9 Present value of defined benefit obligation	277.34	296.13	-	-	-	-	-	-	-	-	1352.15	1319.43
10 Net liability recognized in the Balance Sheet at close of the year [9-8]	56.65	190.64	-	-	-	-	-	-	-	-	-	-

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

1 Service Cost	7.60	8.15	6.66	6.21	4.62	4.51	0.07	0.07	0.04	0.05	37.20	36.46
2 Interest Cost	20.73	20.61	7.78	6.80	7.86	7.64	0.12	0.12	0.06	0.06	102.63	101.39
3 Actuarial (Gains) / Losses	(4.67)	(2.49)	24.53	31.28	(1.40)	(4.12)	(0.08)	(0.04)	(0.01)	(0.02)	(3.24)	1.43
4 Expected return on Plan Assets	(7.38)	(5.58)	-	-	-	-	-	-	-	-	(102.63)	(101.39)
5 Total charged to P&L Account	16.28	20.69	38.97	44.29	11.08	8.03	0.11	0.15	0.09	0.09	-	-







**(iv) Actuarial assumptions:**

	As at 31st March 2023	As at 31st March 2022
1 Method used	Projected Unit credit	Projected Unit credit
2 Discount Rate (per annum)	7.37%	7.00%
3 Mortality Rate	Indian assured lives mortality (2012-14) modified ultimate	Indian assured lives mortality (2012-14) modified ultimate
4 Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Executives 3%/2%/1%, depending upon age	Executives and Non Executives 3%/2%/1%, depending upon age
5 Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	6.00%	6.00%

**(v) Actuarial assumptions (PF):**

	As at 31st March 2023	As at 31st March 2022
1 Discount Rate (per annum)	7.37%	7.00%
2 Interest Rate Guarantee	8.15%	8.10%

**Sensitivity Analysis of the defined benefit obligation.**

**Effect of half percent point change in the Discount rate on Employee's Benefit Schemes**

₹ in Crore

Sr. No.	Particulars	0.5 percent point decrease in discounting rate	0.5 percent point increase in discounting rate
1	Gratuity	6.60	(6.26)
2	Earned Leave	3.68	(3.43)
3	Half Pay Leave	2.69	(2.55)

**Effect of half percent point change in the Salary escalation on Employee's Benefit Schemes**

₹ in Crore

Sr. No.	Particulars	0.5 percent point decrease in salary escalation rate	0.5 percent point increase in salary escalation rate
1	Gratuity	(2.09)	2.00
2	Earned Leave	(3.49)	3.72
3	Half Pay Leave	(2.60)	2.71

## Foot Note:

a 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 ₹ 56.65 crore (CPLY ₹190.64 crore) is unfunded as on 31st March, 2023. Other defined benefit obligations are unfunded.

### 51.1.4 Other Employee Benefit Schemes:

Provision of ₹ (0.40) crore (CPLY ₹ 0.27 crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits Scheme has been charged on the basis of actuarial valuation and credited to the Statement of Profit and Loss account. A net liability of ₹ 15.96 crore (CPLY ₹16.36 crore) has been recognized in the Balance Sheet as at 31st March 2023 on account of these schemes.

### 51.1.5 Provident Fund:

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

### 51.1.6 The major categories of plans assets are as follows:

₹ in Crore

Particulars	31st March 2023				31st March 2022			
	Quoted ₹	Unquoted ₹	Total ₹	in %	Quoted ₹	Unquoted ₹	Total ₹	in %
Equity instruments	29.51	-	29.51	2.27	23.36	-	23.36	1.81
Debt instruments	1258.50	-	1258.50	96.95	1256.02	-	1256.02	97.50
Asset backed securities	-	-	-	-	-	-	-	-
Investment funds	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	-	10.05	10.05	0.77	-	8.86	8.86	0.69
<b>Total</b>	<b>1288.01</b>	<b>10.05</b>	<b>1298.08</b>	<b>100.00</b>	<b>1279.38</b>	<b>8.86</b>	<b>1288.24</b>	<b>100.00</b>

### 51.1.7

The Employee benefit of Provident Fund is administered through a separate NFL Employees Provident Fund Trust. Out of the investment made by PF trust in the past, one issuer of security has defaulted in payments. The value of Investment is ₹ 15.20 crore. Considering the Employers obligation to make good the loss in value of investment under Provident Fund Regulations, pending assessment of actual loss the Company has provided for 100% of value of investment amounting to ₹ 15.20 crore in the books of accounts.

## Note 52 : Ind AS-108: Operating Segments

Ind AS-108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about product and services, geographical areas and major customers. Company's primary business segments are

- i) Own Fertilizers (Urea, Bio Fertilizers and Bentonite Sulphur)
- ii) Fertilizers Trading (Indigenous and Imported)
- iii) Other Products & Services (Industrial Products, Agro Chemicals, Traded Seeds, Seeds under Seeds Multiplication Programme),

and are reportable segments under Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).





### 52.1.1 Geographical Segment:

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

### 52.1.2 The disclosure of segment-wise information is as below:

₹ in Crore

PARTICULARS	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Segment Revenue</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	19413.58	10826.87
Fertilizer Trading	9162.13	4216.76
Other Products & Services	1242.02	917.11
Less : Eliminations	201.21	103.65
<b>Total Segment Revenue</b>	<b>29616.52</b>	<b>15857.09</b>
<b>Segment Results</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	984.92	(266.92)
Fertilizer Trading	(366.53)	368.75
Other Products & Services	360.58	243.54
<b>Total Segment Results</b>	<b>978.97</b>	<b>345.37</b>
Finance expenses	301.64	132.96
Unallocable Expenses (Net of unallocable income)	65.33	270.91
<b>Profit / (Loss) Before exceptional item &amp; tax</b>	<b>612.00</b>	<b>(58.50)</b>
Exceptional Item*	-	-
<b>Profit / (Loss) Before Tax</b>	<b>612.00</b>	<b>(58.50)</b>
Provision for Tax	153.67	36.62
<b>Profit After Tax</b>	<b>458.33</b>	<b>(95.12)</b>
Other comprehensive income (net of taxes)	3.61	2.01
<b>Total Comprehensive Income</b>	<b>461.94</b>	<b>(93.11)</b>
<b>Segment Assets</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	6429.00	7467.14
Fertilizer Trading	4867.17	2049.42
Other Products & Services	188.32	165.73
Unallocable	1048.66	811.31
<b>Segment Assets</b>	<b>12533.15</b>	<b>10493.60</b>
<b>Segment Liabilities</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	4413.23	4393.54
Fertilizer Trading	1263.88	610.74
Other Products & Services	64.23	64.26
Unallocable	4250.16	3345.35
<b>Segment Liabilities</b>	<b>9991.50</b>	<b>8413.89</b>
<b>Capital Expenditure</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	128.77	965.08
Fertilizer Trading	-	-
Other Products & Services	30.96	0.37
Unallocable	0.67	1.09
<b>Capital Expenditure</b>	<b>160.40</b>	<b>966.54</b>
<b>Depreciation and Amortisation expenses</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	340.69	324.56
Fertilizer Trading	-	-
Other Products & Services	9.66	7.60
Unallocable	2.49	2.40
<b>Depreciation and Amortisation expenses</b>	<b>352.84</b>	<b>334.56</b>
<b>Non-cash expenses other than Depreciation and Amortisation</b>		
Own Fertilizers (Urea, Bentonite Sulphur and Bio-Fertilizers)	90.91	4.93
Fertilizer Trading	(33.69)	9.70
Other Products & Services	0.83	-
Unallocable	-	-
<b>Non-cash expenses other than Depreciation and Amortisation</b>	<b>58.05</b>	<b>14.63</b>

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note 53 Ind AS-24: Related Party Disclosures

A)	Nature of Relationship Joint Ventures	<b>Name of the Related Party</b> Urvarak Videsh Limited Ramagundam Fertilizers & Chemicals Limited
B)	Nature of Relationship Key Management Personnel	<b>Name of the Related Party</b> (i) Shri Nirlep Singh Rai Chairman & Managing Director upto 31.08.2022  (ii) Shri Atul B. Patil Chairman and Managing Director (Addl. Charge) w.e.f. 01.09.2022 and Director (Marketing) w.e.f. 07.04.2022  (iii) Shri Hira Nand Director (Finance) w.e.f. 17.06.2022 and Chief Financial Officer w.e.f. 24.05.2022  (iv) Shri Rajan Kanwar Director (Technical) w.e.f. 21.10.2022  (v) Shri Ashok Jha Company Secretary

C) Key management personnel compensation

₹ in Crore

	31st March 2023	31st March 2022
Short-term employee benefits	1.40	1.57
Post-employment benefits	-	-
Other Long-term employee benefits	0.52	0.61
Termination benefits	-	-
Share based payment	-	-
<b>Total Compensation</b>	<b>1.92</b>	<b>2.18</b>

D) **Transactions with Related parties:**

- (i) During the year, there were transactions of ₹ 698.08 crore (CPLY ₹ 407.53 crore) with Ramagundam Fertilizers & Chemicals Limited towards subscription of Share capital of ₹ Nil crore (CPLY ₹ 43.83 crore) and others ₹ 698.08 crore (CPLY ₹ 363.70 crore). The amount recoverable from Ramagundam Fertilizers & Chemicals Limited as on 31.03.2023 is ₹ 113.29 crore (CPLY ₹ 47.83 crore) and amount payable to Ramagundam Fertilizers & Chemicals Limited as on 31.03.2023 is ₹ 140.51 crore (CPLY ₹ 50.21 crore)
- (ii) Remuneration to Key Management Personnel at (C) above is ₹ 1.92 crore (CPLY ₹ 2.18 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 2023

### Note 54: 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 55

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 56

Misappropriation of seeds stock amount to Rs 0.64 crore by a 'Wheat Seed Producer' under Warehousing and Processing of Wheat seed Agreement with the company has been reported in FY 2022-23 and police complaint has been filed. This amount has been debited to the Wheat Seed producer. Due to uncertainty of recovery, provision for doubtful recoverable amounting to Rs 0.58 crore after adjustment of advance and security deposit has been created in the Books of Accounts.

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note 57

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 <b>Balance of CSR Fund carried forward from earlier year</b>	-	0.00
B Amount required to be spent during the year (As per Companies Act)	1.40	3.45
C <b>Total (A+B)</b>	1.40	3.45
D CSR cash expenses during the year	0.08	2.16
E Provision made for CSR ongoing projects expenses for the amount to be deposited in separate Bank Account.	1.32	1.25
F Provision made for unspent CSR expenditure (Other than Ongoing projects).	*	0.04
G <b>Closing Balance of CSR Fund (C-D-E-F)</b>	-	-

\* Value being Less than Rs. 50,000.

**Break-up of the CSR expenses including provision of Rs. 1.32 crore under major heads is as under:**

₹ in Crore	
PARTICULARS	Amount
1 Health and Sanitation	0.69
2 Education & Skill Development	0.71
3 Promoting gender, empowering women, setting up homes	-
4 Environmental & Sustainability	-
5 Measure for the benefit of Armed Force	-
6 Training to Promote Rural Sports, paralympic sports	-
7 Rural Development projects	-
<b>Total</b>	<b>1.40</b>

₹ 1.32 crore towards unspent amount of "Ongoing Project" has been transferred to a separate Bank Account as per the provisions of Section 135 (6) of the Companies Act, 2013.

Further, ₹ 22,365 towards unspent amount of "Other than Ongoing Project" shall be transferred to a fund specified in Schedule VII within a period of six months from the expiry of the financial year as per provisions of Section 135 (5) of the Companies Act, 2013.

### Note 58 Remittance in foreign currencies for dividends

The Company has not paid any Dividend during Financial Year 2022-23.







## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note : 59 Fair Value Measurement

#### Financial Instruments by Category

₹ in Crore

PARTICULARS	March 31, 2023			March 31, 2022		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial Assets</b>						
Loan	-	-	6.63	-	-	7.31
Other Financial Assets	-	-	85.69	-	-	129.98
Trade Receivables	-	-	4118.53	-	-	2808.46
Cash and Cash Equivalents	-	-	12.46	-	-	25.73
Other Bank Balances	-	-	3.20	-	-	3.09
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>4226.51</b>	<b>-</b>	<b>-</b>	<b>2974.57</b>
<b>Financial Liabilities</b>						
<b>Borrowings</b>						
Term Loan	-	-	534.71	-	-	629.73
Borrowings	-	-	3,456.22	-	-	2539.83
Lease Liabilities	-	-	1.31	-	-	2.74
Other Financial Liabilities	-	-	1,446.87	-	-	773.29
Security Deposits	-	-	308.81	-	-	265.58
Trade Payables	-	-	1,755.93	-	-	1448.34
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>7503.85</b>	<b>-</b>	<b>-</b>	<b>5659.51</b>

#### (i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31st March 2023	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Financial Investments at FVTPL:					
Investment in NFL Employees'					
Consumer co-operative stores		-	-	-	-
Financial Investments at FVOCI:					
<b>Total Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Liabilities		-	-	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Notes	Level 1	Level 2	Level 3	Total
<b>At 31st March 2022</b>					
<b>Financial Assets</b>					
<b>Financial Investments at FVTPL:</b>					
Investment in NFL Employees' Consumer co-operative stores		-	-	-	-
<b>Financial Investments at FVOCI:</b>					
<b>Total Financial Assets</b>		-	-	-	-
<b>Financial Liabilities</b>					
<b>Total Financial Liabilities</b>		-	-	-	-

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

₹ in Crore

	Notes	Level 1	Level 2	Level 3	Total
<b>At 31st March 2023</b>					
<b>Financial Assets</b>					
Loans		-	-	6.63	6.63
Other Financial Assets		-	-	85.69	85.69
Trade Receivables		-	-	4118.53	4118.53
Cash and Cash Equivalents		-	-	12.46	12.46
Other Bank Balances		-	-	3.20	3.20
<b>Total Financial Assets</b>		-	-	<b>4226.51</b>	<b>4226.51</b>
<b>Financial Liabilities</b>					
<b>Borrowings</b>					
Term Loan		-	-	534.71	534.71
Borrowings		-	-	3456.22	3456.22
Lease Liability		-	-	1.31	1.31
Other Financial Liabilities		-	-	1446.87	1446.87
Security Deposits		-	-	308.81	308.81
Trade Payables		-	-	1755.93	1755.93
<b>Total Financial Liabilities</b>		-	-	<b>7503.85</b>	<b>7503.85</b>

	Notes	Level 1	Level 2	Level 3	Total
<b>At 31st March 2022</b>					
<b>Financial Assets</b>					
Loan		-	-	7.31	7.31
Other Financial Assets		-	-	129.98	129.98
Trade Receivables		-	-	2808.46	2808.46
Cash & Cash Equivalents		-	-	25.73	25.73
Other Bank Balances		-	-	3.09	3.09
<b>Total Financial Assets</b>		-	-	<b>2974.57</b>	<b>2974.57</b>





	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>					
Borrowings					
Term Loan		-	-	629.73	629.73
Borrowings		-	-	2539.83	2539.83
Lease Liability		-	-	2.74	2.74
Other Financial Liabilities		-	-	773.29	773.29
Security Deposits		-	-	265.58	265.58
Trade Payables		-	-	1448.34	1448.34
<b>Total Financial Liabilities</b>		-	-	<b>5659.51</b>	<b>5659.51</b>

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

#### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 3.

#### (iii) Fair value measurements using significant unobservable inputs (level 3)

	Equity Instruments	Total
As at 31 st March, 2023	N.A.	-
As at 31 st March, 2022	N.A.	-

**(iv) Fair value of financial assets and liabilities measured at amortised cost**

₹ in Crore

	March 31, 2023		March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Loan	6.63	6.63	7.31	7.31
Other Financial Assets	85.69	85.69	129.98	129.98
Trade Receivables	4118.53	4118.53	2808.46	2808.46
Cash & Cash Equivalents	12.46	12.46	25.73	25.73
Other Bank Balances	3.2	3.2	3.09	3.09
<b>Total Financial Assets</b>	<b>4226.51</b>	<b>4226.51</b>	<b>2974.57</b>	<b>2974.57</b>
<b>Financial Liabilities</b>				
Borrowings				
Term Loan	534.71	534.71	629.73	629.73
Borrowings	3456.22	3456.22	2539.83	2539.83
Lease Liability	1.31	1.31	2.74	2.74
Other Financial Liabilities	1446.87	1446.87	773.29	773.29
Security Deposits	308.81	308.81	265.58	265.58
Trade Payables	1755.93	1755.93	1448.34	1448.34
<b>Total Financial Liabilities</b>	<b>7503.85</b>	<b>7503.85</b>	<b>5659.51</b>	<b>5659.51</b>

The carrying amounts of trade receivables, trade payables, borrowing, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. The discount rate considered for FY 2022-23 is 7.00% (CPLY 7.00%). They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.





# Notes to Consolidated Financial Statements for the year ended 31st March 2023

## Note No. 60 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 Forex Risk Management Committee (FRMC) / central treasury department and marketing department under Co's policies approved by the Board of Directors. FRMC/Treasury identifies, evaluates and hedges financial risks. The Board provides policy 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 ₹ 4158.97 crore and ₹ 2830.16 crore as of March 31, 2023 and March 31, 2022, 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	31.03.2023 Rs in crore	% of Total Debtors	31.03.2022 Rs in crore	% of Total Debtors
Govt of India (Subsidy)	3522.11	84.69	2642.62	93.37
Institutional Dealers	325.05	7.81	87.52	3.09
Private Dealers	311.81	7.50	100.02	3.54
<b>Total Trade Receivables</b>	<b>4158.97</b>	<b>100.00</b>	<b>2830.16</b>	<b>100.00</b>
	<b>31.03.2023</b>	<b>% of Debtors to Total Sales</b>	<b>31.03.2022</b>	<b>% of Debtors to Total Sales</b>
Total Sales	29353.20	14.17	15603.96	18.14

Note - The Total Subsidy Receivable is ₹ 3522.11 crore (CPLY ₹ 2642.62 crore)

## (B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

### Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ in Crore

	31 March, 2023	31 March, 2022
<b>Floating rate</b>		
Expiring within one year (Bank Overdraft/CC Limit and other facilities)	3,985.43	4,564.67

The Bank Overdraft/Cash Credit (CC)/Short term loan (STL) facilities may be drawn at any time and may be called back by the bank at their discretion. The credit facilities of Banks are subject to compliance with sanctioned terms & conditions. The credit facilities have an average maturity of 1 year.

## (C) Market Risk – Foreign Exchange

The Position of Hedged Foreign Currency exposures are as under:-

₹ in Crore

Particulars	Hedged Exposures	Cross Currency	As on 31.03.2023	As on 31.03.2022
Foreign Currency exchange contracts	Trade Exposure for import of fertilizers	-	1,432.78	593.41
	Foreign Currency Term Loan (ECB)	-	-	-

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:-

₹ in Crore

Particulars	As on 31.03.2023	As on 31.03.2022
Foreign Currency Term Loan (ECB)	-	-
Trade Exposure for import of fertilizers	-	-







# Notes to Consolidated Financial Statements for the year ended 31st March 2023

## Note No. 61 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:  
Debt (long term borrowings)  
divided by

Total 'Equity' (as shown in the balance sheet).

The company's strategy is to maintain Debt Equity ratio within 2.5:1. The Debt Equity ratio is as follows:

	₹ in Crore	
Particulars	31.03.2023	31.03.2022 <sup>^</sup>
Debt	534.71	629.73
Total equity	2773.83	2314.17
<b>Debt to equity ratio (in times)</b>	<b>0.19</b>	<b>0.27</b>

<sup>^</sup> Restated figures (Refer Note 63)

### (b) Dividends

	₹ in Crore	
	31.03.2023	31.03.2022
<b>Equity shares</b>		
Interim dividend for the year ended 31 March 2023 (31 March 2022 – Nil)	-	-
Final dividend for the year ended 31 March 2022 (31 March 2021 – Nil)	-	-

## Notes to Consolidated Financial Statements for the year ended 31st March 2023

### Note No. 62

During the financial year 1995-96, the company had given an advance of ₹ 130.69 crore (USD 37.62 million) to a foreign supplier M/s. Karsan Daanismanlik Turizm Sanayi Tiracet Ltd STI Turkey (M/s KARSAN) against import of urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, a provision for doubtful recovery of advance was created during FY 1996-97 by way of direct appropriation from accumulated profit & loss having no impact on profitability/taxable income for the year 1996-97.

The outstanding amount of advance was shown in accounts under 'Loan and Advances Recoverable by netting off from provision for doubtful recovery created as above. As said provision was not debited to P&L account in that year, provision so created was neither claimed nor added to book profit while computing taxable income for the year 1996-97.

The net amount of outstanding advance as on 01.04.2021 recoverable of ₹ 129.64 crore (net of actual recovery of ₹ 1.05 crore in earlier years) has continued to be shown in the accounts till FY 2021-22 under 'Other Non-Curr ent Assets' separately indicating the equivalent amount of provision for doubtful advances from reserves and surplus.

Despite ongoing protracted litigation for recovery of advance amount for more than 25 years at various jurisdictional levels, the amount of ₹ 129.64 crore could not be recovered.

The company, after considering the fact of remote possibility of recovery in future, has decided to write off the outstanding amount of ₹ 129.64 crore in current financial year

Consequent to write-off of this amount in current financial year, the provision of ₹ 129.64 crore made in earlier year(s) has been written back and credited to 'Statement of Profit and Loss'.





# Notes to Consolidated Financial Statements for the year ended 31st March 2023

## Note No. 63

### Restatement for the year 31st March 2022 and at 01st April 2021

During the financial year 1995-96, the company had given an advance of ₹ 130.69 crore (USD 37.62 million) to a foreign supplier M/s. Karsan Daanismanlik Turizm Sanayi Tiracet Ltd STI Turkey (M/s KARSAN) against import of urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, a provision for doubtful recovery of advance was created during FY 1996-97 by way of direct appropriation from accumulated profit & loss having no impact on profitability/taxable income for the year 1996-97.

An error had occurred during the FY 1996-97 while creating provision for doubtful recovery of advance which was appropriated directly from Profit & Loss Appropriation Account in place of debiting to the Profit & Loss Account.

The net amount of outstanding advance recoverable of ₹ 129.64 crore (net of actual recovery of ₹ 1.05 crore in earlier years) continues to be shown in the accounts under the head 'Other Non-Current Assets', separately indicating the equivalent amount of provision for doubtful advances.

During the FY 2022-23, the above error has been discovered. Therefore, for making the correction of error in prior period affecting the financial statements, based on opinion of an expert, the company has restated its balance sheet to show the corrected financial position for the prior periods. As per Ind AS8, the correction of a prior period error is excluded from profit & loss for the period in which the error is discovered. Hence, in this respect the company is presenting a third balance sheet as at the beginning of the preceding period i.e. 01.04.2021 in addition to the minimum comparative financial statements in this respect

In line with the requirements of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the error has been corrected by retrospectively restating the opening balances of assets, liabilities and equity for the earliest period presented i.e. as of 01.04.2021 and 31.03.2022.

There is no impact on EPS of the previous period of the financial statement due to such restatement.

### Reconciliation of restated items of Balance Sheet as at 31st March 2022 and 01st April 2021

₹ in Crore

Particulars	Note No.	31st March 2022			1st April 2021				
		As previously reported	Adjustments		As restated	As previously reported	Adjustments		As restated
<b>Balance Sheet (Extract)</b>									
Deferred Tax Assets (Net)*	27	-	-	-	-	-	19.17	-	19.17
Deferred Tax Liability (Net)*	27	36.28	(32.63)	3.65	13.46	-	(13.46)	-	-
Other Equity - General Reserve	21	332.89	-	(1.05)	331.84	332.89	-	(1.05)	331.84
Other Equity - Retained Earning	21	1221.10	163.32	(129.64)	1254.78	1345.46	163.32	(129.64)	1379.14
Other Equity - Total	21	1556.50	162.27	(129.64)	1589.13	1680.86	162.27	(129.64)	1713.49
Provision for doubtful advances	11	129.64	(129.64)	129.64	129.64	129.64	(129.64)	129.64	129.64
Total Assets*		10493.60	-	-	10493.60	8443.44	19.17	-	8462.61
Total Liability*		10493.60	32.63	(32.63)	10493.60	8443.44	19.17	-	8462.61

\* Deferred Tax Asset has been created on Provision for doubtful advance by Rs. 32.63 crore.

# Notes to Consolidated Financial Statements for the year ended 31st March 2023

## Note No. 64 Additional Regulatory Information

### a) Details of Benami Property Held

The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property:

- b) The Company has not been declared willful defaulter by any bank or financial institution or any other lender.
- c) There are no material transactions with respect to struck off companies as mentioned under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- d) The Company does not have any charges or satisfaction of charges which are yet to be registered with ROC beyond the statutory period
- e) Provision regarding the number of layers prescribed under Section of Section 2 (87) of the Act read with the Companies (Restriction on number of layers) Rules, 2017 is not applicable.
- f) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of Income Tax Act, 1961).
- g) The Company has not traded or invested in crypto currency or virtual currency during the respective financial year/period.
- h) The Company does not have any scheme of arrangements which have been approved by the Competent Authority in terms of Section 230 to 237 of the Companies Act, 2013
- i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
  - a. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - b. Provide any guarantee, security or like to or on behalf of the Ultimate Beneficiaries.
- j) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - a. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or
  - b. Provide any guarantee, security or the like on the behalf of the Ultimate Beneficiaries.




**k) Ratios**

S.r.	Particulars	Numerator	Denominator	₹ in crore		% variance	Reasons for variance
				2022-23	2021-22		
<b>1 Current Ratio</b>							
1.a		Current Assets		8026.73	5778.42		Variance < 25%
1.b		Less: Assets held for disposals		(17.71)	(17.72)		
1.c		<b>Current Assets</b>		<b>8009.02</b>	<b>5760.70</b>		
1.d			Current Liabilities	7411.63	5616.52		
1.e			Less: Deferred Government Grant	(194.88)	(194.87)		
1.f			<b>Current Liabilities</b>	<b>7216.75</b>	<b>5421.65</b>		
		<b>Current ratio (1.c/2.f)</b>		<b>1.11</b>	<b>1.06</b>	<b>4.45%</b>	
<b>2 Debt-Equity Ratio</b>							
2.a		Long Term Borrowings		534.71	629.73		Variance < 25%
2.b		Add: Short Term borrowings		3456.22	2539.83		
2.c		<b>Total Debt</b>		<b>3990.93</b>	<b>3169.56</b>		
2.d			Equity Share Capital	490.58	490.58		
2.e			Add : Other equity	2051.07	1589.13		
2.f			<b>Equity (Shareholders Funds)</b>	<b>2541.65</b>	<b>2079.71</b>		
		<b>Debt-Equity Ratio (2.c/2.f)</b>		<b>1.57</b>	<b>1.52</b>	<b>3.03%</b>	
<b>3 Debt service coverage ratio</b>							
3.a		<b>Profit After Tax</b>		458.33	-95.12		Debt Service Coverage Ratio has improved due to increase in earning available for debt service.
3.b		Add : Depreciation and amortisation		352.84	334.55		
3.c		Add: Finance cost		301.64	132.96		
		Add: Loss on Sale of Assets		-	-		
3.d		<b>Earnings Available for Debt-Service</b>		<b>1112.81</b>	<b>372.39</b>		
3.e			Interest Expense	301.64	132.96		
3.f			Add: Principal Repayments	104.40	104.40		
3.g			<b>Total Debt service</b>	<b>406.04</b>	<b>237.36</b>		
		<b>Debt service coverage ratio (3.d/3.g)</b>		<b>2.74</b>	<b>1.57</b>	<b>74.69%</b>	
<b>4 Return on Equity (ROE)</b>							
4.a		Profit After Taxes		458.33	-95.12		Return On Equity has increase mainly due to increase in Profit after tax. Profit has increased due to higher production and sale of urea, relaxation of energy norms
4.b			Average Shareholder's Equity	2079.71	2172.82		
4.c			Opening Shareholder's Equity	2541.65	2079.71		
4.d			<b>Average Shareholder's Equity</b>	<b>2310.68</b>	<b>2126.27</b>		
		<b>Return on Equity (ROE) (4.a/4.d)</b>		<b>19.84%</b>	<b>-4.47%</b>	<b>-543.39%</b>	

S.r.	Particulars	Numerator	Denominator	₹ in crore		% variance	Reasons for variance
				2022-23	2022-22		
<b>5 Inventory Turnover Ratio</b>							
5.a		Sales		29353.2	15603.96		Variance < 25%
5.b			Opening Inventory of Finished Goods	336.54	97.98		
5.c			Opening Inventory of Traded goods	1647.12	110.32		
5.d			Total Opening Inventory	1983.66	208.30		
5.e			Closing Inventory of Finished Goods	274.65	336.54		
5.f			Closing Inventory of Traded goods	2506.54	1647.12		
5.g			Total closing Inventory	2781.19	1983.66		
5.h			Average Inventory $\{(5.d+5.g)/2\}$	<b>2382.43</b>	<b>1095.98</b>		
<b>Inventory Turnover Ratio (5.a/5.h)</b>				<b>12.32</b>	<b>14.24</b>	<b>-13.46%</b>	
<b>6 Trade Receivables Turnover Ratio</b>							
6.a		Sales		29353.2	15603.96		Trade Receivables Turnover Ratio has increased due to increase in sale value.
6.b			Opening Trade Receivables	2808.46	2634.09		
6.c			Closing Trade Receivables	4118.53	2808.46		
6.d			Average Trade Receivables	<b>3463.50</b>	<b>2721.28</b>		
<b>Trade Receivables Turnover Ratio (6.a/6.d)</b>				<b>8.48</b>	<b>5.73</b>	<b>47.80%</b>	
<b>7 Trade Payables Turnover Ratio</b>							
7.a		Total Purchases		28432.1	15973.06		Variance < 25%
7.b			Opening Trade Payables	1448.34	730.17		
7.c			Closing Trade Payables	1755.93	1448.34		
7.d			Average Trade Payables	<b>1602.14</b>	<b>1089.26</b>		
<b>Trade Payables Turnover Ratio (7.a/7.d)</b>				<b>17.75</b>	<b>14.66</b>	<b>21.02%</b>	
<b>8 Net Capital Turnover Ratio</b>							
8.a		Sales		29353.2	15603.96		Variance < 25%
8.b			Current Assets (as per 1.c)	8009.02	5760.70		
8.c			Current Liabilities (as per 1.f)	7216.75	5421.65		
8.d			<b>Working Capital</b>	<b>792.27</b>	<b>339.05</b>		
<b>Net Capital Turnover Ratio (8.a/8.d)</b>				<b>37.05</b>	<b>46.02</b>	<b>-19.50%</b>	
<b>9 Net Profit Ratio</b>							
9.a		Profit After Tax (as per 4.a)		458.33	-95.12		Net Profit Ratio of current year is higher due to higher production and sale of urea, relaxation of energy norms.
9.b			Sales	29353.2	15603.96		
<b>Net profit ratio (9.a/9.b)</b>				<b>1.56%</b>	<b>-0.61%</b>	<b>-356.14%</b>	







S.r.	Particulars	Numerator	Denominator	₹ in crore		% variance	Reasons for variance
				2022-23	2022-22		
<b>10 Return on Capital Employed</b>							
10.a		Profit Before Tax (as per 3.a )		612	-58.5		Return on capital employed is higher due to higher profit during current year as explained above.
10.b		Add : Finance cost (as per 3.c)		301.64	132.96		
10.c		<b>Earnings before interest and tax</b>		<b>913.64</b>	<b>74.46</b>		
10.d			Net Worth (as per 2.f)	2541.65	2079.71		
10.e			Add: Total Debt (as per 2.c)	3990.93	3169.56		
10.f			Add: Deferred Tax Liability	67.63	3.65		
10.g			Capital Employed	<b>6600.21</b>	<b>5252.92</b>		
		<b>Return on Capital Employed (10.c/10.g)</b>		<b>13.84%</b>	<b>1.42%</b>	<b>876.55%</b>	
<b>11 Return on Investment</b>		<b>Not Applicable</b>					

## Note No. 65 Others

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year

For and on behalf of the Board of Directors

(Ashok Jha)  
Company Secretary  
A-14100

(Hira Nand)  
Director (Finance)  
DIN No. 09476034

(Atul B. Patil)  
Chairman & Managing Director  
DIN No. 09557730

As per our report of even date attached  
For **Arun K. Agarwal & Associates**  
Chartered Accountants  
Firm Regd. No. 003917N

For **Dhawan & Co.**  
Chartered Accountants  
Firm Regd. No. 002864N

(Lokesh Garg)  
Partner  
Membership No. 413012

(Deepak Kapoor)  
Partner  
Membership No.072302

Place: Noida  
Date: 29.05.2023



## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH 2023**

The preparation of financial statements of National Fertilizers Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29th May 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of National Fertilizers Limited for the year ended 31 March 2023 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors under section 143(6)(b) of the Act.

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

**Place: New Delhi  
Date: 15.09.2023**

**(Gurveen Sidhu)  
Director General of Audit  
(Agriculture, Food & Water Resources)**





## **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 2023**

The preparation of consolidated financial statements of National Fertilizers Limited for the year ended 31 March 2023 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 29th May 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of National Fertilizers Limited for the year ended 31 March 2023 under section 143(6)(a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statement of National Fertilizers Limited and, Ramagundam Fertilizers and Chemicals Limited, but did not conduct supplementary audit of the financial statements of Urvarak Videsh Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors under section 143(6)(b) of the Act.

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

**Place: New Delhi  
Date: 15.09.2023**

**(Gurveen Sidhu)  
Director General of Audit  
(Agriculture, Food & Water Resources)**









# PRADHAN MANTRI KISAN SAMRIDHI KENDRA



The Hon'ble Prime Minister Shri Narendra Modi visited Model PMKSK of NFL in the PM Kisan Sammelan held at Sikar, Rajasthan. The Hon'ble Prime Minister is accompanied by Shri Mansukh Mandaviya Hon'ble Minister of Chemicals & Fertilizers and Shri U. Saravanan Chairman & Managing Director, NFL.



A view of PMKSK of NFL at Panipat



Farmers gathered at NFL Panipat PMKSK



A view of NFL PMKSK at Panipat with Soil Testing Van





# PLANT VISITS



Shri U. Saravanan, Chairman & Managing Director receiving Guard of Honor by CISF at Nangal Unit



C&MD getting information on the setup plan of Nano Urea Plant



Chairman & Managing Director in GTG control room at Nangal Plant



C&MD inspecting Urea prills at Urea Convyer Belt in Panipat Plant



Chairman & Managing Director at Seed Processing Plant in Panipat







# PLANT VISITS



Director (Tech.) during visit to Bathinda plant with Sr. officers



Director (Mark.) & Director (Fin.) during visit to Lab in PMKSK Bathinda



Director (Tech.) during visit to Bathinda plant with Sr. officers



Director (Mark.) & Director (Fin.) inspecting Urea Prills in Bathinda Plant



Independent Director inspecting Urea Prills during visit to Bathinda Plant



Independent Directors during visit to Panipat plant with Sr. officers





# IN THE SERVICE OF FARMERS



Demonstration of Bentonite Sulphur on Maize Crops at R&D Farm



Demonstration of NPK & Organic sources on Rice Wheat Crops at R&D Farm



Farmers giving soil samples to NFL officials at a Mobile Soil Testing Van



Visit of Dealers/Retailers to Bathinda Plant



Farmers gathered at NFL's stall in a Krishi Mela



Dealers/Retailers facilitated in a training programme





# CSR ACTIVITIES



Distribution of Digital Hearing Aids to the underprivileged beneficiaries at a distribution camp organised in Vishakhapatnam, Andhra Pradesh



Distribution of Digital Hearing Aids to the underprivileged beneficiaries at a distribution camp organised in Kakinada, Andhra Pradesh



Directors and Senior officers flagging off the Digital Mobile Health Van from Corporate office, Noida



Beneficiaries at the Digital Mobile Health Van



A view of free medical checkup camp organized in a village near Panipat





# CSR ACTIVITIES



Student of Government schools in Raghogarh, Dist. Guna (MP) receiving free fortified milk everyday under CSR



Sports items and brailers distributed to Institute for the Blind in Chandigarh



RO Water coolers distributed to Government Schools in villages near Bathinda



Medical equipments distributed to Civil Hospital, Nangal under CSR



Free educational kit distributed to students of the Government Schools in New Delhi







# DRONE FARMING DEMONSTRATIONS



Hon'ble Minister of Chemicals & Fertilizers inspecting the farming drone at a NFL PMKSK



Demonstration of Drone at R&D Farm in Nangal Unit



Demonstration of Drone at a Farm by NFL officials



Demonstration of Drone at a Farm by NFL officials



Demonstration of Drone at a Farm by NFL officials



Demonstration of Drone at a Farm by NFL officials







# 50<sup>TH</sup> FOUNDATION DAY



C&MD, Directors lighting the lamp on the occasion of 50<sup>th</sup> Foundation Day of National Fertilizers Limited on 23<sup>rd</sup> August, 2023



C&MD addressing the employees on 50<sup>th</sup> Foundation Day



C&MD and Directors unveiling a special golden jubilee Logo on the occasion of 50<sup>th</sup> Foundation Day of National Fertilizers Limited on 23<sup>rd</sup> August, 2023



C&MD, Directors, Executive Directors, Sr. Officers and employees during the 50<sup>th</sup> Foundation Day of celebration of NFL





**National Fertilizers Limited**  
(A Government of India Undertaking)  
CIN: L74899DL1974GOI007417

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