



**42<sup>nd</sup>**   
**Annual Report**  
**2015 -2016**

# Nurturing the Future of Prosperity



नेशनल फर्टिलाइजर्स लिमिटेड

एन.एफ.एल.  
NATIONAL FERTILIZERS LIMITED

# ध्येय

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

## MISSION

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

## लक्ष्य

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

## VISION

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



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## BOARD LEVEL

**Sh. Manoj Mishra**

Chairman &amp; Managing Director

**Sh. M. Sagar Mathews**

Director (Technical)

**Sh. Rajiv Kumar Chandiok**

Director (Finance)

## CORPORATE HEADS (S/SHRI)

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

## UNIT HEADS (S/SHRI)

**S.K. Jindal**Executive Director  
Panipat Unit**D. S. Ahuja**Executive Director  
Bathinda Unit**R. K. Chopra**Executive Director  
Vijaipur Unit**Nirlep Singh Rai**General Manager I/c  
Nangal Unit

## AUDITORS

**HDSG & Associates**  
Chartered Accountants,  
New Delhi**Chandiok and Guliani**  
Chartered Accountants,  
New Delhi

## REGISTRAR &amp; TRANSFER AGENTS

**MAS Services Limited**  
T-34, IInd Floor,  
Okhla Industrial Area-II  
New Delhi – 110020  
Email: info@masserv.com



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



**Shri M. Sagar Mathews**  
Director (Technical)



**Shri Rajiv Kumar Chandio**  
Director (Finance)



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



**Shri Gurinderjit Singh Sandhu**  
Independent Director



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

**Shri Heera Lal Samariya**  
Chairman & Managing Director  
upto 03.06.2015

**Capt. Pavan Kumar Kaul**  
Director (Marketing)  
upto 05.02.2016

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

**Shri Rakesh Kumar**  
Dy. Secretary,  
DoF  
upto 14.02.2016

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

**Shri M. Raman**  
Independent Director  
upto 05.05.2016

**Shri Vikram Srivastava**  
Independent Director  
upto 05.05.2016



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



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



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



# Chairman's Message



Dear Shareholders,

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

## Economic Environment & Fertilizer Industry

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

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

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

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

## Performance Highlights

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

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

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

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

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





### Agricultural Extension Services

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

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

### Human Resource

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

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

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

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

### CSR Activities

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

### Safety, Environment and Sustainable Development

During the year, the Company has undertaken various initiatives for in adopting best practices for health, safety, environment management and sustainable development. In order to monitor the level of emission and effluent discharge from all the units, all the units have installed On-line monitoring system both for effluent and emission discharges. Online monitoring system is integrated with Central and State Pollution Control Boards in order to monitor the level of pollutants on continuous and real time basis. Efficiency of Coal fired Boilers in Nangal, Bathinda and Panipat Units is being improved by using various techniques such as use of Coal additives. This will help to reduce consumption of fossil fuel. Afforestation has been adopted in all the Units to improve the environment surrounding the Units. A total of about 20,000 tree saplings were planted in and around various Units leaving a cleaner and greener earth for future generation. During the year, 5 rainwater harvesting system were installed in Units. This would help in conservation of water, increase in underground water table and increase greenery in the surroundings.

### Awards and Accolades

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





### Growth Drivers

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

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

### Joint Venture

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

### Corporate Governance

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

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

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

### Acknowledgements

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

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

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

### Registered Office:

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

Date: 22<sup>nd</sup> August, 2016

(Manoj Mishra)  
Chairman and Managing Director  
DIN: 06408953



# Performance at a Glance

## FINANCIAL HIGHLIGHTS

(' in crore)

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

## Key Indicators

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

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

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

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