

44<sup>th</sup>

Annual Report  
2017-18



Achieving  
Quantum Jump

नेशनल फर्टिलाइजर्स लिमिटेड  
National Fertilizers Limited

## दृष्टि

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

## Vision

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

## 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

एन.एफ.एल: किसानों का मित्र, राष्ट्र का गौरव

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# Management Team

## BOARD LEVEL

**Shri Manoj Mishra**

Chairman & Managing Director

**Shri Rajiv Kumar Chandiok**

Director (Finance)

**Shri Devinder Singh Ahuja**

Director (Technical)

## CORPORATE OFFICE (S/Shri)

<b>Vigilance</b>	D. K. Tewatia, IFS	Chief Vigilance Officer
<b>Projects</b>	S. K. Jindal	Executive Director
<b>Finance &amp; Accounts - C.O.</b>	N.S. Verma	Executive Director
	Ashutosh Arora	General Manager
<b>Internal Audit, Law, MS &amp; Company Secretariat</b>	R. K. Gogia	Executive Director
	A. K. Agarwal	General Manager (MS)
<b>Materials</b>	J. P. Sachdeva	Chief General Manager
<b>Marketing</b>		
- Industrial Products, Imports, Domestic Trading, Agriculture Services & CSR	N.K. Sharma	Chief General Manager
	Anil Motsara	General Manager
- Sales & Distribution and FMS	Sohan Lal	Chief General Manager
- Finance & Accounts	Y. P. Bhola	Chief General Manager
<b>Information Technology</b>	S. M. Vashisht	Chief General Manager
<b>Human Resource</b>	Dinesh Sood	General Manager
<b>Technical</b>	K.K. Goel	General Manager
<b>SEPC</b>	S. C. Upadhyay	General Manager

## UNIT HEADS (S/Shri)

<b>Nirlep Singh Rai</b> CGM, Nangal Unit	<b>A. K. Jain</b> GM I/c, Bathinda Unit	<b>Sunil Arora</b> CGM, Panipat Unit	<b>S. K. Shukla</b> CGM, Vijaipur Unit
<b>Neeraj Sanadhya</b> GM (O&M)	<b>Jagdeep Shah Singh</b> GM (O&M)	<b>Sanjeev Mehta</b> GM (O&M)	<b>S. N. Sinha</b> GM (O&M)

Raj Kumar  
**COMPANY SECRETARY**  
A -11914

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

**REGISTRAR & TRANSFER AGENTS**  
**MAS Services Limited**  
T-34, II<sup>nd</sup> Floor, Okhla Industrial Area-II,  
New Delhi-110020

# Board of Directors



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



**Shri Manoj Mishra**  
Chairman & Managing Director



**Shri Devinder Singh Ahuja**  
Director (Technical)



**Smt. Meenakshi Gupta**  
Additional Secretary and  
Financial Adviser, DoF



**Shri Dharam Pal**  
Additional Secretary, DoF



**Smt. Bhavnaben Kardambhai Dave**  
Independent Director



**Shri Anil Verma**  
Independent Director



**Dr. Ramesh Kumar Agarwal**  
Independent Director



**Dr. (Smt.) Kalpana Saini**  
Independent Director

# Performance Highlights

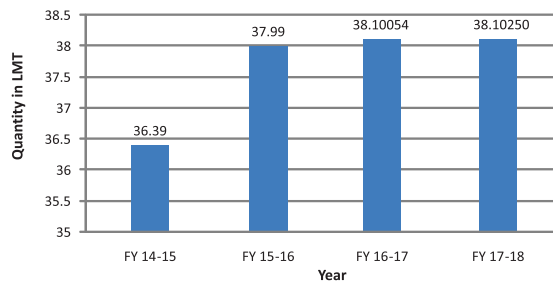
## Ever best achievements during the FY 2017-18

- 1 Production of Urea: 38.10 LMT
- 2 Sale of Urea: 39.16 LMT
- 3 Import of DAP/MOP/APS/NPK/BS: 4.59 LMT
- 4 Sale of DAP/MOP/APS/NPK/BS/Compost: 3.93 LMT
- 5 Sale of all fertilizers: 43.09 LMT
- 6 Turnover ₹ 8928.29 crore
- 7 Turnover from Non-urea products: 15%
- 8 Ever lowest energy consumption at Nangal, Panipat, Bathinda and Vijaipur I units.

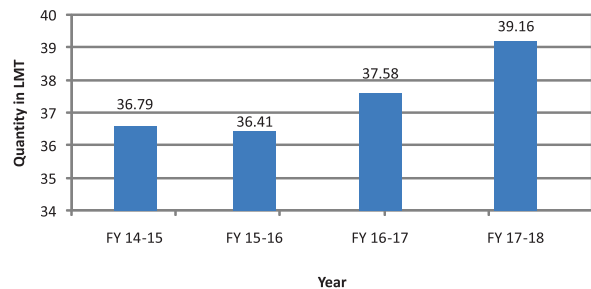
## Ever best achievements during last 15 years:-

- 1 PBT of ₹ 334.83 crore
- 2 PAT of ₹ 212.77 crore
- 3 EPS of ₹ 4.34/- (equity share of ₹ 10 each)

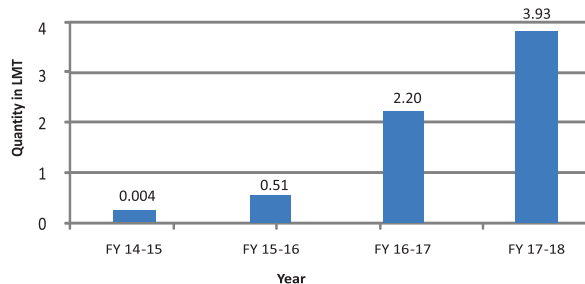
**Urea Production**



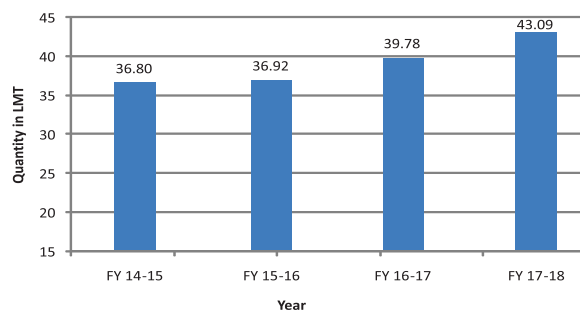
**Sales (Urea)**



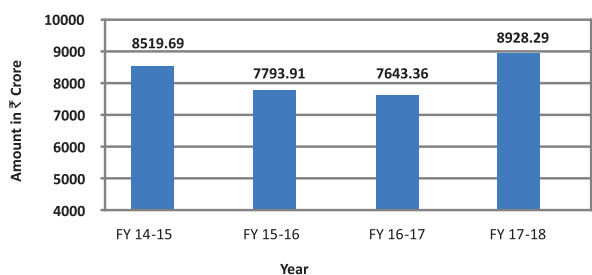
### Sale Traded Goods (DAP/MOP/APS/BS/COMPOST)



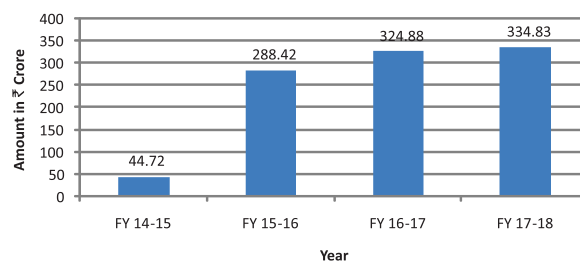
### Total Fertilizers Sale



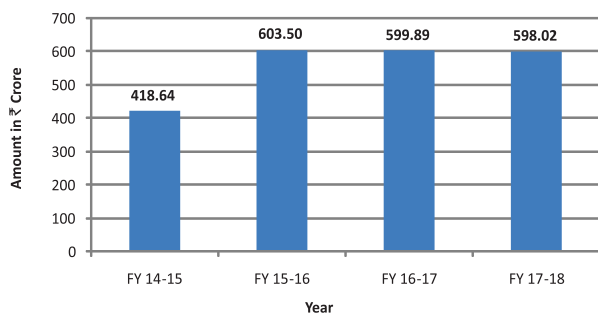
### Total Turnover (Urea, Traded Goods, IP etc.)



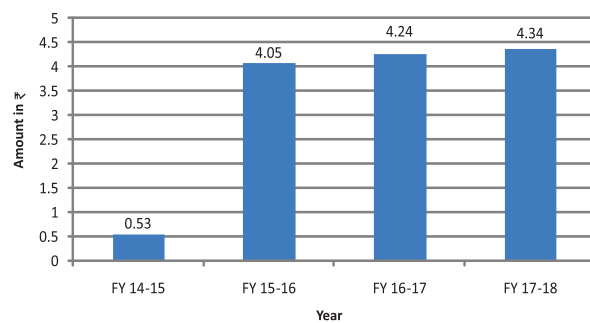
### Profit Before Tax (PBT)



### EBITDA



### Earning Per Share (EPS)



A photograph of a man with grey hair and glasses, wearing a dark blue suit, a white shirt, and a red and blue striped tie. He is sitting in a black leather office chair at a desk. In the background, there is a wooden cabinet, a potted plant, and some office supplies. The text 'Chairman's Message' is overlaid on the right side of the image in a large, white, sans-serif font.

# Chairman's Message

## Dear Shareholders,

Over the last three years since 2015-16, NFL has tried to reinvent itself in terms of its priorities with twin objective of helping the farmers getting all products and services under one roof and creating increased value for our shareholders with these efforts.

During a Corporate Introspection in the year 2015, it was realised that to thrive, even to survive, company must be able to rapidly transform itself or to be contended with a linear growth with its traditional approach. Accordingly, the business priorities were carefully chosen and executed through a combination of core renewals. As a result of this paradigm shift, your company successfully increased its non-urea business from 1 % in 2014-15 to 15 % in 2017-18 with an expanded product line which includes Urea, DAP, MoP, NPK, APS, Bentonite Sulphur, Compost, Bio Fertilizers, Seeds and Agro Chemicals besides increased sale of various types of Industrial products.

Your Company performed commendably against the backdrop of a challenging fertilizer industry scenario. The primary fertilizers sale in country saw a growth of around 2% in 2017-18, due to low systemic inventory maintained by the fertilizer companies in view of pan-India implementation of Direct Benefit Transfer (DBT). The overall sales for Urea and Non-urea fertilizers have grown at a rate of 2%, after a 7% decline witnessed in 2016-17. With nationwide implementation of Direct Benefit Transfer (DBT), the working capital cycle of the industry was also disturbed due to the shift

in subsidy payment from point of dispatch to point of sale to farmers. The build-up of input tax credits under GST also lead to increase in working capital requirement of the industry owing to different rate of taxation on fertilizers and taxation on inputs. The innovative effort of the Government to pack the urea in 45 Kg. bag in place of earlier 50 Kg. bag in the light of increased effectiveness of Neem Coated Urea is likely to bring down urea consumption. The consumption of organic fertilizers like compost will take off with inclination of the Government to promote its use.

Though the year gone by was marked by challenges on several fronts, your company has maintained its best-ever performance even in 2017-18, the third successive year in a row. The company recorded its best-ever production by prilling more than 38 Lakh MT Urea with 118% capacity utilization. Other than best production, your company crossed 43 Lakh MT fertilizer sale figure for the first time this year.

To increase its market share in fertilizers with the aim of strengthening top and bottom line, your company imported significant volume of fertilizers like DAP, MoP, NPK, APS, Bentonite Sulphur to the tune of 4.59 Lakh MT, an increase of more than 100% over the previous year. Your company also imported 4.01 Lakh MT of urea on Govt. account during 2017-18. With the starting of own production of Bentonite Sulphur plant at our Panipat Unit, your company has added another product in its basket in 2017-18. These efforts finally paid off as growth in the overall business was well supported by the robust growth witnessed in the new segments and your company recorded its best-ever turnover of Rs. 8,928 crore in

2017-18, an increase of 16.8% over the previous year.

Riding on the highest-ever sale of urea and traded fertilizers, your company witnessed improved profitability and PBT went up to Rs. 335 crore in 2017-18, the best-ever in last fifteen years. This is after keeping the provisions of Rs. 246 crore for pay revision and increase in the gratuity ceiling. The non-urea segment has significantly helped the company in increasing the profitability as the income from this segment has risen tenfold from just 1.5% in 2014-15 to 15 % in 2017-18.

Your company is focusing on segments other than fertilizers considering them as future growth catalysts. The Company is scaling up its seed production under Seed Multiplication Programme (SMP) to provide certified quality seeds to farmers under its brand name. The company has increased its seed sowing area tenfold to 2100 hectares in 2017-18 from 198 hectares in 2015-16. The company has also developed a 16 acre dedicated R&D farm at Nangal Unit which exclusively produces best quality foundation seeds from breeder seeds by ensuring best isolation techniques to avoid any varietal impurities. Your company also sees potential in its Agro chemicals Business as sale of Rs. 10 crore was recorded in this segment in 2017-18 against Rs. 50 Lakh in 2016-17.

Our strategy is to maintain our strengths in Urea production and marketing while growing the Imports and Agri Business. We are investing in some of the projects for growth and sustainability. To meet the strict energy norms applicable from 2020-21, your company is already in the process of implementing energy saving schemes at all its plants with a total investment of Rs. 1000 crore.

As you are aware, your company is setting up a new urea plant at Ramagundam through a JV Company, RFCL. The unique feature of this project is that it is being set up with the lowest project cost in the country for similar capacity. The project has picked up pace and hectic construction activities are going on. Though there would be delay of few months due to delay in procurement of few critical equipments and a major delay in commissioning of gas pipeline. Your company has, however, started strengthening its marketing network in southern states with an objective to prepare itself to market

Ramagundam urea. Your company is also extending its HR expertise to RFCL by supplying experienced technical manpower from NFL in addition to recruitment and training of fresh manpower of RFCL under a Manpower Management Agreement, which will also generate revenue for the company in next five years for these services. Your company is also earning revenue by leveraging its HRD infrastructure in plants for long term technical training to the manpower of leading fertilizer companies from outside India. To bring improvement and transparency in various business processes, your company is implementing ERP based Integrated Software Solution.

Your company is also re-aligning its working and priorities to achieve rapid socio-economic transformation of the country in line with the Country's "Vision 2022". The company has undertaken an elaborate exercise for redefining its role and functioning and has finalized an action plan for the same. Your Company is aspiring to be amongst Top 100 Companies of India by the year 2022 based on its growth projections.

In this eventful journey of your company in the midst of volatile business environment, I express my gratitude for your continued support and unshaken faith in our endeavours.

I would like to place on record my sincere appreciation to the Board of Directors for their guidance. I would also take the opportunity to acknowledge the support of Deptt. of Fertilizers, Statutory Authorities, Vendors and other stakeholders for their invaluable contribution in shaping the growth of your company.

I would also like to thank all my colleagues in company for their unflinching dedication, commitment and contribution to take NFL forward. The team strived tirelessly to deliver the best-ever results for three years in a row.

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,

Sincerely,

**Registered Office :**  
Scope Complex, Core-III,  
7, Institutional Area, Lodhi Road, New Delhi-110003  
**Date : 3<sup>rd</sup> August, 2018**

**(Manoj Mishra)**  
Chairman & Managing Director  
DIN : 06408953

# Performance at a Glance

## Financial Highlights

Particulars	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
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	34.92	32.31	32.31	32.31	32.31
Production (Urea) (Lakh MT)	38.10	38.10	37.99	36.39	36.36	32.11	34.01	33.80	33.30	33.44
Capacity Utilisation (Urea) (%) of RAC	117.9	117.9	117.6	112.6	112.5	99.4	105.3	104.6	103.1	103.5
Sales (Urea) (Lakh MT)	39.16	37.58	36.41	36.79	36.87	31.62	33.89	33.59	33.78	33.77
<b>Sales (Traded Goods)</b>										
Di - Ammonium Phosphate (MT)	327753	213871	50747	-	-	-	-	-	-	-
Bentonite Sulphur (MT)	108	3356	1481	866	1931	381	436	1481	1481	-
Zinc Sulphate (MT)	-	-	-	-	249	-	-	-	-	-
Compost (MT)	11695	2660	-	-	-	9594	1144	646	630	936
Muriate of Potash (MOP) (MT)	27463	-	-	-	-	-	-	-	-	-
Ammonium Phosphate Sulphate (APS) (MT)	26435	-	-	-	-	-	-	-	-	-
Seeds (Quintal)	53290	43754	60912	44062	76706	112493	109837	55014	34682	16323
(₹ in Crores)										
Sales - Finished Goods (including Urea, IP & Bio Fertilizers) (a)	2271	2218	2129	2044	1936	1670	1919	1841	1662	1680
Sales - Traded Goods (b)	723	467	235	15	33	30	23	32	33	3
Subsidy (c)	5934	4958	5430	6461	6048	5020	5363	3918	3396	3444
TURNOVER (Net) (incl. Subsidy) (d=a+b+c)	<b>8928</b>	<b>7643</b>	<b>7794</b>	<b>8520</b>	<b>8017</b>	<b>6720</b>	<b>7305</b>	<b>5791</b>	<b>5091</b>	<b>5127</b>
Other Income (e)	96	45	47	37	26	27	37	44	57	80
Total Expenses (f)	<b>8426</b>	<b>7088</b>	<b>7237</b>	<b>8138</b>	<b>7871</b>	<b>6730</b>	<b>7000</b>	<b>5533</b>	<b>4783</b>	<b>4914</b>
Earnings before depreciation, interest and tax (EBIDTA) (g=d+e-f)	598	600	604	419	172	17	342	302	365	293
Interest and Finance Charges (h)	190	190	228	301	204	130	67	9	11	41
Depreciation (i)	73	85	87	73	129	118	91	89	94	96
Profit/(Loss) before Tax (j=g-h-i)	<b>335</b>	<b>325</b>	<b>289</b>	<b>45</b>	<b>-161</b>	<b>-231</b>	<b>184</b>	<b>204</b>	<b>260</b>	<b>156</b>
Tax Expenses (k)	122	117	90	19	-71	-60	57	65	88	58
Profit/(Loss) after Tax (l=j-k)	<b>213</b>	<b>208</b>	<b>199</b>	<b>26</b>	<b>-90</b>	<b>-171</b>	<b>127</b>	<b>139</b>	<b>172</b>	<b>98</b>
Other Comprehensive Income (m)	(2)	(1)	(7)	-	-	-	-	-	-	-
Total Comprehensive Income (Net of tax) (l+m)	211	207	192	-	-	-	-	-	-	-
Gross Block	7667	7376	7287	7227	7182	5717	2958	2930	2924	2906
Net Fixed Assets	4080	4059	4259	4487	4682	3501	550	599	666	734
Current Assets, Loans and Advances	5193	5779	6810	7241	6743	4285	3206	2244	2082	1524
Current Liabilities and Provisions	4458	4355	5323	5888	6041	1430	1600	998	794	885
Working Capital	735	1424	1487	1353	702	2855	1606	1246	1288	639
Long Term Borrowings	171	981	1828	2643	3518	3912	1601	191	-	-
Short Term Borrowings	2890	3154	4296	5002	4040	1703	1384	422	403	265