



46th ANNUAL REPORT 2019-2020



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. Virendra Nath Datt

Chairman & Managing Director and
Director (Marketing)

Sh. Yash Paul Bhola

Director (Finance) & CFO

Sh. Nirlep Singh Rai

Director (Technical)

CORPORATE OFFICE

Vigilance	Sh. Lalit M. Pandey, IRSME	Chief Vigilance Officer
Finance & Accounts, CO	Sh. N. S. Verma	Executive Director
Law, IA, CS & MS	Sh. R. K. Gogia	Executive Director
Corporate Affairs	Sh. Sohan Lal	Executive Director
Materials & Imports	Sh. J. P. Sachdeva	Executive Director
Finance & Accounts, CMO	Sh. Ashutosh Arora	Chief General Manager
Technical & Projects	Sh. S. K. Shukla	Chief General Manager
Human Resource & Administration	Sh. Dinesh Sood	Chief General Manager
Management Services	Sh. A. K. Agarwal	Chief General Manager
Marketing	Sh. Anil Motsara	Chief General Manager
Human Resource, CMO	Sh. S. C. Upadhyay	Chief General Manager
Human Resource	Ms. Jaya Dixit	General Manager
Finance & Accounts	Sh. J. Ramesh	General Manager
Marketing	Sh. Dhir Singh	General Manager
Projects	Sh. J. Chopra	General Manager
Information Technology	Sh. H. K. Varshney	Dy. General Manager (I/c)

UNITS HEADS

Sh. A. K. Jain
Executive Director
Bathinda Unit

Sh. J. S. Singh
Chief General Manager
Vijaipur Unit

Sh. Rakesh Kumar Markan
General Manager (I/c)
Nangal Unit

Sh. Ratnakar Mishra
General Manager (I/c)
Panipat Unit

Sh. H. R. Gupta
DGM (O&M)

Sh. Rajan Kanwar
GM (O&M)

Sh. S. K. Srivastava
GM (O&M)

Sh. Vijay Kant Goyal
GM (O&M)

Ashok Jha
Company Secretary
A-14100

Auditors
Mehra Goel & Company
Chartered Accountants, New Delhi
S. Mann and Company
Chartered Accountants, New Delhi

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

Board of Directors



Seated : (L-R)

Sh. Dharam Pal, Additional Secretary, Department of Fertilizers
Sh. Virendra Nath Datt, C&MD and Director (Marketing)
Sh. Partha Sarthi Sen Sharma, Joint Secretary, Department of Fertilizers

Standing : (L-R)

Sh. Yash Paul Bhola, Director (Finance)
Sh. Nirlep Singh Rai, Director (Technical)
Sh. Pandya Ashwinkumar Balvantray
 Non-official Independent Director

Sh. Anil Verma
 Independent Director
 upto 01.02.2020

Sh. Ramesh Kr. Agarwal
 Independent Director
 upto 01.02.2020

Sh. Devinder Singh Ahuja
 Director (Technical)
 upto 31.03.2020

Smt. Kalpana Saini
 Independent Director
 upto 24.04.2020

Sh. Manoj Mishra
 Chairman & Managing Director
 upto 02.06.2020



CHAIRMAN'S MESSAGE

Dear Shareholders,

The year 2019-20 had been a difficult year for the Global as well as Indian economy which was further impacted due to CoVID-19 pandemic disrupting entire supply and demand sides.

However, against this challenging backdrop, Agriculture is one sector in Indian economy which has largely been unaffected because of many factors primarily attributed to normal monsoon, preemptive actions undertaken by the Government to enable hassle free harvesting of Rabi crops, sowing of Kharif crops and uninterrupted supply chain for movement & sale of farm harvests and uninterrupted availability of farm inputs such as Seeds, Fertilizers, and Agro Chemicals etc.

I am pleased to share with you that during 2019-20, your Company has registered ever best sale of fertilizers to the tune of 57.04 LMT, comprising of 36.08 LMT of own Urea, 11.85 LMT of imported Urea and 9.11 LMT of non-Urea Fertilizers. Your Company has achieved higher sale by 16.51% as compared to previous year. Your Company's sale of fertilizers had been more than sale of all the fertilizer PSUs put together for the 2nd consecutive year. The major thrust of the company in overall sale was due to significant increase in import business and non-Urea business.

Your Company has achieved total turnover of ₹13,135.36 crore (increase of 6% over previous year). The sales turnover was higher over previous year mainly due to increase in sale of Imported (Non-Urea) Fertilizers by 2.69 LMT, increase in sale of Imported Urea by 8.15 LMT, increase in trading of domestic SSP Fertilizers, however it was partially offset by lower sale of own manufactured Urea by 2.90 LMT, decrease in Import Party Price and decrease in Gas prices.

Your Company is continuously augmenting its business of producing and trading certified seeds under its flagship Seeds Multiplication Program. In 2019-20, the Company has achieved the ever best production & sale of certified seeds to the tune of 1.38 Lakh Quintals.

Owing to highly regulated and low margin Urea sector, your company is consistently working on shifting its strategy. As a result, the composition of gross sale of the Company has undergone visible change over the years. This year,

contribution of non-Urea business has increased to 31% as compared to 22% achieved last year. I am happy to share with you that as a long term strategy, your Company has been moving steadily to diversify its product line in order to increase margins. 'With this objective', your Company has added more products during the year i.e. Water Soluble Fertilizers, Calcium Nitrate & Single Super Phosphate (SSP) in its product basket.

During 2019-20, though your company has achieved record fertilizers sale, operating profit of the company of ₹80 crore has been on the lower side as compared to ₹408 crore in previous year mainly due to part mopping of energy norms with 5% penalty, lower production & higher energy consumption at Vijaipur due to reactor problem, increase in finance charges and employee remuneration. Further, due to retrospective withdrawal of the provision of minimum fixed cost by the government w.e.f. 02.04.2014 under NUP-2015, your company has to reverse the fixed cost subsidy income of ₹388.85 crore which has led to a loss before tax of ₹252.71 crore as compared to Profit before Tax of ₹463.37 crore of previous year.

As you know, your Company had maintained the momentum of the operations during lockdown triggered by CoVID-19 in close liaison with different government agencies despite disruption in supply chain. All the plants of the Company were kept operating with minimum required staff by following social distancing norm and other safety protocols during this lockdown period.

The progress of the ongoing energy reduction projects of installation of Gas Turbine Generators along with Heat Recovery Steam Generation Units at Panipat, Bathinda & Nangal, Energy Reduction Scheme at Vijaipur-I&II also remain adversely affected due to outbreak of CoVID-19 pandemic. The projects at Nangal, Panipat and Bathinda Units are now expected to be completed in December 2020 while energy reduction schemes at Vijaipur Units are now expected to be completed by June 2021. Your Company has also taken up the matter with the Government of India to provide suitable dispensation for the investment being made by the Company on these energy saving schemes.

Owing to CoVID-19 pandemic, the commercial operation schedule of Ramagundam Joint Venture Urea project of

your Company has also been affected due to delay in arrival of material, shortage of labour at site and delay in arrival of commissioning experts at site. The commercial production from RFCL project is now expected to be commenced shortly.

After commissioning of the project, NFL would be leveraging its existing marketing network to sell 100% Urea to be produced by this JV Company as per Marketing arrangement agreed with RFCL. NFL has geared up its marketing teams and network in southern states for marketing of RFCL urea. NFL is also extending Manpower Management Consultancy to the Ramagundam Plant which includes recruitment & training of RFCL employees.

In order to integrate and to bring transparency in various business processes, your Company is in the process of implementing ERP based integrated Software solution which is scheduled to be implemented across the company by July 2021.

Your Company is expanding its Seed business vertical. The Company has already commissioned its two Seeds Processing Units (SPUs) at Bathinda and Panipat during February, 2020 and August, 2020 respectively while the third SPU is coming up at Indore in Madhya Pradesh. The Company would be processing seeds to be grown & harvested under its flagship Seed Multiplication Program which was otherwise being processed through outsourcing to third party. The total seeds processing capacity of the Company after commissioning of all the 3 plants would be 1.20 Lakh quintals per annum.

I am pleased to inform that your company has also obtained NABL accreditation for its laboratory at Panipat Unit which will help the company to improve its testing standards and making the laboratory self-sustaining.

In order to promote appropriate use of fertilizers and to benefit farmers, your Company has strengthened its Soil Testing facility. The Company has recently launched five new Mobile Soil Testing Labs for testing the soil samples for Macro & Micro Nutrients at the doorstep of farmers free of cost. Other than the Mobile Soil Testing Labs, the Company is also serving farming community through six Static Soil Testing Labs located in different parts of country. All these Labs tested around 25000 soil samples free of cost in the year 2019-20.

Your Company is implementing various development activities under its Corporate Social Responsibility (CSR). During the year 2019-20, the focus of activities was on Health, School Education and Nutrition. The Company incurred an expenditure of ₹ 574.56 Lakh during the year.

The Company continued taking up wide range of welfare activities in different areas like Sanitation, Solar lights & Solar Panels, Environment etc. The Company also supported

Government of India and State Government in Disaster Management by contributing and taking different initiatives in the relief work for CoVID-19 pandemic, Punjab Floods, Cyclone "Fani" and flood affected Assam. Your Company contributed ₹1.56 Crore towards PMCARES Fund to support Government efforts to combat CoVID-19 pandemic. This included contribution of one day's salary by NFL employees towards PMCARES Fund amounting to ₹92.00 Lakh and contribution of ₹64.00 Lakh from CSR funds. In addition to this, during the year, your company contributed an amount of ₹1.5 Crore for flood affected people of Assam. NFL's contribution included one day's salary of employees alongwith a sizeable contribution by the company.

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.

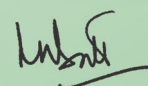
As we continue our eventful journey, I express my gratitude for your continued support and faith in our endeavours.

I also take this opportunity to sincerely thank and laud 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 (Ministry of Chemicals and Fertilizers), Fertilizer Industry Coordination Committee (FICC), 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 our employees for their commitment, hard work and contribution to the Company's performance.

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

With best regards,
Yours sincerely,



(Virendra Nath Datt)

Chairman & Managing Director
DIN: 07823778

Performance at a Glance

Financial Highlights

Particulars	As per IND AS									
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
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	34.92	32.31	32.31
Production (Urea) (Lakh MT)	37.27	38.59	38.10	38.10	37.99	36.39	36.36	32.11	34.01	33.80
Capacity Utilisation (Urea) (%) of RAC	115.4	119.4	117.9	117.9	117.6	112.6	112.5	99.4	105.3	104.6
Sales (Urea) (Lakh MT)	36.08	38.98	39.16	37.58	36.41	36.79	36.87	31.62	33.89	33.59
Bentonite Sulphur (MT)	7974	6746	254	-	-	-	-	-	-	-
Bentonite Sulphur (MT)	714	632	496	545	530	-	-	-	-	-
Sales (Traded Goods)										
Di - Ammonium Phosphate (MT)	685037	503858	327753	213871	50747	-	-	-	-	-
Bentonite Sulphur (MT)	-	-	63	3356	1481	866	1931	381	436	1481
Zinc Sulphate (MT)	-	-	-	-	-	-	249	-	-	-
Compost (MT)	25016	21315	11695	2660	-	-	-	9594	1144	646
Muriate of Potash (MOP) (MT)	74069	-	27463	-	-	-	-	-	-	-
Ammonium Phosphate Sulphate (APS) (MT)	38698	25802	26435	-	-	-	-	-	-	-
Urea (Imported) (MT)	1184952	370447	-	-	-	-	-	-	-	-
NPK 12:32:16 (MT)	50153	68380	-	-	-	-	-	-	-	-
NPK 10:26:26 (MT)	18735	-	-	-	-	-	-	-	-	-
Water Soluble (NPK 19:19:19) (MT)	237	-	-	-	-	-	-	-	-	-
Calcium Nitrate 100% Water Soluble Fertilizer	216	-	-	-	-	-	-	-	-	-
SSP Plain Powder (MT)	9767	-	-	-	-	-	-	-	-	-
Agro Chemicals (KG/Ltrs)	288214	640533	369533	25350						
Seeds (Quintal)	138009	70786	53290	43754	60912	44062	76706	112493	109837	55014

(₹ in Crores)

Sales - Finished Goods (including Urea, IP & Bio Fertilizers) (a)	2106	2238	2271	2218	2129	2044	1936	1670	1919	1841
Sales - Traded Goods (b)	2565	1680	723	467	235	15	33	30	23	32
Subsidy (c)	8111	8296	5934	4958	5430	6461	6048	5020	5363	3918
TURNOVER (Net) (incl. Subsidy) (d=a+b+c)	12782	12214	8928	7643	7794	8520	8017	6720	7305	5791
Other Operating Service/Revenue	353	215	26	-	-	-	-	-	-	-
Revenue from operations	13135	12429	8954	7643	7794	8520	8017	6720	7305	5791
Other Income (e)	57	52	62	45	47	37	38	37	37	44
Total Expenses (f)	12276	11416	8418	7088	7237	8138	7883	6740	7000	5533
Earnings before depreciation, interest and tax (EBIDTA) (g=d+e-f)	916	1065	598	600	604	419	172	17	342	302
Interest and Finance Charges (h)	406	317	190	190	228	301	204	130	67	9
Depreciation (i)	374	285	73	85	87	73	129	118	91	89
Exceptional Items	389									
Profit/(Loss) before Tax (j=g-h-i)	-253	463	335	325	289	45	-161	-231	184	204
Tax Expenses (k)	-82	165	122	117	90	19	-71	-60	57	65
Profit/(Loss) after Tax (l=j-k)	-171	298	213	208	199	26	-90	-171	127	139
Other Comprehensive Income (m)	(25)	(2)	(2)	(1)	(7)	-	-	-	-	-
Total Comprehensive Income (Net of tax) (l+m)	-196	296	211	207	192	-	-	-	-	-
Gross Block	5220	5545	7667	7376	7287	7227	7182	5717	2958	2930
Net Fixed Assets	3726	3993	4080	4059	4259	4487	4682	3501	550	599
Current Assets, Loans and Advances	9813	9493	5246	5779	6810	7241	6743	4285	3206	2244
Current Liabilities and Provisions	9281	8349	4265	4355	5323	5888	6041	1430	1600	998
Working Capital	532	1144	981	1424	1487	1353	702	2855	1606	1246
Long Term Borrowings	769	341	171	981	1828	2643	3518	3912	1601	191
Short Term Borrowings	7334	6122	2890	3154	4296	5002	4040	1703	1384	422
Net Worth (Paid up Capital + Reserve & Surplus)	1921	2219	1987	1827	1691	1509	1494	1584	1754	1672
Capital Employed	1662	2151	1872	1872	2616	3424	4039	4923	4123	702

Key Indicators

Particulars	As per IND AS									
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
EBITDA/ Turnover (%)	7.17	8.72	6.70	7.85	7.75	4.91	2.15	0.25	4.68	5.21
Receivable (in days)	215	210	160	204	225	215	211	171	121	101
Inventory (in days) - Finished Goods	27	40	0	17	15	3	7	12	6	4
Return on Net Worth (%)	-	13.45	10.71	11.40	11.77	1.77	-	-	7.24	8.31
Return on Capital Employed (%)	-	13.87	11.38	7.95	5.81	0.64	-	-	18.10	10.39
Earning per Share of ₹10 (₹)	-	6.08	4.34	4.24	4.05	0.53	-	-	2.58	2.82
Debt/Equity Ratio (Long Term+Short Term)	4.22 : 1	2.91 : 1	1.54 : 1	#2.26 : 1	#3.62 : 1	#5.07 : 1	#5.06 : 1	#3.55 : 1	1.70 : 1	0.37 : 1
Current Ratio	1.06 : 1	1.14 : 1	1.26 : 1	1.33 : 1	1.28 : 1	1.27 : 1	1.12 : 1	3.00 : 1	2.00 : 1	2.25 : 1
Value Added per Employee (₹In Lakhs)	73	72	61	70	55	39	32	24	26	23
Dividend (₹In Crores)	46.60	91.24	-	41.70	59.36	8.34	-	-	38.27	41.70
Dividend as % of Net Worth	2.43	4.11	-	2.28	3.51	0.56	-	-	2.18	2.49
Dividend as % of Profit after tax (PAT)	-	30.57	-	20.11	30.87	31.78	-	-	30.20	30.11
Profit (PAT) per employees (₹In Lakhs)	-	8.95	6.20	5.92	5.35	0.69	(2.21)	(3.99)	2.81	2.96
Interest Coverage Ratio (No. of Times)	2.26	3.36	3.15	3.16	2.65	1.39	0.84	0.13	5.10	33.56
Debt Service Coverage Ratio (No. of Times)	1.95	2.84	2.35	2.06	2.13	0.94	0.66	0.62	4.72	36.40
Book Value per share (₹)	39.16	45.23	40.51	37.23	34.46	30.19	30.45	32.28	35.76	34.09
Price Earning Ratio**	-	5.81	12.43	18.08	6.99	67.97	-	-	30.27	40.86
Employees (Nos.) at the end of Financial Year	3339	3333	3430	3517	3595	3798	4068	4291	4515	4699

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

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

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

Board's Report

To,

Dear Members,

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 46th 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 2019-20 and the Auditors' Reports and Comments of Comptroller & Auditor General of India (C&AG).

During the year, the loss before Tax was ₹252.71 crore as against Profit before tax of ₹463.37 crore achieved during CPLY. The decrease in profit is mainly due to increase in energy consumption, reduction in energy norms (5% penalty), for the FY 2019-20 (2% in FY 2018-19) pursuant to DoF notification dated 28.03.2018, decrease in contribution due to lower production of Urea (by 1.32 LMT) and lower sale of Urea (by 2.90 LMT), decrease in contribution from industrial product, increase in finance charge, increase in employee remuneration and increase in repair & maintenance expenses etc. In addition, Company has reversed fixed cost subsidy income of ₹388.85 crore (shown as exceptional item) due to deletion of para 3.2 of MNPS III policy regarding minimum fixed cost retrospectively w.e.f. 02.04.2014 (DoF letter dated 30.03.2020). Energy consumption per MT of Urea at all Units was within revised energy norms for FY 2019-20 fixed by GOI under New Urea Policy 2015 except for Vijaipur-I & Vijaipur-II units.

The energy consumption per MT of Urea at NFL plants during 2019-20 was as follows:

(Gcal/MT/Urea)

Units	Revised Energy Norms for 2019-20	Actual Energy	
		2019-20	2018-19
Nangal	7.065	6.722	6.728
Panipat	7.558	6.956	6.700
Bathinda	7.430	6.864	7.719
Vijaipur-I	5.884	5.950	5.885
Vijaipur-II	5.500	5.527	5.438

Financial Highlights

Your Company's key financial parameters during the year 2019-20 and important financial highlights are as under: -

(₹in crore)

Sr. No.	Particulars	2019-20	2018-19
01.	Sale of Urea quantity in (LMT)	36.08	38.98
02.	Sale quantity of other Fertilizers (LMT)	20.96	9.97
03.	Sale of Urea	1911.85	2024.83
04.	Subsidy on Urea	6898.51	7496.73
05.	Total Sales of Urea (3+4)	8810.36	9521.56
06.	Sale of other products including subsidy	3971.35	2692.47
07.	Sales Turnover (5+6)	12781.71	12214.03
08.	Sale of Services	4.70	10.28
09.	Other Operating Revenue	348.95	204.82
10.	Revenue from operations (7+8+9)	13135.36	12429.13
11.	Other Income	56.50	51.52
12.	Total Revenue (10+11)	13191.86	12480.65
13.	Total Expenses	12275.82	11415.89
14.	Earnings Before Interest, Depreciation and Taxes (EBIDTA)[12-13]	916.04	1064.76
15.	Interest	405.47	316.36