

Corporate Governance Report

1. Company's Philosophy on code of Governance

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

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

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

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

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

- Constitution of a Board of Directors having expertise in different fields.
- Timely flow of information to the Board and its Committees.
- A sound system of risk management and internal controls.
- Timely disclosure of material information to all stakeholders.
- Transparency and accountability.
- Compliance with all the applicable rules and regulations.

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

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

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

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

- Risk Management Policy.
- Whistle Blower Policy
- Integrity Pact

2. BOARD OF DIRECTORS

2.1 Size of the Board

The Company is a Government Company within the meaning of Companies Act, 2013 as the President of India holds 89.71% of the paid-up Share Capital. Directors include Whole Time Directors, Government Nominee Directors (Promoters Director) and Independent Directors.

2.2 Composition of the Board

The Board of Directors as on 31st March 2015 comprised of nine Directors out of whom three were Whole-time Functional Directors, Director (Marketing) Director (Technical) and Director (Finance) and three Government of India nominees and Three Independent Directors. One Government nominee was holding the additional charge as Chairman and Managing Director. Brief profile of the Directors is set-out elsewhere in the Annual Report.

The Listing Agreement with the stock exchange stipulates that where the Chairman of the Board is a non-Executive Director, at least one third of the Board should comprise of Independent Directors and in case Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. In the absence of adequate number of Independent Directors, during the year, Board's composition was not in accordance with the Listing Agreement, as may be observed from the details given below:-

Period		Composition of the Board		
From	to	Total	Independent	Others
01.04.2014	05.05.2014	9	4	5
06.05.2014	22.05.2014	8	3	5
23.05.2014	30.06.2014	7	3	4
01.07.2014	16.07.2014	6	3	3
17.07.2014	03.08.2014	7	3	4
04.08.2014	10.02.2015	9	3	6
11.02.2015	27.02.2015	9	3	6
28.02.2015	01.03.2015	8	3	5
02.03.2015	31.03.2015	9	3	6

Company has been regularly taking up the matter with the Government of India to initiate necessary steps for appointment of adequate number of Independent Directors and appointment of woman Director to ensure compliance with the Listing Agreement.

As required under Clause 49 of the Listing Agreement and Companies Act, 2013 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 other material or 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 prescribed criteria of independence.

2.3 Tenure of Directors

The age limit of Chairman & Managing Director and other whole-time functional Directors is sixty years. The Chairman & Managing Director and other whole-time Functional Directors are appointed for a period of five years from the date of taking charge or till the date of superannuation or till further instructions from the Government of India, whichever event occurs earlier. Government nominee Directors representing the Department of Fertilizers, Government of India, retire from the Board on ceasing to be officials of the Department of Fertilizers, Government of India. Independent Directors are appointed on the recommendations of the Government of India usually for a tenure of three years.

2.4 Other details relating to the Board

Details regarding tenure, number of other Directorships/Committee Memberships (viz. Business Development & Strategic Planning Committee, Audit Committee and Shareholders Grievance Committee, Nomination and Remuneration Committee, Health and safety Committee, Corporate Social Responsibility and sustainable Development Committee as per SEBI's Corporate Governance Code) held by Directors during the year are tabulated below:-

S. No.	Director (S/Shri)	Category	Tenure		In other Boards/Committees		
			From	To	Directorship	Membership	Chairmanship
01.	Manoj Mishra, CMD	CMD	03.06.2015	Continuing	-		
02.	Heera Lal Samariya, CMD	CMD	02.03.2015	03.06.2015	-		
03	Ms. Neeru Abrol, Director (Finance) Chairman & Managing Director	ED	02.05.2013 14.05.2014	14.05.2014 27.2.2015	1		
04.	Capt. Pavan Kumar Kaul, Director (Marketing)	ED	07.2.2011	Continuing	1	-	-
05	M. Sagar Mathews, Director (Technical)	ED	1.11.2013	Continuing	-	-	-
06.	Rajiv Kumar Chandio, Director (Finance)	ED	10.02.2015	Continuing	-		
07.	Satish Chandra Govt. Nominee Director	NED-Govt. Nominee	27.10.2008	30.6.2014	4	-	-
08	Suresh Chandra Gupta Govt. Nominee Director	NED-Govt. Nominee	12.9.2011	22.5.2014	2	1	-
09	Rajeev Yadav, Govt. Nominee Director	NED-Govt. Nominee	17.7.2014	Continuing	2		
10	Rakesh Kumar Govt. Nominee Director	NED-Govt. Nominee	04.08.2014	Continuing	-		
11.	Munikoti Niranjan Rao Independent Director	NEID	06.5.2011	5.5.2014	-	-	-
12.	M. Raman Independent Director	NEID	06.5.2013	Continuing	3		-
13.	Vikram Srivastava Independent Director	NEID	06.5.2013	Continuing	1	-	-
14.	Gurinderjit Singh Sandhu Independent Director	NIED	21.2.2014	Continuing	-	-	-

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

2.5 Responsibilities

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

2.6 Independent Directors

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

2.7 Board Meetings, Agenda & Minutes

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

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

The Company Secretary while preparing the Agenda and Minutes of the Board meeting is required to ensure adherence to the provisions of the Companies Act, 2013 and other applicable laws. The Board also takes note of the minutes of the meetings of the various committees of the Board duly approved by their respective Chairman.

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

2.8 Meetings held

During the year, 08 Meetings of the Board were held on: 12th May, 2014, 28th May, 2014, 12th August, 2014, 16th September, 2014, 13th November, 2014, 17th December, 2014, 4th February, 2015 and 25th March, 2015. The Annual General Meeting was held on 5th September 2014. Details of attendance at the Board Meetings and Annual General Meeting are as follows:-

DIRECTORS (S/Shri)	Category	Board Meetings during respective tenure of Directors		Attendance at last Annual General Meeting
		Held	Attended	
Ms. Neeru Abrol	Chairperson & Managing Director	08	07	Present
Heera Lal Samariya	Chairman & Managing Director	08	01	-
Capt. Pavan Kumar Kaul	ED	08	08	Present
M.Sagar Mathews	ED	08	08	Present
Rajiv Kumar Chandiok	ED	08	01	-
Satish Chandra	NED-Govt. Nominee	08	01	-
Suresh Chandra Gupta	NED-Govt. Nominee	08	01	-
Rajiv Yadav	NED-Govt. Nominee	08	06	-
Rakesh Kumar	NED-Govt. Nominee	08	06	Present
Vikram Srivastava	NEID	08	08	Present
M.Raman	NEID	08	1	-
Gurinderjit Singh Sandhu	NEID	08	07	Present

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

Notes:

1. Shri Munikoti Niranjan Rao ceased to be Director w.e.f. 5th May, 2014
2. Shri Suresh Chandra ceased to be Director on 22nd May, 2014
3. Shri Satish Chandra ceased to be Director w.e.f. 30th June, 2014
4. Shri Rajiv Yadav, joined as Director w.e.f. 17th July, 2014
5. Shri Rakesh Kumar, joined as Director w.e.f. 4th August, 2014
6. Shri Rajiv Kumar Chandiook, joined as Director (Finance) w.e.f. 10th February, 2015
7. Ms Neeru Abrol, Director, Chairperson & Managing Director retired on superannuation w.e.f. 27.02.2015.

2.9 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 Results of the Company
- Annual Accounts, Management Discussion Analysis, Directors' Report etc.
- Minutes of the Meetings of the Audit Committee and other Committees of the Board
- The information on recruitment and remuneration of senior executives just below the Board level, including appointment or removal of Company Secretary
- Major capital investments, formation of Joint Ventures, R&D project or technical collaboration agreement
- Significant labour problems and their proposed solutions. Any significant development in the areas of Human Resource/Industrial Relations like signing of wage agreement, Incentive Schemes, Medical facilities, implementation of Voluntary Retirement Scheme etc.
- Disclosure of Interest by Directors about Directorships and Committee positions occupied by them in other companies
- Report on compliance of various laws and Information relating to major legal disputes
- Short term Investment of surplus funds
- Status of Borrowings
- Any contract(s) in which Director(s) is/are deemed to be interested
- Award of large contracts
- Report on performance of various units/functions
- Review of risk factors including Foreign Exchange transactions
- Report on vigilance activities
- 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 nonpayment 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 that involve substantial payment towards goodwill, brand equity, or intellectual property.

- Sale of material nature, of investments, satisfactory assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- Review of Whistleblower Policy of the Company.
- Review of Corporate Social Responsibility (CSR) Policy of the Company.
- Review of Health, Safety and Environment Policy.

2.10 Independent Directors Meeting:-

During the year under review, the Independent Directors met on 25th March, 2015 inter alia, to discuss:

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.

3. Committees of the Board

The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness to ensure that stakeholders' long-term interests are served. The Board has constituted various Committees of Directors including Audit Committee, Share Transfer Committee, Investment Committee, and Committee on Corporate Social Responsibility & Sustainable Development, Health & Safety Committee, Business Development & Strategic Planning Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

Terms of reference and other details of Board Committees

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, clause 49 of the Listing Agreement and guidelines on Corporate Governance as issued by Department of Public Enterprises. The scope of Audit Committee inter-alia includes the following:-

- Periodical review of the accounting policies and practices, financial statements of the Company and reports of the Auditors.
- Periodical discussions with the Auditors and to deliberate upon their findings, suggestions and review of adequacy of Internal Control System, Scope of Audit, Auditors' observations and other related matters besides compliance with Accounting Standards.
- Approval of Internal Audit Programmes and monitoring of their execution.
- Review of annual financial statements before submission to the Board for approval including matters required to be included in the Directors Responsibility Statement in terms of Clause "C" of Sub Section (3) of Section 134 of Companies Act, 2013, Accounting Policies and changes therein, audit reports & related party transactions disclosures, compliance with listing and other legal requirements relating to financial statements.
- Reviewing with the Management performance of statutory and internal auditors, the adequacy of internal control systems and suggestions for improvement including the structure of the Internal Audit Department, coverage, frequency of internal audit, significant observations, etc.
- Provide an avenue of communication between Internal Auditor, Statutory Auditor and Board of Directors.
- Review of outstanding and risks faced by the Company.
- Review of fee payable to Statutory Auditors.
- Review of Foreign Exchange Risk.

- Review of appointment/reappointment of Secretarial Auditor, Cost Auditors, Internal Auditors, Tax Auditors and their remuneration.
- Review and monitor the auditor's independence performance, and effectiveness of audit process.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the company, wherever it is necessary.

Composition & Attendance at the Meetings

During the year 2014-15 the Audit Committee met on 7 times i.e. 27th May, 2014, 11th August, 2014, 5th September, 2014, 17th October, 2014, 13th November, 2014, 28th January, 2015 and 4th February, 2015. In terms of requirement of the listing agreement, two third members of the Audit Committee are to be independent. As per Section 177 of the Companies Act, 2013, the Audit Committee shall have minimum three members and 2/3rd of those shall be other than Managing Director or Whole Time Directors.

The composition of the Audit Committee during 2014-15 and attendance at the meetings during the year 2014-15 was as follows:-

S. No	Name of Director (S/Shri)	Status	Tenure		Meetings during respective tenure	
			From	To	Held	Attended
01	Munikoti Niranjan Rao	Chairman	11.05.2011	05.05.2014	5	5
02	M. Raman	Member Chairman Member	29.05.2013 12.05.2014 12.08.2014	11.05.2014 11.08.2014 Continuing	7	-
03	Neeru Abrol	Member	12.05.2014	25.5.2014	-	-
04.	M. Sagar Mathews	Member	01.11.2013	Continuing	7	7
05.	Gurinderjit Singh Sandhu	Member Chairman	12.05.2014 12.08.2014	11.08.2014 Continuing	7	6
06.	Vikram Srivastava	Member	26.5.2014	Continuing	7	7

Note:

The Committee was :-

1. reconstituted on 12th May, 2014 when Shri Munikoti Niranjan Rao ceased to be Director on 5.5.2014 and Shri M. Raman appointed as Chairman.
2. reconstituted on 26th May, 2014, when Shri Vikram Srivastava was inducted as Member.
3. reconstituted on 12th August, 2014, when Shri G.S. Sandhu was appointed as Chairman and Shri M. Raman was inducted as Member.

Statutory Auditors attend the Audit Committee meetings. The Cost Auditors also attend these meetings when Cost Audit Report and related matters 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 of the Committee.

3.2 Stakeholders relationship Committee:

The scope of the Stakeholders Relationship Committee inter-alia includes redressal of investors grievances especially transfer/transmission of shares, dividends, dematerialization, replacement of lost/stolen/mutilated share certificates, splitting, conversion and other related issues and strengthening of investor relations. The Company Secretary being the Compliance Officer is specifically entrusted with responsibility for redressal of shareholders and investors complaints and report the same to the Committee.

Composition

The composition of the Committee during the year 2014-15 and thereafter is as follows:-

S.No.	Name of Director (S/Shri)	Status	Tenure	
			From	to
01.	Vikram Srivastava	Chairman	29.5.2013	Continuing
02.	Rakesh Kumar	Member	12.8.2014	Continuing
03.	Rajiv Kumar Chandiok	Member	10.02.2015	Continuing
04.	Satish Chandra	Member	4.12.2012	30.6.2014
05.	Suresh Chandra Gupta	Member	29.5.2013	12.5.2014
06.	Neeru Abrol	Member	20.5.2013	14.5.2014

Summarized information on complaints

There were no complaints pending for redressal as on 31st March, 2015. Number of shareholders complaints received and resolved during the period 1st April, 2014 to 31st March, 2015 were as detailed below:-

Quarter ended	Complaints Received	Complaints Resolved	Complaints Pending
30.06.2014	25	25	NIL
30.09.2014	46	46	NIL
31.12.2014	3	3	NIL
31.03.2015	9	9	NIL
Total	83	83	NIL

3.3 Nomination and Remuneration Committee

Composition & Scope

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

Remuneration of employees consisting of basic pay, perquisites, performance Incentives, retirement benefits is regulated by Department of Public Enterprise, Government of India guidelines issued from time to time. Within the frame work of guidelines, Remuneration Policy of the Company aims to motivate employees to excel in performance, recognize their contribution, retain talent in the Organization and reward merit.

In terms of the guidelines of the Department of Public Enterprises, Government of India, every Central Public Sector Undertaking is required to constitute a 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 and the constitution of the Committee for the year 2014-15 and thereafter is as follows:-

S.No.	Name of Director (S/Shri)	Status	Tenure	
			From	To
01	Munikoti Niranjana Rao	Chairman	11.5.2011	5.5.2014
02	Gurinderjit Singh Sandhu	Member	21.2.2014	11.5.2014
		Chairman	12.5.2014	Continuing
03.	M. Raman	Member	29.5.2013	Continuing
04	Vikram Srivastava	Member	29.5.2013	Continuing

3.4. Committee on Corporate Social Responsibility and Sustainable Development.

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

S. No.	Name (S/Shri)	Status
1.	Gurinderjit Singh Sandhu	Chairman
2.	Vikram Srivastava	Member
3.	Capt. Pavan Kumar Kaul	Member

3.5. Health & Safety Committee

Composition of the Committee

S. No.	Name (S/Shri)	Status
1.	Vikram Srivastava	Chairman
2.	M. Raman	Member
3.	M. Sagar Mathews	Member

Health and Safety Committee is primarily responsible to monitor and ensure the highest standards of environment, health and safety. Committee also review compliance of applicable safety systems, procedures, rules and regulations on safety, occupational health and environmental protection and safety audit in various departments/ units.

3.6. Committee on Business Development & Strategic Planning

Composition of the Committee

S. No.	Name (S/Shri)	Status
1.	M. Raman	Chairman
2.	Vikram Srivastava	Member
3.	G.S. Sandhu	Member
4.	M. Sagar Mathews	Member

Business Development and Strategic Planning Committee has been put in place to evolve the growth strategy of the Company. Committee is responsible to make recommendations in all matters relating to strategic planning, strategic alliances, joint ventures, diversifications, new business areas.

4. Remuneration and Sitting Fee paid to Directors during 2014-15

4.1 Remuneration to Executive Directors

(₹Lacs)			
Name of the Director (S/Shri)	Salary including perks	Retirement Benefits	Total
Heera Lal Samariya (w.e.f 01.03.2015 to 03.06.2015)	-	-	-
Neeru Abrol (w.e.f. 01.04.2014 to 28.02.2015)	0.28	0.06	0.34
Capt. Pavan Kumar Kaul Director (Marketing)	0.30	0.02	0.33
M. Sagar Mathews	0.25	0.02	0.27
R.K. Chandiook Director (Finance) w.e.f. 25.02.2015	0.04	0.00	0.04
Sunil Bhatia GM(F&A) I/c (w.e.f. 12.08.2014 to 25.02.2015)	0.09	0.01	0.10
Tek Chand Company Secretary Upto 31.07.2014	0.08	0.08	0.15
Raj Kumar Company Secretary w.e.f 01.08.2014	0.17	0.02	0.19
Total	1.21	0.21	1.42

No sitting fee is payable to Government Nominee and Executive Directors.

4.2. Sitting Fee to Independent Directors

The Non-executive Independent Directors are paid sitting fee of ₹10,000 for attending each meeting of the Board/ Committee thereof. Sitting fee paid to Independent Directors during 2014-2015 was as follows:-

(Amount in ₹)

Name of the Independent Director (S/Shri)	Board Meetings	Audit Committee and other Meetings	Total
Munikoti Niranjana Rao	-	-	-
Vikram Srivastava	80000	150000	230000
M. Raman	10000	-	10000
Gurinderjit Singh Sandhu	70000	140000	210000
Total	160000	290000	450000

4.3 Stock Options

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

4.4 Shares Issued to Employees:-

Under the offer for sale to NFL employees sold 1404268 shares, 0.29% of paid-up capital to the Employees in June, 2014.

5. General Body Meetings:

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

Type of Meeting	Date of Meeting	Time	Place	Details of Special Resolution(s) passed, if any
YEAR 2011-12				
Annual General Meeting	11.09.2012	11.30 AM	Air Force Auditorium, Subroto Park, New Delhi - 110010	A Special Resolution as Item No.7 was passed to alter the Articles of Association by insertion of Article 37AA providing for buyback of shares. The modification was subject to approval of President of India. As the approval could not be received within 30 days of passing of Special Resolution, same got elapsed.
YEAR 2012-13				
Annual General Meeting	17.9.2013	10.30 AM	Air Force Auditorium, Subroto Park, New Delhi – 110010	A Special Resolution as Item No.6 was passed to alter the Articles of Association by insertion of Article 37AA providing for buyback of shares.

Type of Meeting	Date of Meeting	Time	Place	Details of Special Resolution(s) passed, if any
YEAR 2013-14				
Annual General Meeting	05.09.2014	10.30 AM	Dr. Sarvepali Radha Krishanan Auditorium, Kendriya Vidyalaya, Delhi Cantt.	A Special resolution as Item No. 8 was passed u/s 180(1)(c) to borrow to meet capital requirements.

5.2 None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

5.3 Extraordinary General Meeting

No Extraordinary General Meeting was held during the year.

6. Disclosures:

- 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 AS-18 "Related Party Disclosures", which are set out in the Annual Report.
- The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties / strictures have been imposed against the Company during the last three years.
- The Company has complied with all the mandatory requirements except for appointment of requisite number of Independent Directors on the Board and adopted part of the non-mandatory requirements.

7. Details of non-compliance by the Company, penalties & strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets during the last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures were imposed by the Stock Exchanges or SEBI or any other statutory authority.

8. Compliance Officer

Shri Raj Kumar, Company Secretary is the Compliance Officer.

9. Means of Communication

- Quarterly (unaudited but limited review by Auditors) and annual audited financial results of the Company as recommended by the Audit Committee and approved by the Board are submitted to the Stock Exchanges.
- Quarterly/Annual Financial Results for 2014-2015 were published in prominent newspapers as below: -

Quarter ended	Date of publication	News Paper
30 th June, 2014	13 th August, 2014 (English) 14 th August, 2014 (Hindi)	The Times of India, Navbharat Times (Hindi), The Economic Times
30 th September, 2014	14 th November, 2014	The Times of India, Navbharat Times (Hindi), The Economic Times
31 st December, 2014	5 th February, 2015 (English) 6 th February, 2015 (Hindi)	The Times of India, Navbharat Times (Hindi), The Economic Times
31 st March, 2015	28 th May, 2015	The Indian Express, Jansatta (Hindi) and The Financial Express

- Shareholding pattern at the end of each quarter is also conveyed to the Stock Exchanges.
- The quarterly/annual financial results and Shareholding Pattern are also made available at the website of the Company.
- Stock Exchanges are kept posted with the changes in composition of Board of Directors.
- All official Press Releases are posted on the Company website.
- Company has designated exclusive email ID investor@nfl.co.in for the investors.

10. General Shareholder Information

(i) 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

(ii) Annual General Body Meeting

Date: 23rd September, 2015 at 10.30 AM

Venue : Weight Lifting Hall, Jawahar Lal Nehru Stadium, New Delhi.

(iii) Address for Communication:-

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

•A-11, Sector-24, Noida – 201 301.

(iv) Website

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

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

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

v) Financial Calendar for FY 2014-15

Particulars	Date
Accounting Period	1 st April, 2014 to 31 st March, 2015
Un-audited Financial Results for the first three quarters quarter	Within a period of 45 days from the end of each quarter
Fourth Quarter Results	Audited Results on or before 31 st May 2015
AGM (Next Year)	September, 2015 (Tentative)

vi) Book Closure

The Register of Members and Share Transfer Books will remain closed from 17.09.2015 to 23.09.2015 (both days inclusive).

vii) e-Voting

Members will be provided facility to exercise their right to vote at the 41th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL). The e-voting facility will be available from 20th September, 2015 (from 09.00 AM) to 22nd September, 2015 (upto 5.00 PM).

viii) Payment of Dividend

Board of Directors have recommended a dividend of 1.70% on paid up capital for the financial year 2014-15.

ix) Listing on Stock Exchanges

Equity Shares

Company's equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Ltd.

Bombay Stock Exchange Limited

Scrip Code:	NSE : NFL	BSE : 523630
Demat ISIN No. in NSDL and CDSL	INE870D01012	

Debt Securities

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

Debenture Trustees

IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400001

x) Market Price Data

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

BSE

Month	Stock Prices of the Company	
	High (₹)	Low (₹)
April, 2014	27.50	24.15
May, 2014	40.35	24.30
June, 2014	48.00	37.75
July, 2014	47.20	33.65
August, 2014	38.50	32.30
September, 2014	38.90	31.90
October, 2014	35.70	32.00
November, 2014	40.35	34.00
December, 2014	40.10	32.95
January, 2015	40.70	36.00
February, 2015	42.80	35.00
March, 2015	36.25	25.40

Face Value per Share is ₹10



NSE

Month	Stock Prices of the Company	
	High (₹)	Low (₹)
April, 2014	27.40	24.05
May, 2014	40.20	24.30
June, 2014	47.90	37.50
July, 2014	47.20	33.60
August, 2014	38.45	32.35
September, 2014	38.90	31.90
October, 2014	35.80	32.00
November, 2014	40.40	34.90
December, 2014	40.15	33.00
January, 2015	40.85	36.05
February, 2015	42.80	35.00
March, 2015	36.65	25.45

Face Value per Share is ₹10

xi) Registrar and Share Transfer Agent

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

xii) Distribution of Shareholding

Shares held by different type of shareholders as on 31st March, 2015 are given below:-

(a) According to size:

No. of Equity Shares held	Number of Shareholders	%age of Total	No. of shares held	%age of Total
(1)	(2)	(3)	(4)	(5)
Upto 500	46987	91.381	2951146	0.602
501 to 1000	2219	4.316	1917032	0.391
1001 to 2000	950	1.848	1513933	0.309
2001 to 3000	349	0.679	920934	0.188
3001 to 4000	198	0.385	720088	0.147
4001 to 5000	173	0.336	831483	0.169
5001 to 10000	327	0.636	2476145	0.505
10001 & above	216	0.420	479247639	97.690
Total	51419	100.00	490578400	100.00

(b) Shareholding Pattern

	Category	Number of Shares held	%age of shareholding
(A)	Shareholding of Promoter and Promoter Group (Government of India)		
I	Indian	440116292	89.71
II	Foreign	-	-
	Sub Total	440116292	89.71
(B)	Public shareholding Institutions		
I	Institutions	29379353	5.99
II	Non-institutions	21082755	10.28
	Sub Total	49057840	10.28
	GRAND TOTAL	490578400	100.00

(xiii) Outstanding GDRs, ADRs, Warrants or any convertible instruments, etc. :

Company has not issued any such securities.

(xiv) Status of dematerialization of shares as on 31st March, 2015

The shares of the Company are compulsorily traded in dematerialised mode. Company has signed agreements with both the depositories i.e. National Securities Depository Services (India) Limited (NSDL) and Central Depositories Services (India) Ltd. (CDSL). Company offers simultaneous transfer-cum-demat facility to the investors. The position of shares held in dematerialized and physical mode as on 31st March, 2015 is a below:-

Mode of Holding	Number of Shares	%age
NSDL	43665894	8.90
CDSL	446723652	91.05
Physical	188854	0.04
Number of Shares	490578400	100

(xv) Share Transfer System

Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialized form. In case of shares held in physical form, the transferred share certificates duly endorsed are dispatched within 15 days from the date of receipt of documents, provided documents are valid and complete in all respects. The Board has delegated the authority for approving transfer/transmission, etc. to the Share Transfer Committee. Company obtains from a Company Secretary in practice Half Yearly Certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement is filed with the stock exchanges.

Name and addresses of the Depositories are as under:-

1. National Securities Depository Services (India) Limited,
Trade World, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
2. Central Depository Services (India) Limited,
Phiroze Jeejeebhoy Towers,
28th Floor, Dalal Street, Mumbai – 400 023.

(xvi) 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.	Location
1.	Nangal : Naya Nangal, District Ropar, Punjab-140126. Tel.No.01887-220570 FAX No.01887-220541
2.	Bathinda : Sibian Road, Bhatinda, Punjab-151003 Tel. No.0164-2270261 FAX No.0164-2270463/2760270
3.	Panipat : Gohana Road, Panipat, Haryana-132106 Tel. No.0180-2652481-83, 85, 2681304 FAX No.0180-2652515
4.	Vijaipur I & II : Vijaipur, District Guna, Madhya Pradesh-473111. Tel.No.07544-273528/529 FAX No.07544-273089/273109

(xvii) Listing Fees

Company has paid the requisite listing fees to the Stock Exchanges during the year 2014-15.

11. Electronic Clearing Service

The Company requests its members to furnish ECS mandate so as to enable the Company to credit the dividend directly to the shareholder's bank account. The Company would be remitted the dividend through ECS to those shareholders, who have registered their mandate with the Company at the centers where the ECS facility is available. In other cases, the dividend is being paid through dividend warrants with the bank account details printed on the warrants. The Company's endeavour is to remit the dividend through ECS whenever the facilities are available. In the meantime, the members holding shares in physical form desirous of receiving dividend through ECS but who have so far not furnished ECS mandate are requested to submit the mandate form duly filled and signed for registration to the RTA. A format of the form is annexed with this report. Investors holding shares under demat are requested to check their ECS mandate registered with the respective Depository Participants for ensuring correctness for prompt credit of dividend to their account.

12. 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 Clause 49 of the Listing Agreement. 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 Clause 41 of the Listing Agreement. The Annual Certificate given by the Chairman & Managing Director and the Chief Financial Officer is published in this Report.

13. Audits and Internal Control System

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

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 Board of Directors and the Audit Committee.

Impact of major risks and the action taken to obviate the same on short term and long term basis is deliberated by the Board and Audit Committee.

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. Whistle Blower Policy

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

17. 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.

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. All directors and senior management personnel have complied compliance with the Code of Conduct for “Board Members and Senior Management Personnel as on 31st March, 2015.

Declaration as required under Clause 49 of the Listing Agreement

This is to certify that in line with the requirements of Clause 49 of the Listing Agreement, all the Members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31st March, 2015.

Registered Office:

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

Date : 30th July, 2015

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Code of Insider Trading

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

Compliance Certificate of the Auditors

Certificate from the Company’s Auditors M/s. M/s. M.L. Puri & Company and M/s. Chandiook & Guliani confirming

compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the Directors Report forming part of the Annual Report.

Certification of Chief Executive Officer and Chief Financial Officer under Clause 49 (v)

We, Manoj Mishra, Chairman & Managing Director and Rajiv Kumar Chandiok, Director (Finance) of National Fertilizers Limited, to the best of our knowledge and belief certify that:-

1. We have reviewed the Balance Sheet and Statement of Profit and Loss and all its schedules and notes on accounts, as well as the Cash Flow Statement of the Company for the year ended 31st March, 2015. To the best of our knowledge and information:-
 - a. these statements do not contain any materially untrue statement or omit to state a material fact or contain statement that might be misleading;
 - b. 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.
2. We also certify that based on our knowledge and the information provided to us, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's code of conduct.
3. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls for financial reporting and procedures for the Company and we have evaluated the effectiveness of the Company's internal controls and procedures pertaining to financial reporting.
4. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and through them to the Audit Committee of the Company's Board of Directors.
 - a. All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
 - b. Significant changes in internal control over financial reporting during the year;
 - c. Any fraud, which we have become aware of and that involves management or other employees who have a significant role in the Company's internal control system over financial reporting.
 - d. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the accounts.

(Rajiv Chandiok)
Director (Finance)
DIN : 05146544

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:

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

Date : 30th July, 2015



**M. L. PURI AND COMPANY
CHARTERED ACCOUNTANTS
407, NEW DELHI HOUSE,
27 BARAKHAMBA ROAD,
CONNAUGHT PLACE
NEW DELHI - 110001**

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

CERTIFICATE

To,
The Members of
National Fertilizers Limited

We have examined the compliance of the conditions of 'Corporate Governance' by National Fertilizers Limited for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said company with the various stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of 'Corporate Governance' as stipulated in the above mentioned 'Listing Agreement' subject to the following:

During the year ended 31 st March 2015, Company did not have requisite number of Independent Directors on its Board of Directors as required under Clause 49 (I) (A) of the Listing Agreement. Further company also did not have a women director as required under the Companies Act, 2013.

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.

**For M. L. PURI & COMPANY
CHARTERED ACCOUNTANTS**

(M.L. Puri)
PARTNER
(MEMBERSHIP NO. 009198)
FIRM REGD. NO. 002312N

**For CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS**

(V. K. Lalla)
PARTNER
(MEMBERSHIP NO. 080847)
FIRM REGD. NO. 001199N

**Place: New Delhi
Date: 30th July, 2015**