

CORPORATE GOVERNANCE REPORT (2016-17)

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

1. Company's Philosophy on code of Corporate Governance

Corporate governance is 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 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 laws and regulations.

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

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

Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in dealing with stakeholders of the Company. Company has adopted various codes and policies to carry out 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

- Training Policy for the Board of Directors and Key Managerial Personnel
- Policy on related Party Transactions
- Archival Policy
- Corporate Policy on Preservation of Documents
- Policy for Material Subsidiary
- Policy on Board Diversity
- Business Responsibility Policy
- Policy for Materiality for disclosure of events to the Stock Exchanges
- Dividend Distribution Policy
- Anti-Fraud Policy

2. BOARD OF DIRECTORS

2.1 Size of the Board

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

2.2 Composition of the Board

The Board of Directors as on 31st March 2017 comprised of eight Directors out of whom three were Whole-time Functional Directors i.e. Chairman & Managing Director, Director (Technical), Director (Finance), two Government of India nominees and three Independent Directors. Brief profile of the Directors is set-out at Annexure - 15 in the Annual Report.

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015) stipulates that where the Chairman of the Board is a non-Executive Director, at least one third of the Board should comprise of Independent Directors and in case Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. In the absence of adequate number of Independent Directors, during the year, Board's composition was not in accordance with the SEBI (LODR) Regulations 2015, as has been detailed below:-

S. No.	Period		Composition of the Board		
	From	To	Total Directors	Independent Directors	Other Directors
01.	01.04.2016	05.05.2016	8	3	5
02.	06.05.2016	30.06.2016	6	1	5
03.	01.07.2016	31.07.2016	7	2	5
04.	01.08.2016	12.10.2016	6	2	4
05.	13.10.2016	07.12.2016	7	2	5
06.	08.12.2016	29.12.2016	6	2	4
07.	30.12.2016	10.01.2017	5	2	3
08.	11.01.2017	06.02.2017	6	2	4
09.	07.02.2017	13.02.2017	7	2	5
10.	14.02.2017	20.02.2017	9	4	5
11.	21.02.2017	31.03.2017	8	3	5

Company did not have any Woman Director on the Board till 30-06-2016. Thereafter, three women directors have been inducted on the Board i.e. Ms. Bhavnaben Kardambhai Dave, Ms. Meenakshi Gupta and Dr. Kalpana Saini on 01.07.2016, 11.01.2017 & 18.05.2017 respectively.

As required under Companies Act, 2013 and SEBI (LODR) Regulations, 2015, none of the Directors is a member of more than ten committees of the Board or Chairman of more than five committees in which he/she is a member.

During the year under review, Independent Directors did not have any material or other pecuniary relationship or transactions with the Company, its promoters or management apart from receiving sitting fees, which may affect independence of judgment of the Directors.

The Company has received declaration from all the independent Directors of the company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (LODR) Regulations 2015.

2.3 Tenure of Directors

The age limit of retirement of Chairman & Managing Director and other whole-time functional Directors is sixty years. The Chairman and Managing Director and other whole-time Functional Directors are appointed for a period of five years from the date of taking charge or till the date of superannuation or till further instructions by the Government of India, whichever event occurs earliest and in accordance with the provisions of Companies Act, 2013. The appointment may, however, be terminated even during this period by either side on three months notice or on payment of three months salary in lieu thereof. Government nominee Directors representing the Department of Fertilizers, Government of India, retire from the Board on ceasing to be officials of the Department of Fertilizers, Government of India. Independent Directors are appointed on the recommendations of the Government of India usually for tenure of three years.

2.4 Other details relating to the Board

Details regarding tenure, number of other Directorships/Committee Memberships viz. Audit Committee and Stakeholders Relationship Committee and Nomination and Remuneration Committee, held by Directors as on 31.03.2017 are tabulated below:-

S. No.	Director (S/Shri)	Category	Tenure		In other Boards/Committees		
			From	To	Directorship	Membership	Chairmanship
01.	Manoj Mishra	C&MD	03.06.2015	Continuing	-	-	-
02.	Rajiv Kumar Chandiok	ED	10.02.2015	Continuing	2	-	-
03.	Devinder Singh Ahuja	ED	06.02.2017	Continuing	1	-	-
04.	Dharam Pal	NED-Govt. Nominee	09.02.2016	Continuing	2	-	-
05.	Ms. Bhavnaben Kardambhai Dave	NEID	01.07.2016	Continuing	-	-	-
06.	Ms. Meenakshi Gupta	NED-Govt. Nominee	11.01.2017	Continuing	4	-	-
07.	Anil Verma	NEID	14.02.2017	Continuing	-	-	-
08.	Dr.Ramesh Kumar Agarwal	NEID	14.02.2017	Continuing	1	-	-
09.	Kuntal Sensarma	NED-Govt. Nominee	13.10.2016	08.12.2016	NA	NA	NA
10.	Vinod Kumar Thakral	NED-Govt. Nominee	09.02.2016	31.07.2016	NA	NA	NA
11.	M. Raman	NEID	06.05.2013	05.05.2016	NA	NA	NA
12.	Vikram Srivastava	NEID	06.05.2013	05.05.2016	NA	NA	NA
13.	M. Sagar Mathews	ED	01.11.2013	30.12.2016	NA	NA	NA
14.	Gurinderjit Singh Sandhu	NEID	21.02.2014	20.02.2017	NA	NA	NA

C&MD- Chairman & Managing Director, 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 and Audit Committee meetings. They help with their wide-ranging experience in the field of Management, Governance, Finance, Audit, etc. The Independent Directors bring an independent judgement have a bearing 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 Secretarial Standards. The Board also takes note of the minutes of the meetings of the various Committees of the Board duly approved by their respective Chairperson of the Committee.

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

2.8 Board Meetings held

During the year, Board met 9 times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	407	22.04.2016
02.	408	23.05.2016
03.	409	13.07.2016
04.	410	22.08.2016
05.	411	09.09.2016
06.	412	29.11.2016
07.	413	23.01.2017
08.	414	14.02.2017
09.	415	30.03.2017

The minimum and maximum interval between any two Board Meeting was 17 days and 80 days respectively.

2.9 Attendance at the Board Meetings and Annual General Meeting

The Annual General Meeting was held on 27th September 2016. Details of attendance of the Directors at the Board Meetings and at the last Annual General Meeting are as follows:-

(in Nos.)

S. No.	Name of the Director (S/Shri)	Category	Board Meetings held during 2016-17 and Attendance there at of Directors		Attendance at last Annual General Meeting
			Held	Attended	
01.	Manoj Mishra	C&MD	09	09	Present
02.	M.Sagar Mathews	ED	06	06	Present
03.	Rajiv Kumar Chandiok	ED	09	09	Present
04.	Devinder Singh Ahuja	ED	02	02	N.A.
05.	Vinod Kumar Thakral	NED-Govt. Nominee	03	01	N.A.
06.	Meenakshi Gupta	NED-Govt. Nominee	03	03	N.A.
07.	Dharam Pal	NED-Govt. Nominee	09	05	No
08.	Kuntal Sensarma	NED-Govt. Nominee	01	01	N.A.
09.	Vikram Srivastava	NEID	01	01	N.A.
10.	M.Raman	NEID	01	01	N.A.
11.	Gurinderjit Singh Sandhu	NEID	08	08	Present
12.	Bhavnaben Kardambhai Dave	NEID	07	07	Present
13.	Anil Verma	NEID	02	02	N.A.
14.	Dr. Ramesh Kumar Agarwal	NEID	01	01	N.A.

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

Notes:-

1. Shri Vikram Srivastava (DIN: 06541689) and Shri M. Raman (DIN: 01226770), Independent Directors ceased to be Directors of the Company w.e.f. 05.05.2016.
2. Ms. Bhavnaben Kardambhai Dave (DIN: 07557056) appointed as Part-time Independent Director at the 42nd AGM held on 27.09.2016.
3. Shri Vinod Kumar Thakral (DIN: 00402959), remained Director w.e.f. 09.02.2016 to 31.07.2016.
4. Shri Kuntal Sensarma (DIN:07626530), remained Director w.e.f. 13.10.2016 to 08.12.2016.
5. Shri M. Sagar Mathews (DIN: 02820429) ceased to be a Director of the Company w.e.f 30.12.2016 on attaining superannuation.
6. Ms. Meenakshi Gupta (DIN: 07686646) appointed, as Part-time Government Additional Nominee Director of the Company w.e.f.11.01.2017.
7. Shri Devinder Singh Ahuja (DIN: 07687173),) appointed Director (Technical) on the Board of the Company w.e.f. 06.02.2017.
8. Shri Anil Verma (DIN: 02544789) was appointed as Part-time Independent Additional Director w.e.f. 14.02.2017.
9. Dr. Ramesh Kumar Agarwal (DIN: 00601353) appointed as Part-time Independent Additional Director w.e.f. 14.02.2017.
10. Shri Gurinderjit Singh Sandhu (DIN: 01790828) ceased to be a Director w.e.f. 20.02.2017 on completion of tenure of directorship.

2.10 Information placed before the Board of Directors, inter-alia includes

The Board has complete access to any information within the Company. The information regularly provided to the Board includes:

- Annual operating plans and budgets and any updates
- Capital budgets and any updates
- Quarterly Financial Results of the Company
- Annual Financial Statements including Consolidated Financial Statements, Management Discussion & Analysis, Directors' Report etc.
- Minutes of the Meetings of the Audit Committee and other Committees of the Board
- The information on recruitment and remuneration of senior executives just below the Board level, including appointment or removal of Company Secretary
- Major capital investments, formation of Joint Ventures, R&D project or technical collaboration agreement
- Significant labour problems and their proposed solutions. Any significant development in the areas of Human Resource/Industrial Relations like signing of wage agreement, Incentive Schemes, Medical facilities, implementation of Voluntary Retirement Scheme etc.
- Disclosure of Interest by Directors about Directorships and Committee positions occupied by them in other companies
- Report on compliance of various laws and Information relating to major legal disputes
- Short term Investment of surplus funds
- Status of Borrowings
- Any contract(s) in which Director(s) is/are deemed to be interested
- Award of large contracts
- Report on performance of various units/functions
- Review of risk factors including Foreign Exchange transactions
- Other materially important information
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the company, or substantial non payment for goods sold by the company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company

- Transactions involving substantial payment towards goodwill, brand equity, or intellectual property
- Sale of material nature, of investments, satisfactory assets, which is not in normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- Review of Whistleblower Policy of the Company
- Declaration of independence by Independent Director
- Quarterly Status of Investor Complaints
- Quarterly Report Compliance with Corporate Governance norms
- Review of Corporate Social Responsibility (CSR) Policy of the Company
- Review of Health, Safety and Environment Policy
- Action taken report on matters designed by the board
- Changes in significant accounting policies and practices and reason for the same
- Any other information required to be presented to the Board.

2.11 Separate Meeting of Independent Directors

As per Companies Act, 2013 and SEBI (LODR) Regulations, 2015, Independent Directors are required to meet at least once in a year without presence of other Directors. The scope of Independent Directors meeting inter-alia includes:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

During the year under review, two Meetings of the Independent Directors were held on 02.05.2016 and 14.02.2017.

2.12 Disclosure of relationships between Directors inter-se

No relationships between Directors inter-se have been reported.

2.13 Number of shares and convertible instruments

No shares/convertible instruments issued by the Company are held by Non-executive Directors.

2.14 Web link details of familiarization programmes imparted to Independent Directors

As per Company's Directors' Training Policy, on their joining, the Directors are given presentation on the overview of the company with the object to familiarize them with the Company's business and other activities. During the year, three Independent Directors were appointed and to provide an overview of our operations and familiarize the Independence Director on matters related to our values and commitments, they were introduced to our organizations structure, our services, constitutions, board procedures, matters reserved for the board, our major risks and risk management and strategy etc. Familiarization programme was also organized accordingly. The details of the training programme are available on the website www.nationalfertilizers.com. Further, directors were kept apprised of latest developments w.r.t. the Companies Act, 2013 and other corporate laws and SEBI requirements

2.15 Policy on Board Diversity

Company has devised a Policy on Diversity of Board of Directors which is available at Company's website www.nationalfertilizers.com.

2.16 Performance evaluation of Directors

As per Section 178(2) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board was required to carry out evaluation of every Director's performance. Further, Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 requires the performance evaluation of Independent Directors

to decide their continuance or otherwise. Further, the MCA has vide its notification dated 5th June, 2015 notified the exemptions to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies. The appointment of Functional Directors, Part Time Official Directors (Government Nominee Directors) as well as Part Time Non-Official Directors (Independent Directors) on the Board of NFL is made by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all directors are also decided by GOI and there is a well laid down procedure for evaluation of Functional Directors and C&MD by Administrative Ministry. Upon request and representations as received from CPSEs, the Department of Public Enterprises has also written to Department of Economic Affairs and Securities and Exchange Board of India to align the SEBI (LODR) Regulations, 2015 with the Companies Act, 2013 based on the Exemptions under Companies Act, 2013 as provided to the Government Companies.

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 the following mandatory committees of the Board of Directors

- i. Audit Committee,
- ii. Stakeholders Relationship Committee,
- iii. Nomination and Remuneration Committee,
- iv. Committee on Corporate Social Responsibility & Sustainable Development

Terms of reference and other details of Board Committees are given as under:-

3.1 Audit Committee

The Company endeavours that the constitution, quorum, scope etc. of the Audit Committee is in line with section 177 of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and guidelines on Corporate Governance as issued by Department of Public Enterprises. The scope of Audit Committee inter-alia includes the following:-

- 1) oversight of the Company (listed entity's) financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) recommendation for remuneration of auditors of the listed entity;
- 3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b. changes, if any, in accounting policies and practices and reasons for the same;
 - c. major accounting entries involving estimates based on the exercise of judgment by management;
 - d. significant adjustments made in the financial statements arising out of audit findings;
 - e. compliance with listing and other legal requirements relating to financial statements;
 - f. disclosure of any related party transactions;
 - g. modified opinion(s) in the draft audit report;
- 5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- 7) reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- 8) approval or any subsequent modification of transactions of the listed entity with related parties;
- 9) scrutiny of inter-corporate loans and investments;

- 10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- 11) evaluation of internal financial controls and risk management systems;
- 12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) discussion with internal auditors of any significant findings and follow up there on;
- 15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18) to review the functioning of the whistle blower mechanism;
- 19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

COMPOSITION & ATTENDANCE AT THE MEETINGS

3.2 Details of Audit Committee meetings

During the year 2016-17, the Audit Committee met eight times as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	101	22.04.2016
02.	102	23.05.2016
03.	103	01.08.2016
04.	104	22.08.2016
05.	105	09.09.2016
06.	106	29.11.2016
07.	107	14.02.2017
08.	108	30.03.2017

In terms of requirement of the SEBI (LODR), Regulations, 2015, 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 Independent Directors.

3.3 The composition of the Audit Committee and attendance at the meetings during the year 2016-17 was as follows:-

(in Nos.)

S. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2016-17	
			From	To	Held	Attended
01.	Gurinderjit Singh Sandhu	Chairman	01.04.2016	20.02.2017	7	7
02.	Anil Verma	Chairman	21.02.2017	Continuing	1	1
03.	Vikram Srivastava	Member	01.04.2016	05.05.2016	1	1
04.	M.Raman	Member	01.04.2016	05.05.2016	1	1
05.	Bhavnaben Kardambhai Dave	Member	13.07.2016	Continuing	6	6
06.	M. Sagar Mathews	Member	13.07.2016	30.12.2017	6	6
07.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	2	2
08.	Dr. Ramesh Kumar Agarwal	Member	21.02.2017	Continuing	1	1

Statutory Auditors are invited to attend Audit Committee meetings whenever felt necessary. The Cost Auditors also invited to attend these meetings when Cost Audit Report and matters related thereto are discussed. Corporate Finance Head, Head of Internal Audit and other Functional Heads are invited as Special Invitees. The Company Secretary acts as Secretary to the Committee.

3.4 Stakeholders Relationship Committee

The scope of the Stakeholders Relationship Committee inter-alia includes redressal of investors grievances especially related to transfer/transmission of shares, dividends, dematerialization, and replacement of lost/stolen/mutilated share certificates, splitting, conversion and other related issues and strengthening of investor relations.

3.4.1 Composition

The Committee was headed by Shri Anil Verma, Independent Director. The composition of the Committee during the year 2016-17 was as follows:-
(in Nos.)

S. No.	Name of Director (S/Shri)	Status	Period		Meetings during 2016-17	
			From	To	Held	Attended
01.	Bhavnaben Kardambai Dave	Chairperson	01.07.2016	13.02.2017	1	1
			14.02.2017	Continuing	1	1
02.	Anil Verma	Chairperson	14.02.2017	Continuing	1	1
03.	M.Sagar Mathews	Member	01.04.2016	30.12.2016	1	1
04.	Rajiv Kumar Chandiok	Member	01.04.2016	Continuing	2	2
05.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	1	1

3.4.2 Meeting of Stakeholders Relationship Committee

During the year 2016-17, the Stakeholders Relationship Committee met 2 times and was attended by all the Members and chairperson as detailed below:-

S.No.	Meeting No.	Date of Meetings
01.	02	01.08.2016
02.	03	30.03.2017

3.4.3 Compliance Officer

Shri Raj Kumar, Company Secretary, is the Compliance Officer and has been entrusted with the responsibility for redressal of shareholders and investors grievances and report the same to the Committee.

3.4.4 Summarized information on complaints

There were no complaints pending for redressal as on 31st March, 2017. Number of shareholders grievances received and resolved during the period 1st April, 2016 to 31st March, 2017 were as detailed below:-

Quarter ended	Complaints Received	Complaints Resolved	Complaints Pending
30.06.2016	09	09	NIL
30.09.2016	13	13	NIL
31.12.2016	04	04	NIL
31.03.2017	Nil	Nil	NIL
Total	26	26	NIL

3.5 Nomination and Remuneration Committee

3.5.1 Composition & Scope

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

NFL being a government company is exempted from applicability of provisions of the Companies Act, 2013 with regard to formulation of criteria for determining qualifications, positive attributes, evaluation of Directors, their remuneration, etc.

Remuneration of employees consisting of basic pay, perquisites, performance Incentives, retirement benefits is regulated as per guidelines laid down by Department of Public Enterprises (DPE), Government of India. Within the frame work of DPE 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.

Terms of reference of the committee is as per provision of Section 178 of the Companies Act,2013 and SEBI(LODR) Regulations,2015. Further,in terms of the DPE Guidelines, every Central Public Sector Enterprise is required to constitute a Nomination & Remuneration Committee headed by an Independent Director to decide the Annual Bonus/Variable. Pay Pool and policy for its distribution across the executives and non-unionized supervisors. The Board has constituted a Nomination and Remuneration Committee. Constitution of the Committee for the year 2016-17 and thereafter is as follows:-

(in Nos.)

S.No	Name of Director (S/Shri)	Status	Period		Meetings during 2016-17	
			From	To	Held	Attended
01.	Gurinderjit Singh Sandhu	Chairperson	01.04.2016	12.07.2016	2	2
			13.07.2016	20.02.2017	1	1
02.	Ms. Bhavnaben Kardambhai Dave	Chairperson	13.07.2016	Continuing	2	2
03.	M. Raman	Member	01.04.2016	05.05.2016	1	1
04.	Vikram Srivastava	Member	01.04.2016	05.05.2016	1	1
05.	Manoj Mishra	Member	01.04.2016	Continuing	3	2
06.	Dharampal	Member	01.04.2016	20.02.2017	2	0
07.	Anil Verma	Member	21.02.2017	Continuing	-	-
08.	Ramesh Kumar Agarwal	Member	21.02.2017	Continuing	-	-

3.5.2 Committee Meetings were held on following dates

S.No.	Meeting No.	Date of Meetings
01.	03	22.04.2016
02.	04	01.08.2016
03.	05	27.10.2016

3.6 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.

3.6.1 The constitution of the Committee was as under

(in Nos.)

S.No	Name of Director (S/Shri)	Status	Period		Meetings during 2016-17	
			From	To	Held	Attended
01.	Gurinderjit Singh Sandhu	Chairperson	01.04.2016	20.02.2017	3	3
02.	Ms. Bhavnaben Kardambhai Dave	Chairperson	21.02.2017	Continuing	1	1
		Member	13.07.2016	20.02.2017	3	3
03.	Rajiv Kumar Chandiok	Member	01.04.2016	Continuing	4	4
04.	M. Sagar Mathews	Member	13.07.2016	30.12.2016	2	2
05.	Kuntal Sensarma	Member	29.11.2016	08.12.2016	-	-
06.	Devinder Singh Ahuja	Member	21.02.2017	Continuing	1	1
07.	Ramesh Kumar Agarwal	Member	21.02.2017	Continuing	1	1

3.6.2 Committee Meetings were held on following dates

S. No.	Meeting No.	Dates
01.	09	13.07.2016
02.	10	27.09.2016
03.	11	23.01.2017
04.	12	30.03.2017

4. Details of Remuneration and Sitting Fee paid to Directors during 2016-17

4.1 Remuneration to Executive Directors and Company Secretary

(₹ Lacs)

S. No.	Name of Director (S/Shri)	Salary including perks	Retirement Benefits	Total
01.	Manoj Mishra, C&MD	33.45	2.62	36.07
02.	M. Sagar Mathews, Director (Technical) upto 30.12.2016	41.60	1.92	43.52
03.	Rajiv Kumar Chandiok, Director (Finance)	38.52	2.57	41.09
04.	Devinder Singh Ahuja, Director (Technical) w.e.f. 06.02.2017	4.62	0.40	5.02
05.	Raj Kumar, Company Secretary	23.44	1.64	25.08
	Total	141.63	9.15	150.78

* Remuneration does not include the provisions made on actuarial valuation of retirement benefits.

4.2. Sitting Fee to Independent Directors

The Non-executive Independent Directors are paid sitting fee of ₹ 15000/- for attending each meeting of the Board and/or Committee thereof. Sitting fee paid to Independent Directors during 2016-2017 is as follows:-

(Amount in ₹)

S. No.	Name of the Independent Director	Board Meetings	Audit Committee & other Board Sub-Committee Meetings	Total
01.	Shri M.Raman	15000.00	45000.00	60000.00
02.	Shri Vikram Srivastava	15000.00	45000.00	60000.00
03.	Shri Gurinderjit Singh Sandhu	120000.00	225000.00	345000.00
04.	Ms.Bhavnaben Kardambhai Dave	90000.00	150000.00	240000.00
05.	Shri Anil Verma	15000.00	-	15000.00
06.	Dr. Ramesh Kumar Agarwal	-	-	-
	TOTAL	255000.00	465000.00	720000.00

Government Nominee Directors are not paid any remuneration.

4.3 Stock Options

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

4.4 Shares Issued to Employees

No shares have been issued to Employees during the year under review.

5. General Body Meetings

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

Type of Meeting	Date of Annual General Meeting	Time of Annual General Meeting	Place of Annual General Meeting	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.
Year 2014-15				
Annual General Meeting	23.9.2015	10.30 AM	Weight Lifting Hall, Jawahar Lal Nehru Stadium, Lodhi Road, New Delhi	
Year 2015-16				
Annual General Meeting	27.09.2016	10.30 AM	Weight Lifting Hall, Jawahar Lal Nehru Stadium, Lodhi Road, New Delhi	

6. Postal Ballot

During the last year, Company had sought the approval of shareholders to a Special Resolution through postal ballot wherein e-voting facility was offered to the shareholders. Postal Ballot Notice dated 10.02.2016 was issued to all the shareholders pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administrative) Rules, 2014 seeking their approval to Special Resolution u/s 180(1)(a) of the Companies Act, 2013 to create charge on assets of the Company to secure borrowing. Brief description of the resolution is as below:

Special Resolution for authorizing Board of Directors to mortgage and/or charge immoveable and moveable properties of the Company securing for borrowing subject to limits approved u/s 180(1)(c) of the Companies Act, 2013.

Company had appointed Shri Naresh Kumar Sinha, Company Secretary in Practice (CP No. 14984) as Scrutinizer for conducting the Postal Ballot in a fair and Transparent manner. The voting on the postal ballot was closed on 26.03.2016. Shri Sinha had submitted his Report dated 02.04.2016 to the Chairman & Managing Director of the Company, which had been duly accepted by him. Based on the Report of the Scrutinizer, the following results were announced by the Chairman & Managing Director on 02.04.2016 at the Registered Office of the Company. The results of the Postal Ballot are as under.

Results of Voting Conducted By Postal Ballot

Particulars	Voting Details
Total Postal Ballot Forms received (physical)	1649*
Total e-voting received	70
Total number of Votes exercised	463057866
Total number of Invalid Votes	7779
Total No. of Valid Votes	463050087
No. of Votes with Assent for the Resolution	463025875
No. of Votes with Dissent for the Resolution	24212
Percentage of Votes in favour to Total valid votes	99.995
Percentage of Votes Against to Total valid votes	.005

* including one(1) postal ballot form in which the DPID/Client ID written does not exist in the records of Registrar and Share Transfer Agent. Therefore, the said ballot has not been considered for the scrutiny. Special Resolution has been declared as passed with requisite majority.

The aforesaid resolution for which postal ballot was conducted had been approved by the shareholder with requisite majority.

6.1 Special Resolution proposed to be conducted through Postal Ballot

No business is proposed to be transacted in the ensuing Annual General Meeting which require passing a Special Resolution through Postal Ballot.

6.1.1 Procedure for Postal Ballot

As Company is not conducting any postal ballot, hence, no disclosure is required.

During 2016-17 no special resolution was passed through postal ballot.

7. Procedure for postal ballot

As Company is not conducting any postal ballot, hence no discussion is required.

8. Extraordinary General Meeting

No Extraordinary General Meeting was held during the year.

9. Other Disclosures

9.1 Disclosures on Materially Significant Related Party Transactions

No transaction of a material nature has been entered into by the Company with the Directors, senior management personnel and their relatives that may have potential conflict with the interest of the Company except as disclosed under the related party transactions as per Ind - AS-24 "Related Party Disclosures", which are set out in the Annual Report.

9.2 Details of Non Compliance

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:-

Company has complied with the SEBI Regulations and other laws related to capital markets.

9.3 Details of Vigil Mechanism/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.

9.4 Details of Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements except for appointment of requisite number of Functional Directors, Independent Directors on the Board.

9.5 Related Party Transactions Policy

Related Party Transaction Policy of the Company is available at www.nationalfertilizers.com.

9.6 Policy for Determining 'Material' Subsidiaries

Policy for determining 'material' subsidiaries is available at www.nationalfertilizers.com.

9.7 Foreign Exchange risk or Commodity price risk and hedging activities

Hedging activities /transactions during the financial year 2016-17 have been undertaken by the company in line with the Board approved the foreign exchange risk management policy. The basic philosophy is that the risk should be limited to what company can afford based on this the risk appetite of the Company generally linked to % of net worth open position of unhedged Forex exposure is worked out for monitoring with pre – determined stop losing limits.

With regard to foreign currency loan, the forex risk is also monitored with the alternative rupee cost of borrowing. Beside, the treasury should ensure that it does not increase the risk exposure of the company by entering into any speculative transaction or a transaction that has an effect of increasing the risk exposure of the company.

9.8 Compliance Requirement of Corporate Governance Report

The Company has complied with all the mandatory requirements except for appointment of requisite number of Functional Directors and Independent Directors on the Board.

9.9 Compliance of discretionary requirements specified in Part-E of Schedule-II

The Company is examining the implementation of discretionary requirements as specified in Part-E of Schedule-II of SEBI (LODR) Regulations, 2015.

9.10 Disclosure with respect to demat suspense account/unclaimed suspense account

The Company has no shares in the demat suspense account or unclaimed suspense account.

10. Compliance Officer

Shri Raj Kumar, Company Secretary is the Compliance Officer.

11. Means of Communication

11.1 Quarterly Results

Quarterly (unaudited but limited review by Auditors) and annual audited financial results of the Company as recommended by the Audit Committee and approved by the Board are submitted to the Stock Exchanges.

11.2 Newspapers Wherein Results Published

Quarterly/Annual Financial Results for 2016-2017 were published in prominent newspapers as below: -

Quarter ended	Date of Publication	News paper
30 th June, 2016	10.09.2016(English)	The Millennium Post The Financial Express Indian Express
	10.09.2016 (Hindi)	Jansatta
30 th September, 2016	30.11.2016(English)	Mint Hindustan Times
	30.11.2016(Hindi)	Hindustan Dainik jagran
31 st December, 2016	15.02.2017(English)	The Economics Times Mail Today
	15.02.2017(Hindi)	The Times of India Navbharat Times
31 st March, 2017	19.05.2017(English)	The Times of India Business Standard
	19.05.2017(Hindi)	The Economic Times Navbharat Times

11.3 Shareholding Pattern

Shareholding Pattern at the end of each quarter is also conveyed to the Stock Exchanges.

11.4 Website

The quarterly/annual financial results and Shareholding Pattern and other investor related information are available at the website of the Company www.nationalfertilizers.com

11.5 Intimation to Stock Exchanges

Stock Exchanges are kept posted with the changes in composition of Board of Directors and other major events related to the Company.

11.6 Designated exclusive email ID

Company has designated exclusive email ID investor@nfl.co.in for the investors.

11.7 Displays official news release

All official Press Releases are posted on the Company's website.

11.8 Presentations

Presentations were made to institutional investors or to the analysts.

12. General Shareholder Information

12.1 Company's Registration Details

The Company is registered in the state of Delhi. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is: - L74899DL1974GOI007417.

12.2 Forthcoming Annual General Body Meeting

Date	27 th September, 2017
Time	10.30 AM
Venue	NCUI Auditorium & Convention Centre, 3, Siri Institutional Area, August Kranti Marg, New Delhi- 110016

12.3 Financial Year: 1st April to 31st March

12.4 Address for Communication

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

Corporate Office : A-11, Sector-24, Noida – 201 301.

12.5 Website

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

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

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

12.7 Financial Calendar for FY 2017-18

Particulars	Date
Accounting Period	1 st April, 2017 to 31 st March, 2018
Un-audited Financial Results for the first three quarters	Within a period of 45 days from the end of each quarter
Fourth Quarter Results	Audited Results on or before 31 st May ,2018
AGM (Next Year)	September, 2018 (Tentative)

12.8 Book Closure

The Register of Members and Share Transfer Books will remain closed from 21st September, 2017 to 27th September, 2017 (both days inclusive).

12.9 e-Voting

Members will be provided e-voting facility to exercise their right to vote at the 43rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services through National Securities Depository Services (India) Limited (NSDL). The e-voting facility will be available from 24th September, 2017 (from 09.00 AM) to 26th September, 2017 (upto 5.00 PM).

12.10 Payment of Dividend

Board has not recommended payment of dividend for the financial year 2016-17 considering the various Capex requirements.

12.11 Listing on Stock Exchanges

The equity shares of the Company are listed on the following stock exchanges:-

12.11.1 The Bombay Stock Exchange Limited (BSE)

Name Address and contact details	security code	Equity
The Bombay Stock Exchange Limited (BSE) P.J. Towers, Dalal Street, Mumbai – 400001. Telephone: 022-22721233/4 Fax: 022- 22723121 /3719 / 2037/ 2039 Email: info@bseindia.com Website: www.bseindia.com	523630	Equity

12.11.2 The National Stock Exchange of India Limited (NSE)

Name Address and contact details	security code	Equity
The National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No.1, G-block, Bandra-Kurla Complex, Bandra (East), Mumbai. Pin-400051. Telephone: 022-26698100-8114 Fax: 022-26598237/38 Email: cc_nse@nse.co.in Website: www.nseindia.com	NFL	Equity

12.12 Debt Securities

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

12.13 Redemption

Company had issued secured, redeemable, non-convertible taxable bonds issued on private placement basis has been redeemed on 15-09-2016 due to maturity.

12.14 Listing Fee

The Annual Listing Fee upto 2017-18 has been paid to the concerned stock exchange.

12.15 Payment of Annual Custody Fee to NSDL and CDSL

Demat ISIN No. in NSDL and CDSL	NE870D01012
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Company has paid the Annual Custody Fee to NSDL and CDSL for the financial year 2017-18

12.16 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:-

12.16.1 BSE

Month	Stock Prices of the Company		Corresponding BSE Indices (SENSEX)	
	High (₹)	Low (₹)	High	Low
April, 2016	33.00	28.10	26,100.54	24,523.20
May, 2016	35.55	29.25	26,837.20	25,057.93
June, 2016	38.20	31.05	27,105.41	25,911.33
July, 2016	38.25	33.80	28,240.20	27,034.14
August, 2016	36.20	31.55	28,532.25	27,627.97
September, 2016	36.00	31.05	29,077.28	27,716.78
October, 2016	36.70	32.45	28,477.65	27,488.30
November, 2016	36.50	29.65	28,029.80	25,717.93
December, 2016	38.10	32.30	26,803.76	25,753.74
January, 2017	54.60	34.85	27,980.39	26,447.06
February, 2017	78.60	51.10	29,065.31	27,590.10
March, 2017	80.95	67.30	29,824.62	28,716.21

Face Value per Share is ₹10

12.16.2 NSE

Month	Stock Prices of the Company		Corresponding NSE Indices (NIFTY)	
	High (₹)	Low (₹)	High	Low
April,2016	33.20	28.20	7,992.00	7,516.85
May,2016	35.60	29.30	8,213.60	7,678.35
June,2016	39.60	30.80	8,308.15	7,927.05
July,2016	38.40	33.90	8,674.70	8,287.55
August,2016	63.30	31.50	8,819.20	8,518.15
September,2016	35.85	31.00	8,968.70	8,555.20
October,2016	37.00	35.40	8,806.95	8,506.15
November,2016	36.40	29.50	8,669.60	7,916.40
December,2016	38.20	32.15	8,274.95	7,893.80
January,2017	54.70	34.90	8,672.70	8,133.80
February,2017	78.55	51.05	8,982.15	8,537.50
March,2017	80.95	67.00	9,218.40	8,860.10

Face Value per Share is ₹10

12.17 Registrar and Share Transfer Agent

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

12.18 Distribution of Shareholding

Shares held by different type of shareholders as on 31st March, 2017 are given below:-

12.18.1 According to size

No. of Equity Shares held (1)	Number of Shareholders (2)	%age to Total (3)	No. of shares held (4)	%age to Total (5)
1 to 5000	40300	92.342	2316866	0.472
5001 to 10000	1606	3.680	1364932	0.278
10001 to 20000	722	1.654	1141549	0.233
20001 to 30000	290	0.664	763851	0.156
30001 to 40000	140	0.321	507528	0.103
40001 to 50000	127	0.291	603100	0.123
50001 to 100000	216	0.495	1589929	0.324
100001 & above	241	0.552	482290645	98.311
Total	43642	100.000	490578400	100.000

12.19 Shareholding Pattern

	Category	Number of Shares held	%age of shareholding
(A)	Shareholding of Promoter and Promoter Group (Government of India)		
I	Indian	440116292	89.714
II	Foreign	-	-
	Sub Total	440116292	89.714
(B)	Public shareholding Institutions		
I	Institutions	30396596	6.196
II	Non-institutions	20065512	4.090
	Sub Total	50462108	10.286
	GRAND TOTAL	490578400	100.000

Note : Department of Investment and Public Asset Management, Ministry of Finance, Government of India disinvested 15% of the total share capital of NFL on 26th and 27th July, 2017 through offer for shall for Retail and Non-Retail Investors. As on date GOI's holding stands reduce to 74.71%.

12.20 Outstanding GDRs, ADRs, Warrants or any convertible instruments, etc.

Company has not issued any such securities.

12.21 Status of dematerialization of shares as on 31st March, 2017

The shares of the Company are compulsorily traded in dematerialized mode. Company has signed agreements with both the depositories i.e. National Securities Depository Services (India) Limited (NSDL) and Central Depositories Services (India) Ltd. (CDSL). Company offers simultaneous transfer-cum-demat facility to the investors.

12.21.1 The position of shares held in dematerialized and physical mode as on 31st March, 2017

Mode of Holding	Number of Shares	% age
NSDL	44374582	9.045
CDSL	445898549	90.893
Physical	305269	0.062
Total	490578400	100.00

12.22 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 regulation 40 (9) of SEBI (LODR) Regulations, 2015 is filed with the stock exchanges.

12.23 Name and addresses of the Depositories

National Securities Depository Services (India) Limited	
Address	Trade World, 4 th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

Central Depository Services (India) Limited	
Address	Phiroze Jeejeebhoy Towers, 28 th Floor, Dalal Street, Mumbai – 400 023.

12.24 Location of Production Units

Company's production facilities for manufacture of Urea fertilizer being the main product, are located at the following locations:

S.No.	Unit	Location
1.	Nangal	Naya Nangal, District Ropar, Punjab-140126. Tel.No.01887-220570, FAX No.01887-220541
2.	Bathinda	Sibian Road, Bathinda, 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

12.25 CEO & CFO Certification

The Chairman & Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of SEBI Listing Regulations. The Chairman & Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of SEBI (LODR) Regulations, 2015. The Annual Certificate given by the Chairman & Managing Director and the Chief Financial Officer is being published in this Report.

12.26 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). C&AG 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.

13. 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.

14. 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.

15. 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.

16. Code of Insider Trading

Board of Directors 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.

17. 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, 2017.

18. Declaration:

Under Schedule V (D) of SEBI (LODR) Regulations, 2015

This is to certify that in line with the requirements of Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31st March, 2017.

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

19. Compliance Certificate of the Auditors

Certificate from the Company's Auditors M/s. HDSG & Associates and M/s. Chandiook & Guliani confirming compliance with the conditions of Corporate Governance as stipulated under LODR is attached to the Directors Report forming part of the Annual Report.

20. Compliances with Corporate Governance Code

NFL has believed in maximum transparency and have benchmarked disclosures as required under various laws / regulations.

Department of Public Enterprises has issued Corporate Governance Guidelines applicable to Government Companies. These guidelines focus on various areas such as Board and its responsibilities, functions, roles and responsibilities of the Audit Committee, etc. Company ensures compliance of these guidelines

SEBI (LODR) Regulations, 2015 prescribes various corporate governance compliances. These regulations have become effective from 1st December, 2015. Earlier to that Company was in compliance of Clause 49 of Listing Agreement. Company as a policy makes all efforts to ensure compliance of provisions relating to Corporate Governance prescribed under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and DPE Guidelines.

Registered Office:

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

Date : 8th August, 2017

For and on behalf of the Board of Directors

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953