

51<sup>st</sup>

ANNUAL  
REPORT



2016-2017



**MADRAS FERTILIZERS LIMITED**  
MANALI, CHENNAI - 600 068

# Board of Directors



**A B KHARE**  
CHAIRMAN & MANAGING DIRECTOR



**Ms. MEENAKSHI GUPTA**  
GOI Nominee Director



**SHRI KUNTAL SENSARMA**  
GOI Nominee Director



**SHRI U SARAVANAN**  
Director - Technical



**SHRI MOHAMMAD BAGHER DAKHILI**  
NICO Nominee Director



**SHRI FARZAD BAHRAMI BAVANI**  
NICO Nominee Director



**SHRI JAFAR DAMANPAK**  
NICO Nominee Director



**CA. SUNIL VASHISHT**  
Non-Official Director



**Dr. HEMANT A THAKORE**  
Non-Official Director



**SHRI C RAMESH**  
Non-Official Director



**Smt. VANATHI SRINIVASAN**  
Non-Official Director



**BOARD OF DIRECTORS (As on 18.08.2017)**

**Chairman & Managing Director**

Shri A B Khare

**Directors**

Ms Meenakshi Gupta  
Shri Kuntal Sensarma  
Shri U Saravanan  
Shri Mohammad Bagher Dakhili  
Shri Farzad Bahrami Bavani  
Shri Jafar Damanpak  
Ca Sunil Vashisht  
Dr Hemant A Thakore  
Shri C Ramesh  
Smt Vanathi Srinivasan

**Audit Committee**

Ca Sunil Vashisht  
Ms Meenakshi Gupta  
Shri Mohammad Bagher Dakhili  
Dr Hemant A Thakore  
Shri C Ramesh  
Smt Vanathi Srinivasan

**Stakeholders Relationship Committee**

Shri Mohammad Bagher Dakhili  
Shri A B Khare  
Shri Kuntal Sensarma  
Shri U Saravanan

**Risk Management Committee**

Shri A B Khare  
Shri Kuntal Sensarma  
Shri Mohammad Bagher Dakhili  
Shri U Saravanan

**Corporate Social Responsibility Committee**

Smt Vanathi Srinivasan  
Shri A B Khare  
Dr Hemant A Thakore  
Shri U Saravanan

**Nomination and Remuneration Committee**

Shri C Ramesh  
Shri A B Khare  
Shri Kuntal Sensarma  
Shri Mohammad Bagher Dakhili  
Ca Sunil Vashisht  
Dr Hemant A Thakore

**Executives**

Shri A B Khare  
Chairman & Managing Director

Shri U Saravanan  
Director – Technical

Shri A L Prabhakar  
Chief Vigilance Officer

Shri H Gunasekaran  
General Manager (Plant)

Shri V Muralidharan  
General Manager (F&A) & Company Secretary

Shri K M Raja Manoharan  
General Manager – (P&A) – (Addl.Charge)

Shri T Paul Premkumar  
General Manager (M&D) – (Addl.Charge)



## MADRAS FERTILIZERS LIMITED

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#### **Registered Office**

Manali, Chennai – 600 068  
Tamil Nadu, India

#### **Principal Bankers**

State Bank of India

#### **Auditors**

J V Ramanujam & Co  
Chartered Accountants  
F1, "Lakshmi", New No. 56, Old No.28  
Third Main Road  
Raja Annamalaipuram  
Chennai 600 028





## MADRAS FERTILIZERS LIMITED

### MADRAS FERTILIZERS LIMITED

(A Government of India Undertaking)

CIN - L32201TN1966GOI005469

Regd Office: Post Bag No.2, Manali, Chennai – 600 068. Tel : 25945270 / 25945203

Website : www.madrasfert.nic.in email : cs@madrasfert.co.in/cosec@madrasfert.co.in

### NOTICE

NOTICE is hereby given that the 51<sup>st</sup> Annual General Meeting of Madras Fertilizers Limited will be held on 22<sup>nd</sup> September, 2017 at Rajah Annamalai Mandram (Tamil Isai Sangam), 5, Esplanade Road, Chennai 600 108 at 02.30 p.m. to transact the following business:-

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2017 and the Statement of Profit & Loss for the year ended on that date together with the Reports of Directors' and the Auditors thereon.
2. To fix remuneration of Statutory Auditors for the Financial Year 2017-18 and in this regard to consider if thought fit to pass with or without modification(s), the following resolution as an ORDINARY resolution:

“RESOLVED THAT pursuant to the provisions of Section 142(1) and other applicable provisions, if any, of the Companies Act, 2013, the Statutory Audit Fee for the financial year 2017-18 be and is hereby fixed at ₹ 3,00,000/- plus applicable taxes to M/s. J V Ramanujam & Co, (MD0377), Statutory Auditors, subject to other terms and conditions laid down by the C&AG in their letter No. CA.V/COY/CENTRAL GOVERNMENT,MFL (1)/443 dated 01.08.2017”.

#### SPECIAL BUSINESS

3. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary resolution:  
“RESOLVED THAT Ms. Meenakshi Gupta (DIN 07686646), be and is hereby appointed as Director of the Company”
4. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary resolution:  
“RESOLVED THAT Shri Kuntal Sensarma, (DIN 07626530), be and is hereby appointed as Director of the Company”
5. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary resolution:

“RESOLVED THAT pursuant to the provisions of the Companies Act 2013 read with Companies (Audit and Auditor) Rules 2014, Mrs. Aruna Prasad (Membership No. 11816) Cost Accountant, appointed by the Board as Cost Auditor to consider the cost audit of the Company for fertilizers for the financial year 2017-18 as per the directions which may be issued by the Central Government at a fee of ₹ 1,00,000/- plus taxes besides reimbursement of travelling and out of pocket expenses at actuals be and is hereby ratified.”

By Order of the Board

Chennai

18<sup>th</sup> July, 2017

**A B Khare**

Chairman & Managing Director

#### Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The Proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting. As per Section 105 of the Companies Act, 2013, a person appointed as proxy can act on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company.

2. During the beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 3 days of notice in writing is given to the Company.
3. Members/Proxies should bring the duly filled in attendance slip enclosed herewith to attend the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 16.09.2017 to 22.09.2017(both days inclusive).



## MADRAS FERTILIZERS LIMITED

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5. M/s. Integrated Registry Management Services Pvt Ltd., Kences Towers, II Floor, No.1, Ramakrishna Street, T Nagar, Chennai 60017 are the Registrar and Transfer Agents and Depository Participants of the Company for physical / electronic shares and all correspondences with regard to transfer of shares etc may be addressed to them directly.
6. The relevant records are available for inspection by the Shareholders at the Registered Office of the Company at any time during the working hours till the date of the meeting.
7. Members may please note that **NO GIFTS** will be distributed at the meeting
8. **Voting through electronic means**
- i) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 51<sup>st</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- ii) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- iii) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- iv) The remote e-voting period commences on 19.09.2017 (9:00 am) and ends on 21.09.2017 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 15.09.2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- v) A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
- vi) The process and manner for remote e-voting are as under:
- A. Member whose email IDs are registered with the Company/Depository Participants(s) will receive an email from NSDL informing them of their User-ID and Password. Once the Members receive the email, he or she will need to go through the following steps to complete the e-voting process:
- a) Open email and open PDF file titled; "MFLAGM" remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- b) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- c) Click on Shareholder - Login
- d) Enter the user ID and password as initial password/ PIN noted in step (a) above. Click on Login.
- e) The Password change menu will appear. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- g) Select "REVEN" of Madras Fertilizers Limited.
- h) Now you are ready for remote e-voting as Cast Vote page opens.
- i) Cast your vote by selecting appropriate option and click on "Submit" and Remember to "Confirm" when prompted.
- j) Upon confirmation, the message "Vote cast successfully" will be displayed.
- k) Once you have voted on the resolution, you will not be allowed to modify your vote.
- l) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board
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## MADRAS FERTILIZERS LIMITED

Resolution/ Authorization letter etc. together with attested specimen signature of the duly authorized signatory(ies) who is/are authorized to vote, to the Scrutinizer through e-mail to [bsnksh@yahoo.co.in](mailto:bsnksh@yahoo.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) :

a) The Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

REVEN	(Remote e-voting Event Number)
USER ID	_____
_____	PASSWORD/PIN

b) Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.

vii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact National Securities Depository Ltd. Via email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

viii) Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.

ix) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

x) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 15.09.2017.

xi) Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 15.09.2017, may obtain the user ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

xii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to

avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

xiii) Shri B Sankaranarayanan, Practicing Company Secretary (Membership No. 7603) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

xiv) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

xv) The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

xvi) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.madrasfert.nic.in](http://www.madrasfert.nic.in) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the National Stock Exchange of India Ltd.

All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (8:00 am to 4:45 pm) on all working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company.

9. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013:

### Item No.3: Appointment of Ms. Meenakshi Gupta, IA & AS as Director

Ms. Meenakshi Gupta (DIN 07686646), was nominated by the Government of India for appointment as Director in pursuance of Article 85 (a) and 86 read with Article 88 of the Articles of the Association of the Company in place of Dr A K Padhee, IAS. Ms. Meenakshi Gupta, was appointed as Director on the Board of



## MADRAS FERTILIZERS LIMITED

the Company by the Board of Directors effective December 8, 2016. As per the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Meenakshi Gupta, will hold office only up to the date of Annual General Meeting.

A notice under section 160 of the Companies Act, 2013 has been received from a member proposing the appointment of Ms. Meenakshi Gupta, as a Director, liable to retire by rotation.

None of the Directors is interested in the resolution, except Ms. Meenakshi Gupta, as it concerns her appointment.

### **Item No.4: Appointment of Shri Kuntal Sensarma, as Director**

Shri Kuntal Sensarma (DIN 07626530), was nominated by the Government of India for appointment as Director in pursuance of Article 85 (a) and 86 read with Article 88 of the Articles of the Association of the Company in place of Shri Piyush Srivastava. Shri Kuntal Sensarma, was appointed as Director on the Board of the Company by the Board of Directors effective September 8, 2016. As per the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, Shri Kuntal Sensarma will hold office only up to the date of Annual General Meeting.

A notice under section 160 of the Companies Act, 2013 has been received from a member proposing the appointment of Shri Kuntal Sensarma, as a Director, liable to retire by rotation.

None of the Directors is interested in the resolution, except Shri Kuntal Sensarma, as it concerns his appointment.

Details of Directors seeking appointment / reappointment (for item No. 3&4 of Notice) at the Annual General meeting scheduled to be held on September 22, 2017 (Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015 are furnished.

### **Item No.5: Appointment of Cost Auditor for the year 2017-18**

As per Sec. 148(3) of the Companies Act, 2013 read with Companies (Cost Records and Cost Audit) Rules, 2013, the Cost Auditor should be appointed by the Board on such remuneration which may be ratified by the members in General Meeting.

Accordingly, the Board in its 293<sup>rd</sup> meeting held on July 18, 2017 has approved the appointment of Mrs. Aruna Prasad, Cost Auditor, for conducting the Cost Audit of the company for the year 2017-18 at the remuneration of ₹ 1,00,000/- plus taxes besides reimbursement of travelling and out of pocket expenses at actuals. Mrs. Aruna Prasad, has also communicated her willingness to take up the assignment.

In accordance with the provisions of Sec 148(3) of the Companies Act, 2013 the remuneration fixed for the Cost Auditor has to be ratified by the members in the General Meeting. Accordingly, the above proposal has been submitted for ratification of the members.

By Order of the Board

Chennai  
18<sup>th</sup> July, 2017

**A B Khare**  
**Chairman & Managing Director**





## MADRAS FERTILIZERS LIMITED

**Details of Directors seeking appointment / reappointment (for item No. 3&4 of Notice) at the Annual General meeting scheduled to be held on September 22, 2017 (Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015**

Name of the Director	Ms. Meenakshi Gupta (DIN 07686646)	Shri Kuntal Sensarma (DIN 07626530)
Date of Birth	27.11.1960	24.12.1967
Date of Appointment on the Board	08.12.2016	08.09.2016
Relationship with other Directors and Key Managerial Personnel	Nil	Nil
Expertise in Specific Functional areas	Finance	Economic Analysis
Qualification	MA (Economics), CIA, CFE, M.Sc (Dev.Studies)	M.Sc (Econ), MA in Public Policy
Board Membership of other Companies as on March 31, 2017	1) National Fertilizers Ltd 2) Hindustan Organic Chemicals Ltd	Nil
Chairman / Member of the Committee of the Board of Directors of the Company as on March 31, 2017		
a) Audit Committee	Member	NA
b) Stakeholders Relationship Committee	NA	Member
c) Nomination & Remuneration Committee	NA	Member
d) Other Committees	NA	Member
Shareholding in the Company (as on 31/03/2017)	Nil	Nil

Note: Detailed profiles of the above Directors are given as part of the Annual Report. The Directorships, Committee Memberships and Chairmanships do not include positions in foreign companies, unlisted companies and private companies, position as an advisory board member and position in companies under Section 8 of the Companies Act, 2013. Information pertaining to remuneration paid to the Directors who are being appointed/re-appointed and number of Board meetings attended by them during the year 2016-17 are provided in the Corporate Governance Report.



## MADRAS FERTILIZERS LIMITED

### DIRECTORS' REPORT

The Shareholders  
Madras Fertilizers Limited

Your Directors have pleasure in presenting herewith the 51<sup>st</sup> Annual Report together with the Balance Sheet as on March 31, 2017 and the Profit & Loss Statement for the year 2016-17.

### SUMMARY OF FINANCIAL RESULTS

₹ Cr

	2016-17	2015-16
Turnover	1400.22	1201.64
Profit Before Interest, Depreciation, Exceptional items and Tax	70.42	2.93
Interest	74.00	82.32
Depreciation	18.53	18.15
Exceptional / Extraordinary items	(1.20)	(92.00)
Profit / (Loss) Before Tax	(23.31)	(189.54)
Provision for Tax	Nil	Nil
Profit / (Loss) After Tax	(23.31)	(189.54)
Cash Profit / (Loss)	(4.78)	(171.39)

The Company's operations for the year ended with a loss of ₹ 23.31 Cr (Previous Year loss ₹ 189.54 Cr). The total accumulated loss as of 31.3.2017 was ₹ 729.99 Cr (Previous Year ₹ 706.68 Cr).

### SICKNESS AND REVIVAL

As mentioned in the earlier Annual Reports, the main reasons for the continuous losses and consequent sickness were due to cost and time overrun of revamp of Ammonia and Urea Plants during the period 1993-98, delay in stabilization of revamped Plants due to Technology related issues, higher energy, poor reliability, lack of maintenance of the existing Plant for want of funds and unfavorable Pricing policies up to March 2009.

The Company's operation became profitable, thereafter, due to amendments in policies and improvement in production performance. The Company shall come out of sickness, once the Draft Rehabilitation Scheme (DRS), proposed by the Company on 01.06.2017, based on the Study Report submitted by M/s. Projects & Development India Limited (PDIL) is approved by Department of Fertilizers, Government of India and the same is implemented.

### DIVIDEND

The Company does not propose to declare any Dividend to shareholders during the Fiscal 2017, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, due to huge accumulated losses (₹ 729.99 Cr) and negative net worth (₹ 555.46 Cr) as on March 31, 2017.

### PLANT PERFORMANCE

#### Achievements in Plant Production & Performance (%) Current Year (CY) 2016-17 & Corresponding Period Last Year (CPLY) 2015-16:

1. Increase in Urea Production by 15 % (Production: CY : 468438 MT and CPLY: 407311 MT)
2. Increase in NPK Production by 40 % (Production: CY : 48895 MT and CPLY: 34816 MT)
3. Reduction in Urea specific energy consumption by 2% (Energy: CY : 7.460 MT and CPLY: 7.645MT)
4. Successful introduction of dual power supply system for Syn Gas compressor seal oil motor leading to stoppage of DG power generation with consequent HSD saving.
5. Successful installation of Advanced Process Controller (APC) in Urea plant envisaging reduction in Ammonia consumption from 0.579 to 0.576/MT with equivalent savings in Urea energy by about 0.027 Gcal/MT.
6. NPK bags with inner liner was introduced first time in MFL to improve the shelf life of NPK product.
7. On 31.03.2017, 4.1 Million Man hours of safe operation without any reportable accident was successfully crossed.

### GAS CONVERSION

MFL Ammonia Plant Feed Stock Conversion Project from Naphtha to RLNG is in progress under the Consultancy Services of M/s Projects & Development India Limited (PDIL).

The Civil, Piling and Structural works for Gas conversion is nearing completion and the tendering process for procurement of major equipment viz. NG Fired Heater, Primary Reformer Burners, NG Pre-Heat Coil, NG Feed & Fuel Pre-Heater have been completed and technical evaluation is in progress. Placement of orders for the new equipment will be done shortly.

MFL is in the process of entering into Gas Transmission Agreement (GTA) with M/s. Indian Oil Corporation Ltd (IOCL) which is developing a RLNG Terminal at Kamarajar Port at Ennore.



## **MARKETING PERFORMANCE**

### **Fertilizer Sales**

The Company has sold 4,35,539 MT of Vijay Neem Coated Urea as compared to previous year's sale of 3,55,123.15 MT of Vijay Neem Coated Urea. The market share for Vijay Neem Coated Urea in MFL marketing territory increased from 6.55 % to 8.35 % when compared to previous year. The Company also sold 33,406.80 MT of Vijay 17-17-17 as compared to previous year's sale of 34,807.30 MT. The seasonal condition by and large in South India was drought like situation, wherein the rainfall was around 42 % of normal rainfall and concentrated in isolated parts. The crop coverage was 71% of normal area.

Cash sales thru RTGS payment accounted for 98.62% of total sales. There has not been a single case of Bad Debt for this year also.

As a cost saving measure MFL transports its products maximum by Rail. During the year 2016-17, MFL achieved Rail : Road ratio of 71:29 against CPLY of 68:32.

### **Neem Pesticides, Bio-fertilizers & Organic Manure**

₹ 175.54 lakh of Eco-friendly Neem Pesticides was traded during the year as against ₹ 152.43 lakh for the previous year.

The Company has sold 110.74 MT of bio-fertilizers during the year as against 276.76 MT for the previous year.

As part of "Swachh Bharat Mission", the Company has sold 1705.88 MT of City Compost in the first year of operations in spite of poor Agricultural seasonal conditions in Tamil Nadu, Pondicherry, Karnataka, Andhra Pradesh, Telangana and Kerala States. The Company has also sold 712.0 MT of Organic Manure during the year as against 8247.0 MT sold during the last year. MFL continues to promote the eco-friendly products like; Vijay Neem, City Compost and Vijay Organic. Our endeavor is to develop and sustain the eco-friendly agricultural environment.

### **MARKET DEVELOPMENT & AGRO-SERVICE PROGRAMMES:**

MFL's Marketing personnel have contacted 30326 farmers during the year and educated them about the package and practices of cultivation of major crops, soil health techniques and optimum usage of chemical fertilizers, bio-fertilizers and Neem products to enhance soil fertility and food grains productivity for consequent growth in economy.

Under corporate social responsibility to farming community, the Marketing personnel had collected 6161 soil samples, analysed and communicated the micro & macro nutrient recommendations of various crops to farmers during the year.

In pursuance to the Prime Minister's Mission on empowering the Farmers vide Supportive Schemes & Education on farming techniques, MFL established one "Kisan Suvidha Kendra" at Ekkadu Kandigai, Tiruvallur District in Tamil Nadu. Apart from selling agricultural inputs, farmer services like soil sample analysis and recommendation of fertilizer dosage based on soil test report, educating the farmers on weather, crop Insurance and other improved farm technologies are being offered.

As part of "Swachh Bharat Mission" fourteen villages in Tamil Nadu were selected for promotion of City Compost through field demonstration.

MFL also actively participated in the Govt. mission on e-mode transactions through "Digi Dhan Melas" in South India by way of Road-shows and training to approximately 3000 retail dealers and thousands of farmers. Sponsored the "Digi Dhan Mela" conducted by GOI, at Bengaluru, Vijayawada, East Godavari District, Madurai and other places in South India.

MFL actively involved in the implementation of Pilot Project on "Direct Benefit Transfer" in West Godavari Dist. and Krishna Dist. in Andhra Pradesh, Ranga Reddy District in Telangana, Tumkur District in Karnataka and Trissur District in Kerala.

### **ISO 9001 / 14001**

The Company is committed to maintain the annual Quality / Environment objectives for all the functional areas. To achieve the said objective, the Company has renewed the EMS (ISO 14001 : 2004) and QMS (ISO 9001:2008) certification with the concerned Certifying Bodies.

### **MEMORANDUM OF UNDERSTANDING**

In respect of MOU 2017-18, having completed Pre-negotiation and inter-ministerial committee meeting, the MOU has been duly signed with Government of India on 02.06.2017 detailing necessary financial and production performance parameters to be achieved for the year 2017-18.

### **VIGILANCE**

#### **Activities and Achievements of Vigilance Department during 2016-17**

- ❖ Complaints received were attended and reports submitted as per Complaints Handling Policy of the Company / Central Vigilance Commission (CVC) guidelines.
- ❖ Continuously monitoring the progress of Disciplinary Proceedings in respect of vigilance cases for timely completion.



## MADRAS FERTILIZERS LIMITED

- ❖ Agreed List of suspected Officers and List of Officers of Doubtful Integrity were finalised and sent to DOF.
- ❖ CVC Guidelines / Circulars on Tenders and disciplinary proceedings and other matters as and when received were communicated to Management for necessary action.
- ❖ As per the Central Vigilance Commission's requirement, CVO had one Structured meeting with the CMD, MFL on 22.04.2016 and pending issues were discussed and suggestions given to the Management. Director – Technical, GM-Plant, GM-F&A, GM-P&A (a/c) and GM-M&D (a/c) attended the said Meeting.
- ❖ For all Tenders with value more than ₹ 2 lacs, e-Tendering and e-reverse auction method is being followed.
- ❖ Annual Property Returns of Officers were scrutinized as per CVC Guidelines.
- ❖ Rotation of Officers in sensitive posts effected as per CVC guidelines.
- ❖ For easy reference, CVC Guidelines / Circulars on Tenders were uploaded in MFL's Online Integrated System (OLIS).
- ❖ MFL observed Vigilance Awareness Week 2016 from October 31, 2016 to November 05, 2016 as directed by CVC. The following are the highlights :
  - CMD administered Vigilance Awareness pledge on October 31, 2016 at 11 am to mark the commencement of Vigilance Awareness Week 2016.
  - A written Quiz on MFL's Tendering & Contracting Procedures, RTI, Vigilance Rules and General Topics was organized for MFL employees on November 01, 2016.
  - A Guest Lecture by Shri Ramesh Chandra, Chief Technical Examiner of CVC was organised on the theme of "Common irregularities in Procurements & Tenders" on 02.11.2016.
  - Slogan contest & Essay competition in English, Tamil and Hindi were organized for the employees of MFL on the theme of "Public Participation in Promoting Integrity & Eradicating Corruption".
  - An Essay Competition on the theme "Public Participation in Promoting Integrity & Eradicating Corruption" was organized for students of neighbouring school children.
  - Prizes and Certificates were distributed to the winners of the Vigilance Awareness Week Competition on 29.11.2016 by CMD & CVO of MFL.

## HUMAN RELATIONS AND INDUSTRIAL RELATIONS

### Manpower & Training

The total strength of MFL as on 31.03.2017 is 684 as against 723 as on 31.03.2016. 457 employees have been trained during the period Apr 2016- Mar 2017 on Technical, Soft and Life skills for the enduring benefit and development of the Organisation.

### Industrial Relations

During the year, the overall Industrial Relation situation in the Company has been normal and cordial.

### Official Language Implementation

MFL has been meeting the target fixed by Department of Official Language for letter correspondence in Hindi and other implementation programs. Hindi Fortnight was celebrated at Head Office and Regional Offices. Various competitions were organized and prizes were distributed.

### SC / ST Welfare Activities

The Presidential Directives and various guidelines issued by the Government of India from time to time relating to the welfare of SC / ST employees are being scrupulously followed. A Liaison Officer for SC / ST has been posted at DGM level to ensure implementation of Government Directives.

Dr. Ambedkar Jayanthi was celebrated on 14<sup>th</sup> April 2016 at our Training Centre and conducted in a grand manner in commemoration of National Leader.

### INVESTOR RELATIONS CELL (IRC)

IRC is functioning in the Company under the Chief Financial Officer (General Manager - F&A & Company Secretary) with members from various Groups to create awareness of the Company's strength and ensuring timely communication to shareholders.

### DIRECTORS

Government of India have appointed the following GOI Nominee Directors in MFL Board :-

Ms. Meenakshi Gupta, IA&AS, (DIN 07686646) Additional Secretary and Financial Advisor, Department of Fertilizers in place of Dr A K Padhee, IAS effective Dec 08, 2016; and

Shri Kuntal Sensarma, IES (DIN 07626530) Economic Advisor, Department of Fertilizers in place of Shri Piyush Srivastava, effective Sep 08, 2016.



## MADRAS FERTILIZERS LIMITED

The Board placed on record the valuable and outstanding contribution made by the outgoing Directors Dr A K Padhee and Shri Piyush Srivastava, during their tenure as Directors on the Board for the substantial and sustainable development of the Company.

### STATUTORY INFORMATION

#### Annual Evaluation of Board

MFL being a Government Company, all appointments in the Board are made by the Government of India, Ministry of Chemicals and Fertilizers, Department of Fertilizers. The performance of Directors are evaluated by the Ministry of Chemicals & Fertilizers, Department of Fertilizers, Government of India. As per Government of India, Ministry of Corporate Affairs notification dated 5th June 2015, clause (e) and (p) of sub-section 3 of Section 134 of Companies Act 2013 relating to appointment, remuneration and Annual evaluation of Board on its performance are not applicable to MFL.

#### Meeting of the Board

During the year 2016-17, nine meetings of Board were convened and held. The details of the meetings of the Board of Directors are given in the report on Corporate Governance, which is part of this report. The intervening gap between the meetings was within the period prescribed under the Companies Act 2013.

#### Particulars of Employees and Related Disclosures

In terms of the provisions of Section 197 (12) of the Companies Act 2013 read with Rules 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is stated that no employee of your Company was in receipt of remuneration for any part of the year at a rate which is more than ₹ 5 lacs per month.

#### Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors hereby state that

- in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that year;

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis.
- the Directors have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### Energy, Technology & Foreign Exchange

The data on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in accordance with the provisions of Section 134 of Companies Act 2013 are given in the **Annexure – I** forming part of this report.

#### Management Discussion and Analysis Report

Management Discussion and Analysis Report, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as **Annexure - II** forming part of this report.

#### Corporate Governance

The Company is committed to maintain the highest standard of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Board lays emphasis on transparency and accountability for the benefit of all stakeholders of the Company. The Report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed forming part of this report.

A certificate received from the Auditors of the Company regarding compliance of Corporate Governance guidelines of SEBI as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as **Annexure - III** forming part of this report.

#### Code of Conduct

Declaration affirming compliance with the Code of Conduct pursuant to the provisions of Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is enclosed as **Annexure - IV** forming part of this report.



## MADRAS FERTILIZERS LIMITED

### Extract of Annual Return

As provided under Section 92 (3) of the Act, the details forming part of extract of the Annual Return in form **MGT 9** is enclosed as **Annexure - V** forming part of this report.

### Auditors

- The Comptroller & Auditor General of India have appointed M/s J V Ramanujam & Co. (MD0377), Chartered Accountants, Chennai as Statutory Auditors of the Company for the year 2016-17.
- Shri P R Tantri, Cost Accountant, has been re-appointed as Cost Auditor of the Company for the year 2016-17.
- In terms of the provisions of Section 204 of the Companies Act, 2013 and Rules framed thereunder, a Secretarial Report in the prescribed format, obtained from a Company Secretary in practice, is required to be annexed to the Board's Report. In view thereof, your Board at its 293rd meeting held on 18<sup>th</sup> July 2017 has appointed Mr. V Esaki (CP No. 11022), Practising Company Secretary, as the Secretarial Auditor of your Company. The Secretarial Auditor's Report (**Form No.MR-3**) for the year 2016-17 is enclosed as **Annexure - VI** forming part of this report.

### Audit Committee

In line with the provisions of Section 177 of the Companies Act 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an Audit Committee of the Board has been constituted. Details of Members / Meetings of the Audit Committee are elaborated in the report on Corporate Governance. The Board has accepted all recommendations of the Audit Committee.

### Public Deposit

During the financial year 2016-17, the Company has not accepted any deposit from public. However, as on 31.3.2017, ₹ 7,62,054/- is lying in unclaimed matured fixed deposit account.

### Contract or arrangement with Related Parties

The transactions entered with related parties for the year under review were on arms length basis and in the ordinary course of business. The disclosure in **Form No.AOC-2** for the transactions with related parties during the period under review is enclosed as **Annexure - VII** of the report.

### Corporate Social Responsibility (CSR)

The Company has constituted "Corporate Social Responsibility Committee" comprising of two independent directors. The Committee monitors CSR activities. The Company has carried out the following CSR activities during the financial year 2016-17:

- ❖ A sum of ₹ 10000/- was spent towards CSR activities for Government Schools in Bellary of Karnataka State.
- ❖ ₹ 28000/- was spent for Mahatma Gandhi Leprosy Rehabilitation Society at Salem.
- ❖ Regular supply of potable water through pipelines from MFL to Harikrishnapuram (Manali), a neighbourhood village (around 500 families) is ensured at a cost of ₹ 5.43 lakhs.

The details are contained in the Annual Report on CSR activities is enclosed as **Annexure - VIII** forming part of this report.

### Material changes and commitments

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2017) and the date of the report (July 18, 2017).

### CEO/CFO Certification

As required by Regulation 17(8) of the SEBI Regulation, a Certificate on the Financial Statements and Cash Flow Statement of the Company for the year ended March 31, 2017 duly signed by the Chairman & Managing Director and General Manager (Finance & Accounts) & Company Secretary was submitted to the Board of Directors at their meeting held on May 30, 2017 is enclosed as **Annexure - IX** forming part of this report.

### Prevention of Insider Trading

No instance of insider trading has been reported on MFL shares till date. None of the Directors and Key Managerial Personnel is holding any shares in MFL. A code of conduct for prevention of insider trading and code for corporate disclosure are published in the website of the Company [www.madrasfert.nic.in](http://www.madrasfert.nic.in).

### APPRECIATION

Your Directors wholeheartedly place on record their appreciation for the continued and unstinted support of Department of Fertilizers, Government of India, Government of Tamilnadu, NICO, Financial Institutions, Banks, Depositors and all stakeholders during the year. It is most appropriate to mention that the Directors convey their gratitude to the Department of Fertilizers for settlement of subsidy bills on priority basis and to the dealers and farmers for their sustained support to Vijay products. Last but not the least that your Directors also place on record their appreciation for the dedication, commitment and sincere services rendered by the employees for sustained improvements.

By order of the Board

Chennai  
18<sup>th</sup> July 2017

**A B Khare**  
Chairman & Managing Director



**THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988  
FORM - A****Disclosure of Particulars with respect to Conservation of Energy.**

	<b>Financial Year 2016-17</b>	<b>Previous Year 2015-16</b>	
<b>A. Power and fuel consumption</b>			
<b>1. Electricity</b>			
(a) Purchased			
Unit (lakhs) *	1088.931	970.900	
Total amount (₹ in lakhs)	8237.650	7541.696	
Rate / unit (₹)	7.56	7.77	
* Includes power consumed at TTP, Kodungaiyur			
(b) Own generation			
(i) Through diesel generator			
Units (lakhs)	13.045	14.454	
Diesel consumption (KL)	391.350	538.800	
Units per ltr. of diesel oil	3.333	2.683	
Cost/unit (₹)	16.21	17.50	
<b>2. Coal</b>	Not applicable	Not applicable	
<b>3. Furnace oil &amp; LSHS</b>			
Quantity (tonnes)	106493	96815	
Total cost (₹ in lakhs)	27894.236	23070.512	
Average rate (₹ per tonne)	26193.54	23829.48	
<b>4. Others/generation:</b>	Nil	Nil	
<b>B. Consumption per unit of production</b>			
	<b>FICC Norm</b>	<b>2016-17</b>	<b>2015-16</b>
<b>(a) Product : Ammonia</b>			
Electricity (KWH) *	115.000	116.304	125.346
Fuel oil + LSHS (MT)	0.2341	0.1922	0.2090
Naphtha (MT)	0.7829	0.7590	0.7912
* includes own generation			
<b>(b) Product: Urea</b>			
Electricity (KWH)	202.000	156.622	160.175
Fuel oil + LSHS (MT)	0.1309	0.1135	0.1159
<b>(c) Product: NPK</b>			
Electricity (KWH)	43.410	71.646	63.444
Fuel oil + LSHS (MT)	0.0069	0.0135	0.0125



**FORM - B**

**DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**

**RESEARCH & DEVELOPMENT**

1	Specific areas in which R&D carried out by the Company	
2	Benefits derived as a result of the above R&D	
3	Future plan of action	
4	Expenditure on R&D	
	a) Capital	Nil
	b) Recurring (in lacs)	
	c) Total (in lacs)	
	d) Total R&D expenditure as a percentage of total turnover	

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

1	Efforts in brief made towards technology absorption, adaptation and innovation.	
2	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	Nil
3	Details of imported technology (imported during the last 5 yrs reckoned from the beginning of the financial year)	

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

		2016-17
1.	Activities relating to export	NIL
2.	Total Foreign Exchange used	(₹ Cr)
	a) Raw Materials	121.03
	b) Components & Spare Parts	1.33
	c) Books & Periodicals / Travel	0.03
	Total	----- 122.39 -----
3.	Total Foreign Exchange earned	NIL

**MANAGEMENT DISCUSSIONS AND ANALYSIS****Business**

Madras Fertilizers Limited (MFL) incorporated in the year 1966 is a PSU under the administrative control of the Department of Fertilizers (DOF), Ministry of Chemicals & Fertilizers, Government of India.

MFL is engaged in the manufacture of Ammonia, Urea and Complex Fertilizers at Manali, Chennai. MFL is also engaged in manufacturing Bio-fertilizers and marketing of eco-friendly Organic fertilizers and Neem Pesticides under the brand name "VIJAY".

**Introduction**

During the year 2016 -17, from August 2016 onwards, long dry spell prevailed in the entire marketing territory of MFL. Even the North East monsoon failed, which is ever worst in 141 years for Tamil Nadu State and in other States also the rainfall received was scanty and irregular. South India received 42% and Tamil Nadu received 38%, Andhra Pradesh & Telangana 32%, Karnataka 30%, Kerala 49% of normal rainfall. The failure of North East Monsoon has affected the crop coverage in Rabi. In MFL Territory, the crop coverage for the year was 71% with 470.87 Lac acres covered against 661.60 Lac acres of normal area. In Khariif 2016, it was 79% with 321.40 Lac acres against 470.87 Lac acres. For Rabi 2016-17 the crop coverage was 59% with 149.47 Lac acres against 255.13 Lac acres.

**Fertilizer Sector**

(lac MT)

PRODUCT	UREA		NPK	
	2015-16	2016-17	2015-16	2016-17
Consumption	54.13	52.03	40.06	38.75
Inventory as of 01.04.2016 & 01.04.2017 with manufacturers	4.41	4.38	5.30	5.20

The consumption of UREA and NP/NPK has decreased in MFL's territory over CPLY by 3.9% & 3.3% respectively because of poor monsoon. However, MFL's Urea share has increased from 6.55% to 8.35% in MFL territory.

Due to poor agricultural season and huge opening inventory of fertilizers, companies restored to flexible payment options, additional credit days, huge discounts and rebates to liquidate the inventory available with them. The MRP of NPK was reduced in line with reduction of international input cost.

The subsidy element is being regulated by the Department of Fertilizers through Mobile Fertilizer Management System (mFMS). From Nov 2012 onwards, the system is implemented. As a further step towards achieving Direct Benefit Transfer (DBT) in order to reach the subsidy to the real beneficiary, implementation of DBT in 19 Pilot Districts successfully completed and is on Live. In MFL territory 5 districts were covered. Further to this, implementation of DBT on PAN India level has commenced and will be fully implemented in the financial year 2017-18. MFL is also organizing DBT training programmes in its territory to the dealers/Societies involving State Agricultural Department officials.

As a conscious PSU, MFL actively participated in the implementation of "Cashless Transaction" by conducting / participating in Digi Dhan Melas, Road shows and organizing Training programmes to the retailers, farmers to promote e -transaction tools and methods.

MFL also participated in the "Swachh Bharat Mission" by promoting City Compost, an Organic Fertilizer produced from City Waste, by way of field demonstrations and also marketed the City Compost under "Vijay" Brand name.

**Global Scenario**

During 2016-17 the price of Urea was in down trend. Due to ample global availability and high inventory the intake was less. Price ranged between USD 224 – USD 206.

Phosphoric acid price at the beginning of 2016-17 was USD 715. Due to Nutrient based subsidy reduction and decline of DAP import price, the rate fixation for the quarter (Q1) was delayed. The subsequent Q2,Q3 prices were in decreasing trend at USD 640 & USD 605. The concluded price for Q4 is USD 590.



## MADRAS FERTILIZERS LIMITED

There is a drastic decrease in MOP price during 2016-17 due to high inventory and delay in fixing MRP. About USD 105 decrease was experienced during the year from USD 332 to USD 227

### PRODUCTION, IMPORTS AND CONSUMPTION OF MAJOR FERTILIZERS (ALL INDIA BASIS)

The figures of production, imports and consumption of major fertilizers viz. Urea, Complexes in India for the years 2015-16 and 2016-17 are given below:

[Lakh MT]

PRODUCT	UREA		DAP		NPK		MOP	
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
Production	244.65	242.00	38.21	43.33	83.75	79.22	Nil	Nil
Imports	84.74	54.81	56.03	43.85	6.29	5.21	31.02	37.36
Consumption	319.74	296.07	97.65	88.19	88.79	84.41	24.41	28.22

### MFL PRODUCTION OF UREA / NP / NPK FERTILIZERS

[Lakh MT]

PRODUCT	2012-13	2013-14	2014-15	2015-16	2016-17
Urea	4.36	4.87	3.29	4.07	4.68
NP/NPK	1.00	0.45	0.74	0.35	0.49

### PRODUCTION OF VIJAY BIO FERTILIZERS

[MT]

YEAR	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
QUANTITY	480.65	377.51	142.77	349.14	276.52	110.74

### ALL INDIA DEMAND FORECAST FOR FERTILIZER NUTRIENTS FOR 2017-18

[Lakh MT]

PERIOD	N	P	K	TOTAL	RATIO (NPK)
2017-18	201	99	42	341	4.85 : 2.33: 1

### ALL INDIA PRODUCT-WISE DEMAND FORECAST FOR 2017-18

[Lakh MT]

PERIOD	UREA	DAP	SSP	MOP	COMPLEX FERTILIZERS
2017-18	338	128	65	49	118

The projections of demand for fertilizer products are based on existing product nutrient ratio. However, with Nutrient Based subsidy scheme and programs like soil health management and promotion of balanced fertilizer nutrients application, the demand for complex fertilizers gets rationalised in the coming years.

### NUTRIENT BASED SUBSIDY (NBS) POLICY FOR PHOSPHATIC & POTASSIC FERTILIZERS

The Government of India introduced the Nutrient Based Subsidy Phase I with effect from 1.4.2010. This scheme is applicable for DAP, MOP, MAP, SSP, TSP and for other twelve grades of Complex fertilizers.

Under NBS, the subsidy is fixed for the year without any escalation / de-escalation and market price is open. The manufacturers are having freedom to fix the market price based on input prices and they are required to print Maximum Retail Price (MRP) along with applicable NBS per bag on each fertilizer bag.



## MADRAS FERTILIZERS LIMITED

The per kg Nutrient Based Subsidy for Nutrients 'N' 'P' 'K' for 2015-16, 2016-17 and 2017-18 are given below:

Sl.No.	Nutrients	2015-16	2016-17	2017-18
1	N	20.875	15.854	18.989
2	P	18.679	13.241	11.997
3	K	15.500	15.470	12.395
4	S	1.677	2.044	2.240

Accordingly, NBS was finalised for different P&K fertilizers and additional subsidy was given for fortified fertilizers with secondary & micro-nutrients like Sulphur, Boron & Zinc. However, the additional compensation for using Naphtha based Captive Ammonia by MFL has not been announced since 1.4.2012, which is under consideration of GOI. For the current year 2017-18, GOI has fixed ₹ 7,375/MT as subsidy for 17-17-17.

### RISK MANAGEMENT

Major challenges that fertilizer industry is facing are increasingly volatile International market for fertilizers and raw materials, steep depreciation in rupee value, increasing prices of NPK fertilizers due to new NBS policy and rise in the working capital requirements of fertilizer firms in addition to the historical challenges associated with the rural markets. The Company has a well laid down Risk Management System with Risk Assessment & Risk Mitigation procedures to evolve suitable strategies for mitigating associated risks through better management practices and achieve corporate objectives.

The identified potential risks such as Operational, Input, Utilities, Project Implementation, Business, Competition, Assets, Internal Control, Environmental, Financial, Human Resources, Legal, Regulatory, MIS and Market Risks and their impact on the Company's performance and Stakeholders' interest is assessed on a continual manner. The reporting of Risk Assessment and Risk Mitigations under the policy is reviewed by the Audit Committee and the Board periodically.

### INTERNAL CONTROL SYSTEM

The Company has an Internal Control System designed to ensure security of the assets of the Company and efficiency of operations. The Internal Control System includes proper delegation of authority, supervision, Online Integration System (OLIS) and checks and procedures through documented policy guidelines and manuals.

The Company has an Internal Audit function, managed by a team of professionals, which is empowered to examine the adequacy and compliance with the policies, procedures and statutory requirements. Internal Audit conducts regular audit across Company's operations and the Management duly considers and takes appropriate action on the recommendations made by the Government Auditors, Statutory Auditors, Internal Auditors and the Audit Committee of the Board of Directors for the improvement of the same.



**CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of Madras Fertilizers Limited

We have examined the compliance of conditions of Corporate Governance by Madras Fertilizers Limited for the year ended 31<sup>st</sup> March 2017, as stipulated in

- Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period ended March 31, 2017 and
- Regulation 17 - 27 (excluding Regulation 23(4) and clauses (b) to (i) of Regulation 46(2) and para C, D and E Schedule V of the Listing Regulations for the period ended March 31, 2017.

The compliance of conditions of Corporate Governance is the responsibility of Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In terms of listing agreement, the composition of Board of Directors (Clause 17(1)) and Audit Committee (Clause 18(1)) is to be reconstituted with Qualified and Independent Members.

In our opinion and to the best of our information and according to the explanations given to us, subject to the aforementioned, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Investors' Grievances Committee. 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 J V Ramanujam & Co.*  
Chartered Accountants  
Firm Regn. No.002947S

Chennai  
27<sup>th</sup> May 2017

**Srinarayana Jakhotia**  
Partner  
M No.233192

**ANNEXURE - IV**

**Declaration affirming Compliance with the Code of Conduct in terms of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Board had laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is posted on the website of the Company.

All Board Members and Senior Management personnel affirmed compliance with the Code for the financial year 2016-17.

By order of the Board

Chennai  
18<sup>th</sup> July 2017

**A B Khare**  
Chairman & Managing Director





## MADRAS FERTILIZERS LIMITED

ANNEXURE - V

### FORM NO. MGT 9

#### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

1	CIN	L32201TN1966GOI005469
2	Registration Date	08-12-1966
3	Name of the Company	MADRAS FERTILIZERS LIMITED
4	Category/Sub-category of the Company	Public Company Limited by shares / Central Public Sector Undertaking
5	Address of the Registered office & contact details	Post Bag No.2, Manali, Chennai 600068 Tel.044-25945270 / 25945203
6	Whether listed Company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Integrated Registry Management Services Pvt Ltd, Kences Towers, 2nd Floor, 1, Ramakrishna Street, Off. North Usman Road, T Nagar, Chennai 600017 Tel.No.044- 28140801 to 803, Email : corpserve@integratedindia.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Chemical Fertilizers	2012	99%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NA	NA	NA	NA	NA



## MADRAS FERTILIZERS LIMITED

### IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

#### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	95,851,700		95,851,700	59.50%	95,851,700		95,851,700	59.50%	0.00%
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Sub Total (A) (1)	95,851,700	-	95,851,700	59.50%	95,851,700	-	95,851,700	59.50%	0.00%
(2) Foreign									
a) NRI Individuals									
b) Other Individuals									
c) Bodies Corp.	41,516,500		41,516,500	25.77%	41,516,500		41,516,500	25.77%	0.00%
d) Any other									
Sub Total (A) (2)	41,516,500	-	41,516,500	25.77%	41,516,500	-	41,516,500	25.77%	0.00%
TOTAL (A)	137,368,200	-	137,368,200	85.27%	137,368,200	-	137,368,200	85.27%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds		2,400	2,400	0.00%		2,400	2,400	0.00%	0.00%
b) Banks / FI	245,050	34,600	279,650	0.17%	245,050	34,600	279,650	0.17%	0.00%
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	245,050	37,000	282,050	0.18%	245,050	37,000	282,050	0.18%	0.00%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,960,928	134,001	2,094,929	1.30%	1,596,389	134,001	1,730,390	1.07%	-0.23%
ii) Overseas									



## MADRAS FERTILIZERS LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	8,273,939	4,057,314	12,331,253	7.65%	8,449,210	3,994,714	12,443,924	7.72%	0.07%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8,809,755		8,809,755	5.47%	8,699,980		8,699,980	5.40%	-0.07%
c) Others (specify)	215,113		215,113	0.13%	576,756		576,756	0.36%	0.22%
NBFCs registered with RBI									
Non Resident Indians					176,772		176,772	0.11%	0.11%
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	102,747		102,747	0.06%	399,984		399,984	0.25%	0.18%
Corporate CM/TM-Client Beneficiary A/c	5,991		5,991	0.04%					-0.04%
Corporate CM/TM-Client Margin A/c	5,165		5,165	0.03%					-0.03%
Limited Liability Partnership	800		800						0.00%
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-	19,259,735	4,191,315	23,451,050	14.56%	19,322,335	4,128,715	23,451,050	14.56%	0.00%
Total Public (B)	19,504,785	4,228,315	23,733,100	14.73%	19,567,385	4,165,715	23,733,100	14.73%	0.00%
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	156,872,985	4,228,315	161,101,300	100.00%	156,935,585	4,165,715	161,101,300	100.00%	0.00%

### (ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	The President of India	95,851,700	59.50%	0	95,851,700	59.50%		0.00%
2	Naftiran Inter Trade Company Ltd	41,516,500	25.77%	0	41,516,500	25.77%		0.00%



## MADRAS FERTILIZERS LIMITED

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	At the beginning of the year			No change during the year			
2	Changes during the year			No change during the year			
3	At the end of the year			No change during the year			

### (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	Shakuntla Gupta	1202020	0.75	1202020	0.75
2	Kali Ram Gupta	1144311	0.71	1168907	0.73
3	ABL Infrastructure Private Limited	730004	0.45	0	0.00
4	Anil Bansilal Lodha	596103	0.37	0	0.00
5	Bharat Jamnadas Dattani	357350	0.22	377141	0.23
6	Bharati Bharat Dattani	338551	0.21	390284	0.24
7	Adroit Fin Ser Pvt Ltd	269538	0.17	320491	0.20
8	Indusind Bank Limited	245000	0.15	245000	0.15
9	Bharat Jamnadas	224721	0.14	307867	0.19
10	Indian Syntans Investments Pvt Ltd	131000	0.08	131000	0.08
	Total	5238598	3.25	4142710	2.57

### (v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	NIL	NIL	NIL	NIL	NIL	NIL	NIL



## MADRAS FERTILIZERS LIMITED

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	55,424.00	-	55,424.00
ii) Interest due but not paid	-	43,892.00	-	43,892.00
iii) Interest accrued but not due	-	1,555.00	-	1,555.00
Total (i+ii+iii)	-	100,871.00	-	100,871.00
Change in Indebtedness during the financial year				
* Addition - Interest due but not paid	-	5458.00	-	5458.00
* Reduction	-	-	-	-
Net Change	-	5458.00	-	5458.00
Indebtedness at the end of the financial year				
i) Principal Amount	-	55,424.00	-	55,424.00
ii) Interest due but not paid	-	49,350.00	-	49,350.00
iii) Interest accrued but not due	-	1,555.00	-	1,555.00
Total (i+ii+iii)	-	106,329.00	-	106,329.00

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹)

SN.	Particulars of Remuneration	A B Khare CMD	U Saravanan Director (Technical)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1967995	2255144
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	367891	486276
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission	Nil	Nil
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5	Others, please specify	1448853	800357
	Total (A)	3784739	3541777
	Ceiling as per the Act	-	-



## MADRAS FERTILIZERS LIMITED

### B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors	Total Amount (₹)
1	Independent Directors		
	Fee for attending Board/Committee meetings - Sitting Fee	1. Ca.Sunil Vashisht 2. Dr. Hemant A Thakore 3. Shri. C. Ramesh 4. Smt. Vanathi Srinivasan	60,000.00 60,000.00 60,000.00 20,000.00
	Commission		-
	Others, please specify		-
	Total (1)		2,00,000.00
2	Other Non-Executive Directors		-
	Fee for attending board committee meetings		-
	Commission		-
	Others, please specify		-
	Total (2)		-
	Total (B)=(1+2)		2,00,000.00
	Total Managerial Remuneration		2,00,000.00

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹)

SN.	Particulars of Remuneration	Mr V Muralidharan, Company Secretary
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1639263
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	506873
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission	
	- as % of profit	Nil
	- others, specify	
5	Others, please specify	579589
	Total	2725724

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			Nil		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Nil		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			Nil		
Compounding					





**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31/03/2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,  
MADRAS FERTILIZERS LIMITED  
Manali  
Chennai – 600 068

I have conducted the Secretarial Audit of the compliance of applicable Statutory provisions and the adherence to good corporate practices by M/s. MADRAS FERTILIZERS LIMITED [CIN: L32201TN1966GOI005469] (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the MADRAS FERTILIZERS LIMITED books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31/03/2017 complied with the statutory provisions listed hereunder and also that the Company has Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, Minute Books, Forms and Returns filed and other records maintained by M/s. MADRAS FERTILIZERS LIMITED for the financial year ended on 31/03/2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;  
The Company has complied with the procedure laid under the Companies Act 2013, forms and returns in this connection have been filed.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
  - (e) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) As informed to me the following other Laws specifically applicable to the Company as under
  1. Factories Act, 1948
  2. Industrial Dispute Act, 1947



## MADRAS FERTILIZERS LIMITED

3. Payment of Wages Act, 1936
4. The Minimum Wages Act, 1948
5. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
6. Employees' State Insurance Act, 1948
7. Equal Remuneration Act, 1976
8. Shop & Establishment Act, 1948
9. The Payment of Bonus Act, 1965
10. The Payment of Gratuity Act, 1972
11. The Contract Labour (Regulation and Abolition) Act, 1970
12. The Maternity Benefit Act, 1961
13. The Child Labour Prohibition and Regulation Act, 1986
14. The Industrial Employment (Standing Order) Act, 1946
15. The Employee Compensation Act, 1923
16. The Apprentices Act, 1961
17. The Environment Protection Act 1986
18. The Air (Prevention and Control of Pollution) Act, 1981
19. The Indian Boilers Act 1923

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation.

*The Company has properly paid Fee to the Pollution control Board and yet to obtain the certificate in this connection.*

I further report that:

The changes in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.

Notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decision is carried through while the dissenting members' views are captured and recorded as part of the Minutes.

I further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/ actions in pursuance of the above referred laws, rules, regulation, guidelines, etc, having a major bearing on the Company's affairs.

Chennai  
02<sup>nd</sup> August, 2017

Sd/-  
**V. Esaki**  
Practicing Company Secretary  
Membership No. 30353



**MADRAS FERTILIZERS LIMITED**

**ANNEXURE - VII**

**MADRAS FERTILIZERS LIMITED  
MANALI, CHENNAI 600 068**

**FORM NO. AOC – 2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the  
Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm length basis.

S.No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/trans- action	Nil
c)	Duration of the contracts/arrangements/ transaction	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
e)	Justification for entering into such contracts or arrangements or transactions	NA
f)	Date of approval by the Board	NA
g)	Amount paid as advances, if any	NA
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

2. Details of contracts or arrangements or transactions at Arm's length basis

S.No.	Particulars	Details
a)	Name (s) of the related party Nature of relationship	M/s. Chennai Petroleum Corporation Ltd
b)	Nature of contracts/ arrangements/ transaction	Supply of Naphtha
c)	Duration of the contracts/ arrangements/transactions	Continuous basis
d)	Salient terms of the contracts or arrangements or transactions	Long term contract
e)	Date of approval by the Board	Based on formation agreement
f)	Amount paid as advances, if any	Nil
g)	Amount incurred during the year	₹ 679.86 Cr

Chennai  
18<sup>th</sup> July 2017

Sd/-  
**A B Khare**  
Chairman & Managing Director  
DIN : 07416463



**MADRAS FERTILIZERS LIMITED  
MANALI, CHENNAI 600 068**

**Annual Report on CSR Activities of MFL  
(Pursuant to Rule 9 of the Companies (Accounts) Rules 2014)**

1. A brief outline on Companies CSR Policy

Madras Fertilizers Ltd gives priority on various social responsibility measures for the benefit of weaker section of the Society and to improve the standard of living of the inhabitant near the factory area. MFL is a sick and loss making Company and hence the provisions of Sub-Section 5 of Section 135 of the Companies Act is not applicable to MFL.

2. Composition of CSR Committee :

MFL has constituted a CSR Committee consisting of the following Directors:

- 1) Smt Vanathi Srinivasan
- 2) Shri A B Khare
- 3) Shri U Saravanan
- 4) Dr Hemant A Thakore

3. Average net profit of the Company for the last three financial years

: Nil

4. Prescribed CSR Expenditure

: Not applicable

5. Details of CSR Expenditure for the financial year 2016-17

: Not applicable

Total amount spent for the financial year

: Not applicable

1	2	3	4	5	6	7	8
S.No.	CSR Project or activity identified	Sector in which the Project covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) Project or program wise	Amount spent on the projects or programs sub-heads : (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
	**						

\*\* Since the Company has not earned any profit during the last three financial years, it is not mandatory on the part of the Company to spend any money under the CSR scheme.

However, the schemes undertaken under CSR scheme in the past have been continued during this year 2016-17 also for which a sum of ₹ 5,80,960/- has been spent.

Chennai  
18<sup>th</sup> July 2017

Sd/-  
**A B Khare**  
Chairman & Managing Director  
DIN : 07416463



**CERTIFICATE BY CEO AND CFO PURSUANT TO REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We have reviewed financial statements and the cash flow statement for the year ended 31.03.2017 and that to the best of our knowledge and belief:

- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
  - a. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year ended 31.03.2017 which are fraudulent, illegal or violative of the listed entity's code of conduct.
  - b. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
  - c. We have indicated to the auditors and the Audit Committee:
    - i) That there are no significant changes in internal control over financial reporting during the year ended 31.03.2017;
    - ii) That there are no significant changes in accounting policies during the year ended 31.03.2017; and
    - iii) That there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Chennai  
27<sup>th</sup> May 2017

Sd/-  
**A B Khare**  
Chairman & Managing Director

Sd/-  
**V Muralidharan**  
General Manager(F&A)  
and Company Secretary

**REPORT ON CORPORATE GOVERNANCE****Company's Philosophy**

The Company adopts well-established corporate governance principles and practices developed over a period of time, which are constantly updated in the changing scenario. The Company's citizen charter provides for transparency, integrity and accountability in all spheres of corporate functions. The Company's Corporate Governance principle and practice include internal empowerment of middle level Officers.

Your Company is in compliance with the requirements of Corporate Governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

**Board of Directors****Composition**

At present the strength of the Board comprises 11 members with varied and rich experience. Chairman and Managing Director and Director – Technical are Executive Directors and all other Directors are Non-Executive Directors. The Board of Directors comprise of Two GOI Nominee Directors and Two functional Directors viz. Director – Technical and CMD appointed by the Government of India, three Directors appointed by the Naftiran Intertrade Co. Ltd., Co-Promoter and four independent Non-official directors appointed by the Government of India.

**Other Details relating to the Board**

Details regarding tenure, number of other Directorships/Committee Memberships (viz. Audit Committee and Stakeholders Relationship Committee as per SEBI's Corporate Governance Code) held by Directors during the year 2016-17 are tabulated below:

S.No.	Director	Category	Tenure		In other Boards / Committees		
			From	To	Director-ship	Member-ship	Chairman-ship
1	Shri A B Khare	CMD	14.01.2016	Continuing	2	-	1
2	Dr A K Padhee	NED-Govt. Nominee	14.01.2016	07.12.2016	-	-	-
3	Ms. Meenakshi Gupta	NED-Govt. Nominee	08.12.2016	Continuing	2	-	-
4	Shri Piyush Srivastava	NED-Govt. Nominee	14.01.2016	07.09.2016	-	-	-
5	Shri Kuntal Sensarma	NED-Govt. Nominee	08.09.2016	Continuing	-	-	-
6	Shri U Saravanan	Director-Technical	13.08.2015	Continuing	-	-	-
7	Shri Alireza Zamani	NED-NICO Nominee	22.04.2015	17.02.2017	1	1	-
8	Shri Payman Ehteshami	NED-NICO Nominee	28.04.2015	17.02.2017	1	-	-
9	Shri Yasin Rezazadeh	NED-NICO Nominee	23.02.2015	17.02.2017	1	-	-
10	Shri Farzad Bahrami Bavani	NED-NICO Nominee	18.02.2017	Continuing	1	-	-
11	Shri Mohammad Bagher Dakhili	NED-NICO Nominee	18.02.2017	Continuing	1	1	-
12	Shri Jafar Damanpak	NED-NICO Nominee	18.02.2017	Continuing	-	-	-
13	CA Sunil Vashisht	Non-official Director	06.06.2016	Continuing	-	-	-
14	Dr Hemant A Thakore	Non-official Director	06.06.2016	Continuing	-	-	-
15	Shri C Ramesh	Non-official Director	06.06.2016	Continuing	-	-	-
16	Smt. Vanathi Srinivasan	Non-official Director	06.06.2016	Continuing	-	-	-
17	Dr Christy Fernandez	Special Director – BIFR	20.10.2015	01.12.2016	-	-	-



## MADRAS FERTILIZERS LIMITED

### Meetings Held

During the year, nine meetings of Board were held on 27.05.2016, 12.08.2016, 28.09.2016, 24.10.2016, 14.11.2016, 15.12.2016, 09.02.2017, 10.03.2017, 20.03.2017. The Annual General Meeting was held on 28<sup>th</sup> September 2016. Details of attendance of directors at the Board Meetings and Annual General Meeting are as follows:-

Director	Category	Board Meetings during respective tenure of Directors		Whether attended last AGM held on 28.09.2016
		Held	Attended	
Shri A B Khare	CMD	9	9	Yes
Dr A K Padhee	NED-Govt. Nominee	5	2	No
Ms. Meenakshi Gupta	NED-Govt. Nominee	4	3	NA
Shri Piyush Srivastava	NED-Govt. Nominee	3	1	NA
Shri Kuntal Sensarma	NED-Govt. Nominee	6	5	No
Shri U Saravanan	Executive Director	9	9	Yes
Shri Alireza Zamani	NED-NICO Nominee	7	3	No
Shri Payman Ehteshami	NED-NICO Nominee	7	-	No
Shri Yasin Rezazadeh	NED-NICO Nominee	7	-	No
Shri Farzad Bahrami Bavani	NED-NICO Nominee	2	1	NA
Shri Mohammad Bagher Dakhili	NED-NICO Nominee	2	-	NA
Shri Jafar Damanpak	NED-NICO Nominee	2	-	NA
CA Sunil Vashisht	Non-Executive Director	8	7	Yes
Dr Hemant A Thakore	Non-Executive Director	8	8	Yes
Shri C Ramesh	Non-Executive Director	8	7	Yes
Smt. Vanathi Srinivasan	Non-Executive Director	8	3	No
Dr Christy Fernandez	BIFR Nominee Director	6	-	No

### Audit Committee

During the year 2016-17, the Audit Committee met four times i.e. 27.05.2016, 12.08.2016, 14.11.2016 and 09.02.2017. Details of attendance of the members of Audit Committee Meetings are as follows:-

S.No.	Name of the Audit Committee Members	Status	Tenure		No. of meetings held	No. of meetings attended
			From	To		
1	Dr A K Padhee	Chairman/ Member	14.01.2016	07.12.2016	2 1	1 -
2	CA Sunil Vashisht	Chairman/ Member	06.06.2016	Continuing	2 1	2 1
3	Ms. Meenakshi Gupta	Member	08.12.2016	Continuing	1	1
4	Shri Piyush Srivastava	Member	14.01.2016	07.09.2016	2	1
5	Shri U Saravanan	Member	13.08.2015	Continuing	2	2
6	Shri Alireza Zamani	Member	22.04.2015	17.02.2017	4	3
7	Shri Yasin Rezazadeh	Member	23.02.2015	17.02.2017	2	-
8	Dr Hemant A Thakore	Member	06.06.2016	Continuing	3	3
9	Shri C Ramesh	Member	06.06.2016	Continuing	3	3
10	Smt. Vanathi Srinivasan	Member	06.06.2016	Continuing	3	1
11	Dr Christy Fernandez	Member	20.10.2015	01.12.2016	2	-



## MADRAS FERTILIZERS LIMITED

### Nomination and Remuneration Committee

Being a Central Public Sector Undertaking, the Managerial Remunerations for the executives are fixed by the Government of India.

Payment of remuneration to the Chairman and Managing Director is as per the terms and conditions of appointment by the Government of India and approved by the Board.

The aggregate value of the salary, incentives, perquisites and other benefits paid by the Company to the Directors is ₹ 73,26,516/-

No remuneration other than Sitting fee is paid to non-executive directors for attending the Board / Committee Meetings during the year.

During the year 2016-17, the Nomination and Remuneration Committee met one time i.e. 10.03.2017. Details of attendance of the members of the Committee Meetings are as follows:-

S.No.	Name of the Nomination and Remuneration Committee Members	Status	Tenure		No. of meetings attended
			From	To	
1	Shri C Ramesh	Chairman	06.06.2016	Continuing	1
2	Shri A B Khare	Member	14.01.2016	Continuing	1
3	Shri Kuntal Sensarma	Member	08.09.2016	Continuing	1
4	CA Sunil Vashisht	Member	06.06.2016	Continuing	1
5	Dr Hemant A Thakore	Member	06.06.2016	Continuing	1
6	Shri Farzad Bahrami Bavani	Member	18.02.2017	Continuing	1

### Corporate Social Responsibility Committee

During the year 2016-17, the Corporate Social Responsibility Committee (CSR Committee) met on one time i.e. 15.12.2016. Details of attendance of the members of CSR Committee Meeting is as follows:-

S.No.	Name of the Audit Committee Members	Status	Tenure		No. of meetings held	No. of meetings attended
			From	To		
1	Smt.Vanathi Srinivasan	Chairman	06.06.2016	Continuing	1	1
2	Shri A B Khare	Member	14.01.2016	Continuing	1	1
3	Dr Hemant A Thakore	Member	06.06.2016	Continuing	1	1
4	Shri U Saravanan	Member	13.08.2015	Continuing	1	1

### Stakeholders Relationship Committee

During the year 2016-17, two meetings of the Stakeholders Relationship Committee were held on 15.12.2016 and 09.02.2017 as below:

S.No.	Name of the Stakeholders Relationship Committee Members	Status	Tenure		No. of meetings attended
			From	To	
1	Shri Alireza Zamani	Chairman	22.04.2015	17.02.2017	1
2	Shri A B Khare	Chairman/ Member	14.01.2016	Continuing	1 1
3	Dr A K Padhee	Member	14.01.2016	07.12.2016	-
4	Shri U Saravanan	Member	13.08.2015	Continuing	2
5	Ms. Meenakshi Gupta	Member	08.12.2016	Continuing	-

The scope and function of the Committee is as per Clause 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has delegated power for approval of the share transfer and other related matters to the Share Transfer Committee comprising of Shri H Gunasekaran, General Manager (Plant) and Shri V Muralidharan, General Manager (F&A) and Company Secretary.





## MADRAS FERTILIZERS LIMITED

During the year, 15 Share Transfer Committee Meetings have been held to consider share transfer and other share related matters.

Total number of complaints redressed by the Company and Share Transfer Agents during the period were 23 which include attending Loss of Share Certificate, Issue of Duplicate Share Certificate, Nomination and Procedure for transmission of shares. All the complaints were redressed in full and there is no pending as of March 31, 2017.

**Compliance Officer:** Mr V Muralidharan, has been appointed as Company Secretary and Compliance Officer effective December 27, 2013.

### General Body Meetings

The venue and the starting time of the last 3 Annual General Meetings were :

Year	Venue	Date	Time
2015-2016	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant Manali, Chennai – 600 068	28/09/2016 (Wednesday)	03.00 P.M.
2014-2015	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant Manali, Chennai – 600 068	28/09/2015 (Monday)	02.30 P.M.
2013-2014	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant Manali, Chennai – 600 068	29/09/2014 (Monday)	02.30 P.M.

During the year under review, no special resolution was passed.

### Related Party Transactions :

A transaction with a related party shall be considered material, if the transaction(s) entered into individually or taken together with previous transactions during the financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

All related party transactions including the one existing with the Chennai Petroleum Corporation Ltd. (CPCL) that were entered into during the financial year were on arm's length basis and were in ordinary course of business of the Company. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

There were no materially significant transactions with Related Parties during the financial year 2016-17 which were in conflict with the interest of the Company.

### Whistle Blower / Vigil Mechanism

The Company has established a vigil mechanism and adopted a whistle blower policy, pursuant to which whistle blowers can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism.



## MADRAS FERTILIZERS LIMITED

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There were no instances of non-compliance by the Company on matters related to the capital market during the last three years and there were no penalties, strictures imposed by Stock Exchanges or SEBI or any statutory authority.

### Means of Communication

Whether half-yearly report sent to each household of shareholders: No.

### Quarterly Financial Results :

Quarterly Financial results are published in one National Daily viz. Financial Express and one Regional Daily Maalaisudar. The financial results are made available on the Company's website: [www.madrasfert.nic.in](http://www.madrasfert.nic.in).

Whether any presentation made to institutional investors or to the analyst: No.

### General Shareholders Information

Annual General Meeting, Date, Time and Venue:

AGM Date : **September 22, 2017**  
Time : 02.30 PM  
Venue : Rajah Annamalai Mandram (Tamil Isai Sangam)  
5, Esplanade Road  
Chennai 600 108

Financial Year : April 2016 – March 2017

Book Closure Date : 16.09.2017 to 22.09.2017 (both days inclusive)

Dividend Payment : Nil

Whether Management Discussion and Analysis is part of this report: Yes

Listing on Stock Exchanges: National Stock Exchange of India Ltd

The Company has paid the listing fees to the stock exchange in time.

Stock Code / Symbol :

National Stock Exchange of India Ltd : MADRASFERT



## MADRAS FERTILIZERS LIMITED

### High / Low share prices during the year April 1, 2016 to March 31, 2017

#### National Stock Exchange of India Ltd

Month	NSE High (₹)	NSE Low (₹)	S & P CNX Nifty Index High	S & P CNX Nifty Index Low	Quantity	Value (₹ lacs)
Apr 2016	15.40	11.55	7992.00	7516.85	1287635	177.38
May	14.80	12.90	8213.60	7678.35	1113620	155.79
Jun	19.40	12.80	8308.15	7927.05	5599222	948.69
Jul	19.00	15.10	8674.70	8287.55	2664123	448.57
Aug	17.70	13.20	8819.20	8518.15	1523043	226.04
Sep	14.95	12.75	8968.70	8555.20	1456434	198.66
Oct	16.80	13.20	8806.95	8506.15	2825599	430.22
Nov	16.10	12.00	8669.60	7916.40	1161863	158.74
Dec	16.45	12.90	8274.95	7893.80	2341337	344.73
Jan 2017	18.50	14.20	8672.70	8133.80	8709122	1445.31
Feb	17.25	14.40	8982.15	8537.50	2386527	383.42
Mar	19.70	14.65	9218.40	8860.10	4048240	701.09

#### Share Transfer System

M/s Integrated Registry Management Services Private Limited, a SEBI Registered Share Transfer Agent has been assigned the Share Transfer and Depository Registry related functions. Share Transfer Committee attends to share transfer formalities every fortnight.

#### Share Transfer Agent & Depository Registry:

M/s Integrated Registry Management Services Private Limited

2<sup>nd</sup> Floor, Kences Towers

No. 1, Ramakrishna Street

Off: North Usman Road

T Nagar, Chennai 600 017

Phone 091-044 - 2814 0801 to 803

Email : [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)

#### Dematerialisation of Shares:

MFL has connectivity with both NSDL and CDSL

ISIN No : INE 414A01015

156935585 equity shares (representing 97.42 % of total shares) have been dematerialized as of March 31, 2017. In terms of number of shareholders, 63.07% of shareholders have dematted their shares.



## MADRAS FERTILIZERS LIMITED

### DISTRIBUTION OF SHAREHOLDING:

The distribution of shareholding as on March 31, 2017 is as follows:

Dist	Physical			NSDL			CDSL			Total		
	Count	Shares	%	Count	Shares	%	Count	Shares	%	Count	Shares	%
Up to 500	428	727	0.00	2165	27462	0.02	1174	15460	0.01	3767	43649	0.03
501 - 1000	150	14988	0.01	1198	116431	0.07	665	64142	0.04	2013	195561	0.12
1001 - 2000	3485	697000	0.43	1592	305912	0.19	645	121209	0.08	5722	1124121	0.70
2001 - 3000	472	141600	0.09	654	186698	0.12	310	86346	0.05	1436	414644	0.26
3001 - 4000	463	185200	0.11	337	131631	0.08	135	52224	0.03	935	369055	0.22
4001 - 5000	1588	794000	0.49	1262	628304	0.39	531	263897	0.16	3381	1686201	1.04
5001 - 10000	1780	1737600	1.08	1591	1469553	0.91	636	576202	0.36	4007	3783355	2.35
Above 10000	257	594600	0.37	1261	149136471	92.58	575	3753643	2.33	2093	153484714	95.28
Grand Total	8623	4165715	2.58	10060	152002462	94.36	4671	4933123	3.06	23354	161101300	100.00

### CATEGORY OF SHAREHOLDERS AS ON MARCH 31, 2017 AS FOLLOWS:

S No	Category	PHYSICAL				ELECTRONIC				TOTAL			
		No. of Holders	% of holders	Shares	% of Shares	No. of Holders	% of holders	Shares	% of Shares	No. of Holders	% of holders	Shares	% of Shares
1	BANK'S	13	0.0557	34600	0.0215	2	0.0086	245050	0.1521	15	0.0643	279650	0.1736
2	BODIES CORPORATE	79	0.3383	134001	0.0832	275	1.1775	1566189	0.9722	354	1.5158	1700190	1.0554
3	CLEARING MEMBER	Nil	Nil	Nil	Nil	122	0.5224	399984	0.2483	122	0.5224	399984	0.2483
4	GOVERNMENT/PROMOTERS	Nil	Nil	Nil	Nil	1	0.0043	95851700	59.4978	1	0.0043	95851700	59.4978
5	EMPLOYEES	87	0.3725	73600	0.0457	Nil	Nil	Nil	Nil	87	0.3725	73600	0.0457
6	MUTUAL FUND	1	0.0043	2400	0.0015	Nil	Nil	Nil	Nil	1	0.0043	2400	0.0015
7	N R I	Nil	Nil	Nil	Nil	69	0.2955	176772	0.1097	69	0.2955	176772	0.1097
8	FOREIGN PROMOTERS	Nil	Nil	Nil	Nil	1	0.0043	41516500	25.7704	1	0.0043	41516500	25.7704
9	RESIDENT INDIAN	8443	36.1523	3921114	2.4339	14259	61.0559	17149190	10.6450	22702	97.2082	21070304	13.0789
10	NBFCs	Nil	Nil	Nil	Nil	2	0.0086	30200	0.0187	2	0.0086	30200	0.0187
	TOTAL	8623	36.9231	4165715	2.5858	14731	63.0771	156935585	97.4142	23354	100.0002	161101300	100.0000



## MADRAS FERTILIZERS LIMITED

### MODEWISE SHAREHOLDINGS AS ON 31-03-2017

MODE	COUNT	SHARES	%
PHYSICAL	8623	4165715	2.58
NSDL	10060	152002462	94.36
CDSL	4671	4933123	3.06
GRAND TOTAL	23354	161101300	100.00
CATEGORY	COUNT	SHARES	%
G O I	1	95851700	59.50
NAFTIRAN INTER TRADE COMPANY LTD	1	41516500	25.77
OTHERS	23352	23733100	14.73
<b>GRAND TOTAL</b>	<b>23354</b>	<b>161101300</b>	<b>100.00</b>

Plant Location : Manali, Chennai 600 068

#### The Address for correspondence is

##### V.Muralidharan

General Manager (Finance & Accounts) and

Company Secretary

Madras Fertilizers Limited

Manali, Chennai 600 068

Tel : 044 – 2594 5203 : 044 – 2594 5270

Fax : 2594 3613

Email : cs@madrasfert.co.in

cosec@madrasfert.co.in



## MADRAS FERTILIZERS LIMITED

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013, ON THE FINANCIAL STATEMENTS OF MADRAS FERTILIZERS LIMITED, FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of **Madras Fertilizers Limited** for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143 (6)(a) of the Act of the financial statements of **Madras Fertilizers Limited** for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on behalf of  
Comptroller & Auditor General of India**

Sd/-

**(G. SUDHARMINI)**  
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT  
AND EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Chennai  
25<sup>th</sup> July, 2017



## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of Madras Fertilizers Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Madras Fertilizers Limited, Manali**, which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss, and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *Emphasis of matter* section of our report, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2017;
- (b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Emphasis of Matter**

- i. We draw attention to Note 24(B)(i) regarding accounting of a sum of Rs.40.48 Crores towards escalation in input prices which has been considered as receivable from Fertilizer Industry Coordination Committee (FICC) for the year ended 31<sup>st</sup> March 2017 under New Pricing Scheme (NPS) for Urea. Adjustments may arise in future in respect of the above on final payment.
- ii. We draw attention to Note 24(B)(ii) regarding accounting of a sum of Rs.15.71 Crores of subsidy claim for additional fixed cost of Rs.350/MT of Urea.



## MADRAS FERTILIZERS LIMITED

iii. We draw attention to Note 29(f) regarding balances in Long term borrowings and Other current liabilities from GOI, Trade Receivable/ Payables, Claim recoverable and loans and advances are subject to confirmation and consequential adjustments;

Our opinion is not modified in respect of the above matters.

### Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those;

c) The Balance Sheet, the Statement of Profit and Loss, the statement of cash flows dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) The Ministry of Corporate Affairs has clarified that the provisions of sub section (2) of Section 164 the Companies Act, 2013 are not applicable to Government Companies.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii. The Company has made provision, as required under the applicable law and Accounting standards, for material foreseeable losses, if any, on long-term contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the investor's education and protection fund by the Company.

iv. the Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 29 (e) to the standalone financial statements.

(3) As required by section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the company – "Annexure C"

**For J. V. RAMANUJAM & Co.,**  
Chartered Accountants  
FRN: 02947S

**SRI NARAYANA JAKHOTIA**  
Partner  
M. No: 233192

Place : Chennai  
Date : 30<sup>th</sup> May, 2017





## **“ANNEXURE A” TO INDEPENDENT AUDITORS’ REPORT**

**(Referred to in Paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the accounts of Madras Fertilizers Limited, Manali (“the Company”), for the year ended March 31, 2017)**

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, physical verification of movable fixed assets is being conducted in a phased manner by the management under a programme designed to cover all the movable fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its business, last physical verification was done during 2014, and the same is due to be done for 2017. As per the information and explanations provided by the management, the same is in progress as on date. Immovable Fixed Assets like plant and machinery is being inspected every year by an independent chartered engineer.
- (c) Title deeds of immovable properties were not provided to us for verification; hence we are unable to comment on the same.
- ii) (a) Physical verification of inventories inside factory premises and at Chennai Port has been carried out by an independent surveyor at year end and the physical verification of stocks of stores and spare parts has been conducted by an independent firm of Chartered Accountants on an ongoing basis so as to complete the verification of all items over the period of one year. Finished goods at warehouse are taken as per warehousing certificates. Warehousing certificates has not been received in a few cases, which however is not significant in value.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion, the company has maintained proper records of inventory. We are informed that no major

discrepancies were noticed on verification between the physical stock and book records.

- iii) According to the information given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore clauses (iii) (a), (iii) (b) and (iii)(c) of Paragraph 3 of the Order are not applicable to the Company.
- iv) The Company has complied with the provisions of the section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- v) According to the information and explanations given to us, the Company has complied with the provisions of Section 73 to 76, other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to deposits accepted from public. The Company has not accepted any deposits from public during the year within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014.
- vi) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules 2014 prescribed by the Central Government under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.
- vii) (a) According to the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues as applicable to it .
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues were outstanding as at March 31, 2017 for a period of more than six months from the date they became payable.



## MADRAS FERTILIZERS LIMITED

(c) According to the information and explanations given to us, there are no dues of Income Tax Act, Sales Tax and Service Tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of duty of Excise, Customs and Value Added Tax have not been deposited by the Company on account of disputes:

S No	Name of the statute	Nature of dues/ demand	Period of dispute	Amount (₹ lakhs)	Forum where dispute is pending
1.	Central Excise act, 1944	With regard to dispute on levy of excise duty for the period from 26.08.1995 to 16.11.2006	1995	542.25	CESTAT
2.	Customs Act	Differential customs duty claimed by Commissioner of Customs	1998	6586.00	Commissioner of Customs (Appeals)
3.	Kerala Value Added Taxes	Levy of VAT on subsidy	2009-10 2010-11	510.57	High Court of Kerala

viii) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, or dues to debenture holders except in respect of the default of repayment of principal amount of the following Government of India (GOI) Loans:

Nature of Loan	Year of default	Amount (in Crores)
GOI Loans	2004-05	23.49
GOI Loans	2005-06	23.49
GOI Loans	2006-07	24.89
GOI Loans	2007-08	26.08
GOI Loans	2008-09	27.03
GOI Loans	2009-10	26.44
GOI Loans	2010-11	27.34
GOI Loans	2011-12	28.63
GOI Loans	2012-13	38.33
GOI Loans	2013-14	45.78
GOI Loans	2014-15	32.68
GOI Loans	2015-16	32.68
GOI Loans	2016-17	31.28
	<b>Total *</b>	<b>388.14</b>

\* The above loan consists of Plan loans, Non Plan Loans and Revamp Loans.

- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our Audit.
- xi) In respect of sl. no. (xi), being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable to the Company in view of Notification no. G.S.R. 463(E) dated. 05-06-2015
- xii) The company is not a Nidhi Company. Therefore clause 3 (xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xiii) According to the records of the Company examined by us and the information and explanations given to us, there are no related party transactions; accordingly clause (xi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, and therefore clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.



## MADRAS FERTILIZERS LIMITED

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- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For J.V. RAMANUJAM & Co.,**  
Chartered Accountants  
FRN: 02947S

Chennai  
30<sup>th</sup> May, 2017

**SRI NARAYANA JAKHOTIA**  
Partner  
M. No: 233192



## **“ANNEXURE B” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MADRAS FERTILIZERS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of M/s Madras Fertilizers Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial

reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be



## MADRAS FERTILIZERS LIMITED

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detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal

control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and jointly controlled companies, which are companies incorporated in India, as of that date.

**For J.V. RAMANUJAM & Co.,**  
Chartered Accountants  
FRN: 02947S

Chennai  
30<sup>th</sup> May, 2017

**SRI NARAYANA JAKHOTIA**  
Partner  
M. No: 233192



## “ANNEXURE C” TO INDEPENDENT AUDITORS' REPORT

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Madras Fertilizers Limited (Standalone) for the year 2016-17 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013

Sl No	Areas Examined	Suggested Replies
1	Whether the Company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	a) Clear Title/ lease deeds : - Yes b) If answer to (a) above is No, then : (i) Freehold area (Acres) : Not Applicable (ii) Leasehold area (Acres) : Not Applicable
2	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, the reasons thereof and amount involved.	As informed to us by the Management, no cases of waiver of debt/ loan/ interest by the Company for any of the debts/loans given.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from the Govt. or other authorities.	As informed to us by the Management, there are no amounts of inventories lying with third parties. Further, during the year there are no instances of assets received as gift(s)/ grant(s) from Govt. or other authorities.

**For J.V. RAMANUJAM & Co.,**  
Chartered Accountants  
FRN: 02947S

**SRI NARAYANA JAKHOTIA**  
Partner  
M. No: 233192

Chennai  
30<sup>th</sup> May, 2017



## MADRAS FERTILIZERS LIMITED

### BALANCE SHEET

as at March 31, 2017 ( Note 1)

(₹ Crores)

	Notes	March 31, 2017	March 31, 2016
<b>I EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' FUNDS			
Share Capital	3	162.14	162.14
Reserves and Surplus	4	<u>(717.60)</u>	<u>(694.29)</u>
		(555.46)	(532.15)
<b>NON CURRENT LIABILITIES</b>			
Long Term Borrowings	5	136.01	166.10
Deferred Tax Liabilities(Net)		-	-
Long Term Trade Payables	6a	-	-
Other Long Term Liabilities	6b	-	-
Long Term Provisions	7a	<u>17.21</u>	<u>17.94</u>
		153.22	184.04
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	8	205.82	431.99
Short Term Trade Payables	9a	246.29	226.67
Other Current Liabilities	9b	1045.02	934.86
Short Term Provisions	7b	<u>7.19</u>	<u>6.51</u>
		1504.32	1600.03
<b>TOTAL</b>		<b><u>1102.08</u></b>	<b><u>1251.92</u></b>
<b>II ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	10		
i. Gross Block		966.24	962.85
ii. Less : Depreciation Reserve		<u>801.01</u>	<u>782.96</u>
Net Block		165.23	179.89
Capital Work- in- progress		17.58	14.51
Dismantled Assets		<u>0.02</u>	<u>0.00</u>
	c/o	182.83	194.40



## MADRAS FERTILIZERS LIMITED

### BALANCE SHEET

as at March 31, 2017 ( Note 1) (contd)

(₹ Crores)

	Notes	March 31, 2017	March 31, 2016
	b/f	182.83	194.40
Non Current Investments	11	0.40	0.40
Deferred Tax Assets(Net)		-	-
Long Term Loans and Advances	12a	15.71	16.24
Long Term Trade Receivables	13a	-	-
<b>CURRENT ASSETS</b>			
Inventories	14	344.64	211.07
Short Term Trade Receivables	13b	43.64	9.32
Cash and cash equivalents	15	2.40	32.33
Short Term Loans and Advances	12b	2.10	3.17
Other Current Assets	16	510.36	784.99
<b>TOTAL</b>		<b>1102.08</b>	<b>1251.92</b>

Notes 1 to 29 form part of these financial statements.

/For and on behalf of the Board/

**A B KHARE**  
Chairman & Managing Director

**U SARAVANAN**  
Director (Technical)

**V MURALIDHARAN**  
General Manager - Finance & Accounts  
and Company Secretary

30<sup>th</sup> May, 2017

As per our Report of even date

For **J V Ramanujam & Co.**,  
Chartered Accountants  
FRN 002947S

**CA SRI NARAYANA JAKHOTIA**  
Partner  
M No 233192

30<sup>th</sup> May, 2017



**STATEMENT OF PROFIT AND LOSS**

for the year ended March 31, 2017 (Note 2)

(₹ Crores)

	Notes	2016-17	2015-16
<b>I Revenue from operations</b>			
Gross Sales	17	306.32	279.75
Less: Excise Duty		<u>3.11</u>	<u>2.87</u>
		303.21	276.88
Subsidy - Urea		1066.94	890.06
- NPK		29.81	34.70
- City compost		<u>0.26</u>	-
		1097.01	924.76
<b>II Other Income</b>	18	8.21	23.12
<b>III Total Revenue (I+II)</b>		<b><u>1408.43</u></b>	<b><u>1224.76</u></b>
<b>IV Expenses :</b>			
Cost of materials consumed	19a	1177.03	1006.87
Purchase of Stock-in-Trade	19b	2.27	7.20
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	20	(103.43)	(24.64)
Employee benefit expenses	21	96.79	89.60
Finance costs	22	74.00	82.32
Depreciation and amortization expense		18.53	18.15
Other Expenses	23	<u>165.35</u>	<u>142.80</u>
<b>Total Expenses</b>		<b><u>1430.54</u></b>	<b><u>1322.30</u></b>
<b>V Profit before exceptional/extraordinary items and tax (III-IV)</b>		(22.11)	(97.54)
<b>VI Exceptional Items (Refer note 10 Tangible Asset)</b>		<u>0.02</u>	<u>92.00</u>
<b>VII Profit before extraordinary items and tax (V-VI)</b>		(22.13)	(189.54)
<b>VIII Extraordinary Items (Refer Note 26(e)(ii)(c))</b>		<u>1.18</u>	-
<b>IX Profit before tax (VII-VIII)</b>		(23.31)	(189.54)
<b>X Tax expense:</b>			
- Current Tax		-	-
- Deferred Tax		-	-
<b>XI Profit/(loss) for the period from continuing operations (IX-X)</b>	c/o	<u>(23.31)</u>	<u>(189.54)</u>



## MADRAS FERTILIZERS LIMITED

### STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017- (Note 2) (Contd.,)

(₹ Crores)

	Notes	2016-17	2015-16
	b/f	(23.31)	(189.54)
<b>XII</b> Profit/(loss) for the period from discontinuing operations		-	-
<b>XIII</b> Tax expense of discontinuing operations		-	-
<b>XIV</b> Profit/(loss) for the period from discontinuing operations after tax (XII-XIII)		-	-
<b>XV Profit/(Loss) for the period (XI+XIV)</b>		<u>(23.31)</u>	<u>(189.54)</u>
<b>XVI Earnings Per Equity Share</b>			
Profit/(Loss) available to members (₹ Crores)	(23.31)	(189.54)	
Weighted Average Number of Equity Shares used as denominator for calculating EPS	16,11,01,300	16,11,01,300	
Basic & Diluted in ₹ per share		(1.45)	(11.77)

Notes 1 to 29 form part of these financial statements.

/For and on behalf of the Board/

**A B KHARE**  
Chairman & Managing Director

**U SARAVANAN**  
Director (Technical)

**V MURALIDHARAN**  
General Manager - Finance & Accounts  
and Company Secretary

30<sup>th</sup> May, 2017

As per our Report of even date

For **J V Ramanujam & Co.**,  
Chartered Accountants  
FRN 002947S

**CA SRI NARAYANA JAKHOTIA**  
Partner  
M No 233192

30<sup>th</sup> May, 2017

**NOTES TO FINANCIAL STATEMENT for the year ended March 31, 2017**

	(₹ Crores)	
	March 31, 2017	March 31, 2016
<b>3 SHARE CAPITAL</b>		
<b>AUTHORISED SHARES</b>		
17,50,00,000 Equity Shares of ₹ 10 each	175.00	175.00
19,00,00,000 Preference Shares of ₹ 10 each	190.00	190.00
	<u>365.00</u>	<u>365.00</u>
<b>ISSUED SHARES</b>		
16,59,98,200 Equity Shares of ₹ 10 each	166.00	166.00
	<u>166.00</u>	<u>166.00</u>
<b>SUBSCRIBED AND PAID-UP SHARES</b>		
16,11,01,300 Equity Shares of ₹ 10 each fully paid up	161.10	161.10
<b>FORFEITED SHARES</b>		
20,76,600 Equity Shares of ₹ 5 paid up	1.04	1.04
	<u>162.14</u>	<u>162.14</u>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares	March 31, 2017		March 31, 2016	
	No. of Shares	(₹ Crores)	No. of Shares	(₹ Crores)
At the beginning of the period	16,11,01,300	161.10	16,11,01,300	161.10
Issued during the period	-	-	-	-
Outstanding at the end of the period	<u>16,11,01,300</u>	<u>161.10</u>	<u>16,11,01,300</u>	<u>161.10</u>
Add: Shares Forfeited at the beginning of the period	20,76,600	1.04	20,76,600	1.04
	<u>16,31,77,900</u>	<u>162.14</u>	<u>16,31,77,900</u>	<u>162.14</u>

- b. The Company has only one class of Equity Shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2017, the amount of per share dividend recognised as distribution to equity shareholders was ₹ Nil (March 31, 2016 ₹ Nil)

In the event of liquidation of the Company the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.



## MADRAS FERTILIZERS LIMITED

### c. Details of shareholders holding more than 5% shares in the Company

	March 31,2017		March 31,2016	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of ₹ 10 each fully paid				
Government of India	9,58,51,700	59.50	9,58,51,700	59.50
Naftiran Intertrade Co. Ltd	4,15,16,500	25.77	4,15,16,500	25.77
Public (Collectively)	2,58,09,700	14.73	2,58,09,700	14.73

(₹ Crores)

### 4 RESERVES AND SURPLUS

#### Securities Premium Account

Balance as per last financial statement

12.39

12.39

Add: Additions during the period

-

-

Less: Amount utilised

-

-

Closing Balance

12.39

12.39

Surplus/(Deficit) in the Statement of Profit & Loss

Balance as per last financial statement

(706.68)

(517.14)

Profit / (Loss) for the year

(23.31)

(189.54)

Net Surplus/(Deficit) in the Statement of Profit & Loss

(729.99)

(706.68)

(717.60)

(694.29)

### 5 LONG TERM BORROWINGS

#### UNSECURED

GOI Loan - Non Current Portion

136.01

166.10

Current portion of GOI Loans overdue and due within one year is shown under Note 9b - Other Current Liabilities.

136.01

166.10

### 6a LONG TERM TRADE PAYABLES

-

-

-

-

### 6b OTHER LONG TERM LIABILITIES

-

-

-

-

-

-



## MADRAS FERTILIZERS LIMITED

		(₹ Crores)	
		March 31, 2017	March 31, 2016
<b>7a</b>	<b>LONG TERM PROVISIONS</b>		
	Provisions for Employee Benefits		
	Retired Medical Benefits	1.24	1.08
	Service Awards	0.19	0.18
	Gratuity	1.32	2.95
	Leave Encashment	14.46	13.73
		<u>17.21</u>	<u>17.94</u>
<b>7b</b>	<b>SHORT TERM PROVISIONS</b>		
	Provisions for Employee Benefits		
	Retired Medical Benefits	0.11	0.16
	Service Awards	0.13	0.19
	Gratuity	4.05	3.42
	Leave Encashment	2.90	2.74
		<u>7.19</u>	<u>6.51</u>
<b>8</b>	<b>SHORT TERM BORROWINGS</b>		
	<b>SECURED</b>		
	<b>Cash Credit from Banks -</b>	9.76	130.70
	Secured by hypothecation of Inventories and book debts including GOI subsidy receivable with first charge on all immovable properties at Manali both present and future.		
	Special Banking Arrangement	196.06	-
	Bills Accepted under L/C :	-	301.29
		<u>205.82</u>	<u>431.99</u>
<b>9a</b>	<b>SHORT TERM TRADE PAYABLES</b>		
	Trade Payables -Secured -Ref Note 24(B)(ix)(x)	128.91	126.11
	-UnSecured - Others	117.38	100.56
		<u>246.29</u>	<u>226.67</u>
<b>9b</b>	<b>OTHER CURRENT LIABILITIES</b>		
	<b>UNSECURED</b>		
	GOI Loan - Current Portion		
	Principal	418.23	388.14
	Interest accrued and due	493.50	438.92
		<u>911.73</u>	<u>827.06</u>
	Investor Education and Protection Fund		
	Unclaimed Deposits	0.08	0.08
	Amount to be transferred to Investor Education and Protection Fund	-	-
	Interest accrued but not due on loans	15.55	15.55
	Micro, Small & Medium Enterprises	0.00	0.00
	Other Liabilities	117.66	92.17
		<u>1045.02</u>	<u>934.86</u>



## MADRAS FERTILIZERS LIMITED

ASSET	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK AS ON	
	Mar 31, 2016	Addition	Deduction	Mar 31, 2017	Up to Mar 31, 2016	Addition	Deduction	Up to Mar 31, 2017	Mar 31, 2017	Mar 31, 2016
LAND *	1.82	0.03	-	1.85	0.00	0.00	0.00	-	1.85	1.82
ROAD, BRIDGES AND OTHER FACILITIES	3.82	-	0.46	3.36	2.16	0.18	0.44	1.90	1.46	1.66
RAILWAY SIDING **	1.22	-	-	1.22	1.13	0.01	0.00	1.14	0.08	0.09
BUILDINGS	15.38	-	-	15.38	8.91	0.37	0.00	9.28	6.10	6.47
PLANT & MACHINERY	918.38	3.69	0.01	922.06	753.67	17.02	0.01	770.68	151.38	164.71
AUTOMOTIVE & SERVICE EQUIPMENT	8.46	0.00	0.01	8.45	6.60	0.23	0.01	6.82	1.63	1.86
LAB EQUIPMENT	4.83	0.00	-	4.83	3.10	0.31	0.00	3.41	1.42	1.73
OFFICE EQUIPMENT	6.13	0.04	0.02	6.15	5.17	0.33	0.01	5.49	0.66	0.96
FURNITURE & FITTINGS	1.85	0.06	0.03	1.88	1.47	0.06	0.03	1.50	0.38	0.38
AIR CONDITIONERS & WATER COOLERS	0.96	0.10	0.00	1.06	0.75	0.04	0.00	0.79	0.27	0.21
CAPITAL WORK-IN-PROGRESS (AT COST)	14.51	6.30	3.23	17.58	-	-	-	-	17.58	14.51
DISMANTLED ASSETS +									0.02	0.00
<b>TOTAL</b>	<b>977.36</b>	<b>10.22</b>	<b>3.76</b>	<b>983.82</b>	<b>782.96</b>	<b>18.55</b>	<b>0.50</b>	<b>801.01</b>	<b>182.83</b>	<b>194.40</b>
PREVIOUS YEAR	965.90	15.79	4.33	977.36	767.86	18.15	3.05	782.96		

\* Includes

(a) ₹ 0.12 Cr being payment for 297.75 acres out of 329.40 acres handed over to the Company by the Tamilnadu Government and the balance 31.65 acres is subject to communication of final value by the Government.

\*\* Includes ₹ 0.08 Cr representing 5/24 share of total cost of the Railway Siding commonly used by Chennai Petroleum Corporation Limited, Madras Fertilizers Limited, Madras Petrochem Limited, Steel Authority of India Limited and Rashtriya Ispat Nigam Limited.

+ Dismantled Assets held for sale - valued at lower of WDV or estimated realisation.

Deductions includes Assets lost due to flood 2015.

Depreciation includes an amount of ₹ 0.02 Cr relates to prior year shown under exceptional item.



## MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	March 31, 2017	March 31, 2016
<b>11 NON CURRENT INVESTMENTS</b>		
(NON TRADED)		
<b>UNQUOTED EQUITY INSTRUMENTS</b>		
Indian Potash Limited (7,92,000 Equity Shares of ₹ 10 each fully paid-including 3,96,000 Bonus shares)	0.40	0.40
Fortune Bio-Tech Ltd (12,50,000 Shares of ₹ 10 each fully paid)	1.25	1.25
Less: Provision made	<u>1.25</u>	<u>1.25</u>
	<u>-</u>	<u>-</u>
	<u>0.40</u>	<u>0.40</u>
<b>12a LONG TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good unless otherwise stated)		
Secured Loans	0.02	0.09
Deposits with Government Departments and Others	14.66	15.20
Balances with Customs, Port Trust and Excise Authorities	<u>1.03</u>	<u>0.95</u>
	<u>15.71</u>	<u>16.24</u>
<b>12b SHORT TERM LOANS AND ADVANCES</b>		
Advances recoverable in Cash or in kind or for value to be received	<u>2.10</u>	<u>3.17</u>
	<u>2.10</u>	<u>3.17</u>
<b>13a LONG TERM TRADE RECEIVABLES</b>		
Debts due for more than six months		
Considered Good in respect of which Company is fully Secured	-	-
Considered Good in respect of which Company holds no Security other than the debtor's personal security	-	-
-Considered Doubtful - Unsecured	<u>4.43</u>	<u>4.43</u>
	4.43	4.43
Less: Provision for Doubtful Debts	<u>4.43</u>	<u>4.43</u>
	<u>-</u>	<u>-</u>
<b>13b SHORT TERM TRADE RECEIVABLES</b>		
Considered Good in respect of which Company is fully Secured	43.64	9.32
Considered Good in respect of which Company holds no Security other than the debtor's personal security	-	-
Considered Doubtful - Unsecured	<u>-</u>	<u>-</u>
	43.64	9.32
Less: Provision for Doubtful Debts	<u>-</u>	<u>-</u>
	<u>43.64</u>	<u>9.32</u>



## MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	March 31, 2017	March 31, 2016
<b>14 INVENTORIES</b>		
(As certified by Management based on technical estimate)		
Raw Materials on hand	95.53	57.71
Work-in-Progress	18.07	14.20
Finished Products		
Manufactured Stock		
Fertilizers	139.71	41.22
Bought out Stock		
Agro Chemicals	-	-
Stores and Spares		
On hand	88.11	93.67
In Transit	0.40	0.26
Loose Tools	0.28	0.28
Others		
Catalysts	1.25	1.26
Packing Materials	1.29	2.47
	<u>344.64</u>	<u>211.07</u>
<b>15 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.00	0.00
Balances with scheduled banks		
In Current Account	0.17	0.33
In Term Deposit	2.23	32.00
	<u>2.40</u>	<u>32.33</u>
<b>16 OTHER CURRENT ASSETS</b>		
Claims Recoverable	504.18	777.28
Less: Provision made	(1.01)	(1.01)
Prepaid Expenses	7.19	8.72
	<u>510.36</u>	<u>784.99</u>





## MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	2016-17	2015-16
<b>17 GROSS SALES</b>		
Manufactured Products :		
Fertilizers		
Urea	-	14.12
Neem Urea	237.48	178.78
NPK 17-17-17	62.80	74.97
Biofertilizers	0.35	0.88
Carbon-di-oxide	2.71	2.14
Bought Products :		
Agro Chemicals	1.74	1.52
Organic Manure	0.63	7.34
City Compost	0.61	-
	<u>306.32</u>	<u>279.75</u>
<b>18 OTHER INCOME</b>		
Dividend	0.24	0.20
Interest from Banks and Others	2.57	2.88
Profit on Sale of Assets	0.00	0.96
Rent	1.51	1.34
Insurance claims	2.42	16.10
Miscellaneous Income	1.47	1.64
	<u>8.21</u>	<u>23.12</u>
<b>19a COST OF MATERIALS CONSUMED</b>		
Raw Materials		
Opening Stock	57.71	37.92
Add: Purchases	816.19	677.65
	<u>873.90</u>	<u>715.57</u>
Less: Stock Loss	0.11	-
Less: Closing Stock	95.53	57.71
	<u>95.64</u>	<u>57.71</u>
Total Consumption of Raw materials	<u>778.26</u>	<u>657.86</u>
Power, Water & Fuel	375.13	323.01
Stores, Spares & Packing Materials	23.64	26.00
	<u>1177.03</u>	<u>1006.87</u>



## MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	2016-17	2015-16
<b>19b PURCHASE OF STOCK-IN-TRADE</b>		
Agrochemicals	1.17	1.01
Organic Manure	0.54	6.19
City Compost	0.56	-
	<u>2.27</u>	<u>7.20</u>
<b>20 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Opening Stock		
Finished goods	41.22	9.44
Work in progress	14.20	21.34
Stock in trade - Agro	-	-
	<u>55.42</u>	<u>30.78</u>
Less : Closing Stock		
Finished goods	139.71	41.22
Urea stock loss	1.07	-
Work in progress	18.07	14.20
Stock in Trade - Agro	-	-
	<u>158.85</u>	<u>55.42</u>
	<u>(103.43)</u>	<u>(24.64)</u>
<b>21 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages and Bonus	71.93	66.05
Contribution to Provident Fund, Superannuation and Gratuity	15.68	14.05
Staff Welfare Expenses	9.18	9.50
	<u>96.79</u>	<u>89.60</u>
<b>22 FINANCE COSTS</b>		
<b>Interest on</b>		
<b>Term Loans</b>		
GOI Loan	54.58	54.58
<b>Other Borrowings</b>		
Bank Borrowings	7.85	14.16
Others	11.01	12.99
Cash Discount	0.56	0.59
	<u>74.00</u>	<u>82.32</u>



## MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	2016-17	2015-16
<b>23 OTHER EXPENSES</b>		
<b>Repairs and Maintenance</b>		
Plant and Machinery	31.83	25.14
Buildings	0.28	0.24
Other Assets	0.33	0.16
	<u>32.44</u>	<u>25.54</u>
<b>Transportation and Warehousing</b>		
Transportation and Warehousing	67.41	52.01
Secondary freight	0.43	0.35
Warehouse Rent	2.68	3.90
	<u>70.52</u>	<u>56.26</u>
<b>Payment to Statutory Auditors</b>		
Statutory Audit	0.03	0.03
Tax Audit	0.01	0.01
Certification	0.10	0.09
	<u>0.14</u>	<u>0.13</u>
Volume/Special Rebate	7.95	3.61
Rent	3.14	0.46
Rates and Taxes	0.94	1.55
Insurance	3.51	2.98
Directors' Expenses	0.18	0.08
Directors' Sitting Fees	0.02	-
Agro Services / Information Expenses	0.11	0.07
Advertising and Publicity	0.91	0.75
Provision for Bad and Doubtful debts	0.00	(0.01)
Finished Product Handling	14.61	12.29
Exchange Rate Fluctuation	1.14	1.06
Bank Charges	16.88	26.88
Miscellaneous Expenses	12.86	11.15
	<u>165.35</u>	<u>142.80</u>



**24 (A) SIGNIFICANT ACCOUNTING POLICIES**

**1 GENERAL**

The financial statements are prepared under the historical cost convention and on going concern basis. These statements have been prepared in accordance with i) applicable Accounting Standards (AS), ii) requirements of Companies Act, 2013 and iii) the Accounts Manual of the Company.

**2 FIXED ASSETS**

Fixed Assets are stated at cost of acquisition/construction less accumulated depreciation.

Cost is inclusive of freight, installation, duties, other incidental expenses, allocated Expenditure during Construction, initial catalysts, mandatory/insurance spares acquired along with the machinery and interest on borrowed funds attributable to construction or acquisition for the period upto the capitalisation of the respective asset as reduced by liquidated damages.

Borrowing costs that are directly attributable to the acquisition/construction of an asset is capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits to the enterprise and the costs can be measured reliably.

Assets acquired under Hire Purchase Agreements are capitalised to the extent of Principal value, while Hire charges are charged to revenue in the year in which they are payable.

Expenditure on Tangible Assets on revamp/expansion are capitalised when the respective Plants are ready for commercial production (i.e. when the Plant achieves 50% capacity utilisation) and in respect of other assets when they are ready for use.

**3 DEPRECIATION**

Depreciation on Tangible Assets is provided for in conformity with the provisions of Schedule II to the Companies Act, 2013 on the basis of Useful life of the Asset on Straight Line Method by leaving a residual value of 5% in respect of Plant and Machinery, Buildings, Roads & Bridges and Railway siding and ₹ 1 in respect of other tangible assets. Depreciation for addition/deletion of the assets has been made based on the number of days the asset was used.

Assets costing not more than ₹ 5,000 each are depreciated in full in the year of addition by leaving a residual value of ₹ 1.

**4 NON CURRENT INVESTMENTS**

Non-Current Investments are stated at cost. Any diminution in the value of Non-Current Investments, other than temporary in nature, are provided for.

**5 EXPENDITURE DURING CONSTRUCTION**

Expenditure during construction awaiting capitalization to Tangible Assets excluding capital advances is included under Capital Work in Progress and shown separately under Tangible Assets Note.

**6 GRANTS**

Grants from Government are shown as a deduction from the gross value of tangible assets/capital work in progress.

**7 INVENTORY VALUATION**

- (i) Raw materials and packing materials are valued at cost on FIFO basis.
- (ii) Stores, spares and catalysts are valued at cost on monthly moving weighted average basis.
- (iii) Loose tools and reconditioned spares are revalued on WDV basis annually.
- (iv) Finished products are valued at lower of cost or net realisable value including final / estimated subsidy.

Net realisable value is taken as under :



### **Phosphatic and Potassic Fertilizers**

- Field warehouse inventories: The Least of selling price fixed by the Company to Marketers / Dealers including Excise Duty.
- Field warehouse inventories to be brought back to Plant for reprocessing: The least of selling price fixed by the Company to Marketers / Dealers plus final / estimated Nutrient Based Subsidy (NBS) less estimated reprocessing costs and freight incurred.
- Inventories in transit : The least of selling price fixed by the Company to Marketers / Dealers including Excise Duty plus final / estimated NBS less estimated warehousing expenses.
- Inventories at Plant ready for sale : The least of selling price fixed by the Company to Marketers / Dealers plus final / estimated NBS less estimated freight and warehousing expenses.

### **Urea**

- Field warehouse inventories: The Least of selling price to Marketers / Dealers including Excise Duty.
- Inventories in transit : The least of selling price to Marketers / Dealers including Excise Duty plus final / estimated subsidy less estimated warehousing expenses.
- Inventories at Plant ready for sale : The least of selling price to Marketers / Dealers plus final / estimated subsidy less estimated freight and warehousing expenses.
- Bulk Urea at Plant : Least of selling price to Marketers / Dealers plus final / estimated subsidy less estimated bagging, freight and warehousing expenses.

(v) Warehousing expenses have been distributed over sales and closing stock.

(vi) The Company has adopted FIFO method of valuation for raw materials and packing materials content in the inventory of finished products.

(vii) Ammonia is valued at cost as the same is captively consumed and not intended for sale.

(viii) Off-spec products intended for disposal are valued at estimated realizable value.

(ix) Inventory of traded products are valued at lower of location specific cost or net realizable value. Agrochemicals inventory is valued on FIFO method, which includes purchase cost and other related expenses.

(x) Inventory of Pesticides manufactured and lying at factory under Loan Licensing Scheme are valued at cost excluding Excise Duty.

(xi) Goods in Transit / Under Inspection are valued at cost.

## **8 TRADE RECEIVABLES / LOANS AND ADVANCES**

Trade Receivables, Loans and Advances are reviewed periodically and provision is made for debts considered doubtful of recovery.

## **9 GROSS SALES**

Gross Sales is net of sales return, dealers'/marketers' margin, Sales Tax (VAT) collected outside the State of Tamil Nadu and includes applicable Excise Duty for Fertilizers.

## **10 SUBSIDY**

- (i) Urea Subsidy under New Pricing Scheme is accounted on receipt at the warehouses per procedure prescribed by the Government. Credit/Debit for Annual Escalation/De-escalation in input prices is considered based on realistic estimates pending issue of notification by the Government. Adjustments are effected in respect of difference, if any, in the year of receipt.



- (ii) Subsidy for Phosphatic and Potassic fertilizers is accounted in line with the Nutrient Based Subsidy (NBS) policy of the Government.

## **11 FOREIGN CURRENCY TRANSACTIONS**

All transactions made during the year in foreign currency are recorded in the reporting currency by applying to the foreign currency amount the exchange rate on the initial recognition date. Foreign currency transactions settled after initial recognition date and other transactions remaining unsettled at the end of the accounting period are translated at the exchange rate on the date of settlement or prevalent at the end of accounting period as the case may be. Gains and losses relating to foreign exchange transactions are recognised in the profit and loss statement.

## **12 EMPLOYEE BENEFIT EXPENSES**

### **(i) Short Term Benefits**

Short Term Employee Benefits are accounted on accrual basis.

### **(ii) Post-employment Benefits and other Long Term Employee Benefits**

- a. These are limited to and provided / paid in line with the DPE guidelines.
- b. The Company's contribution to the provident fund is remitted to a separate trust established for the purpose based on a fixed percentage of the eligible employees' salary and charged to Profit and Loss statement on accrual basis. Shortfall, if any, on the Government specified minimum rate of return, will be made good by the Company and charged to Profit and Loss statement.
- c. The Company operates defined benefit plan for gratuity. The cost of providing such defined benefit is determined using the projected unit credit method of actuarial valuation made at the end of the year and is administered through a fund maintained by Life Insurance Corporation of India. Actuarial gains / losses are charged to Profit and Loss statement.
- d. The liability of the Company in respect of superannuation scheme is restricted to the fixed contribution paid by the Company on an annual basis towards the defined contribution scheme maintained by Life Insurance Corporation of India, which is charged to Profit & Loss statement on accrual basis.
- e. Obligations on post -retirement medical benefits, compensated absences and service awards are provided using the projected unit credit method of actuarial valuation made at the end of the year.

### **(iii) Termination Benefits**

Payment made to the employees under voluntary retirement scheme is treated in line with the revised AS-15 (Employee Benefits).

## **13 CLAIMS**

- (i) Claims by the Company on underwriters are accounted as income on acceptance, pending settlement.
- (ii) Claims on railways are accounted on settlement.
- (iii) Claims for liquidated damages against suppliers/contractors are accounted for on recovery of the same from their bills and adjusted to the cost of assets or to the materials/works as the case may be.
- (iv) All other liquidated damages / penalties are accounted on realization basis.

## **14 PRIOR PERIOD ADJUSTMENTS**

Income/Expenditure which arise in the current year as a result of errors or omissions in the preparation of financial statements of earlier years are treated as prior period adjustments.

**15 CONTINGENT LIABILITY**

Depending on facts of each case and after due evaluation of relevant legal aspects, claims against the Company not acknowledged as debts are included under and disclosed as contingent liabilities.

**16 TAXES**

- a) Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.
- b) Deferred tax assets are not recognized unless, in the management judgment there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- c) Accounting of value added tax is in line with the provisions of statute in force.

**24 (B) NOTES ON ACCOUNTS****i. SUBSIDY UNDER NEW PRICING SCHEME (NPS) FOR UREA**

Escalation/De-escalation in input prices is subject to annual revision based on the actual prices. Accordingly, a sum of ₹ 40.48 Cr (Previous year payable ₹ 882.63 Cr) has been reckoned as receivable from FICC for the year 2016-17 towards annual escalation of input prices in line with the Accounting policy – Note 24 (A) 10 (i).

Subsidy includes an amount of ₹ 15.71 Cr (Previous year ₹ 13.63 Cr) being the additional fixed cost of ₹ 350 / MT as envisaged in the modified NPS III Policy announced by DOF dated April 02, 2014, the notification of which is awaited.

**ii. EXCHANGE RATE FLUCTUATION**

Exchange rate fluctuation included in other expenses is ₹ 1.14 Cr (Previous year ₹ 1.06 Cr)

**iii. CENTRAL EXCISE 25/70 NOTIFICATION**

An amount of ₹ 2 Cr was paid as pre deposit by the Company on 11.03.2013 as per the Miscellaneous Order of CESTAT for taking up the appeal for hearing, which is yet to take place.

No provision is considered necessary in the Books by the Company as the matter is subjudice. However the same is shown under "Contingent Liability".

- iv. As defined under AS - 28 on "Impairment of Assets" a detailed valuation has been done by a reputed Chartered Engineer and Valuer. As per his report, no adjustment towards impairment loss is considered necessary by the Company as on 31.03.2017. Net selling price of the major Plant and Machinery has been assessed against the book value on that date as detailed below:

(₹ Cr)

Sl. No.	Plant	As on 31.03.2017		As on 31.03.2016	
		Net selling price	Book Value	Net selling price	Book Value
1	Ammonia	311.20	104.44	307.88	113.60
2	Urea	69.46	25.41	66.59	28.14
3	NPK	13.04	5.60	10.95	6.40
4	Utilities	26.27	12.20	24.06	13.13

Per AS – 28, net recoverable amount is the higher of net selling price or value in use. As the value in use could not be assessed with reasonable accuracy, the Company has considered net selling price for ascertaining impairment loss.



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- v. Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) has allotted 43.13 acres of land for a lease period of 33 years at kodungaiyur for TTP Plant in the year 1989. The Company surrendered 20.224 acres of surplus land not used for TTP plant, but CMWSSB refused to take back that land. After negotiations CMWSSB agreed for payment of lease rent up to March 2017 in a phased manner and based on that, the Company has provided an amount of ₹ 2.65 Cr being the lease rent for the surplus land of 20.224 acres. The MOU is yet to be signed.

The lease rent payable during the year is ₹ 2.88 Cr (Previous year ₹ 0.68 Cr). The future lease rent payable for each of the following periods are:

		(₹ Cr)	
		31.03.17	31.03.16
a)	Within 1 year	0.77	0.68
b)	Later than 1 year and not later than 5 years	4.10	4.87
c)	Later than 5 years	NIL	NIL

- vi. The lease rent receivable during the year is ₹ 1.51 Cr (Previous year ₹ 1.34 Cr). The future lease rent receivable for each of the following periods are:

		(₹ Cr)	
		31.03.17	31.03.16
a)	Within 1 year	0.87	0.84
b)	Later than 1 year and not later than 5 years	4.11	4.98
c)	Later than 5 years	9.60	10.47

- vii. The total amount payable to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2017 as identified by the Management and relied upon by the Auditors is provided below:

		(₹ Cr)	
		31.03.17	31.03.16
a)	Dues outstanding more than 45 days	-	-
b)	Amount remaining unpaid as at the end of the year		
	Principal Amount	0	-
	Interest Amount	0	-
c)	The amount of interest paid in terms of Section 18 along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
d)	The amount of interest due and payable for the period of delay in making payment		
	As per the terms of the Contract	-	-
	As specified in the Act	-	-
e)	The amount of interest accrued and remaining unpaid at the end of the year	-	-

### ix. OTHER DISCLOSURES

- Information required under AS 15 (Revised) on "Employee Benefit Expenses" is provided in Annexure – I to this note.
- The amount of borrowing costs capitalised for the year is 'NIL' (Previous year 'NIL') per AS 16 (Borrowing Costs).
- Fertilizer manufacture is the only main business segment and trading operations are less than 10% of the total revenue. Further, the Company is engaged in providing and selling its products in single economic environment in India i.e., there is a single geographical segment. Hence, there is no requirement of segment reporting for the Company as per AS 17 (Segment Reporting).





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- iv. During the year, there were no transactions with related parties as defined in AS 18 (Related Party Disclosures). The data relating to key managerial personnel is furnished under note 25.
- v. The Company has not entered into joint venture activities as defined in AS 27. Hence AS 27 on “Financial Reporting of Interest in Joint Ventures” is not applicable to the Company at present.
- vi. The movement of Provisions as required under AS 29 “Provisions, Contingent Liabilities and Contingent Assets” is given below :

	<b>Mar 31, 2017</b>	<b>Mar 31, 2016</b>
	(₹ Cr)	(₹ Cr)
<b>a. Leave Encashment</b>		
Provision at the beginning of the year	16.47	15.64
Provision made during the year	2.95	6.07
Utilisation / withdrawal during the year	2.06	5.24
Provision at the end of the year	17.36	16.47
<b>B Retired Medical Benefits</b>		
Provision at the beginning of the year	1.24	1.25
Provision made during the year	0.17	0.06
Utilisation / withdrawal during the year	0.06	0.07
Provision at the end of the year	1.35	1.24
<b>c. Service Awards</b>		
Provision at the beginning of the year	0.37	0.35
Provision made during the year	-	0.02
Utilisation / withdrawal during the year	0.05	-
Provision at the end of the year	0.32	0.37
<b>d. Gratuity</b>		
Provision at the beginning of the year	6.37	6.74
Provision made during the year	2.83	3.69
Utilisation / withdrawal during the year	3.83	4.06
Provision at the end of the year	5.37	6.37
<b>e. Bad and Doubtful Debts</b>		
Provision at the beginning of the year	4.43	4.44
Provision made during the year	-	-
Utilisation / withdrawal during the year	-	0.01
Provision at the end of the year	4.43	4.43
<b>f Claims Recoverable</b>		
Provision at the beginning of the year	1.01	1.01
Provision made during the year	-	-
Utilisation / withdrawal during the year	-	-
Provision at the end of the year	1.01	1.01



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vii. No provision towards Income Tax liability has been made during the year as the operations resulted in loss and being a Sick Company, the Company is not liable for MAT.

viii. The Sick Industrial Companies (Special Provisions) Act (SICA) has been repealed from December 01, 2016 and the Board for Industrial and Financial Restructuring (BIFR) stand dissolved from that date.

The Company is pursuing legal options to file the Revival proposal to the National Company Law Tribunal (NCLT)

ix. In respect of verification of movable fixed assets, the final report of the previous Stock Auditor which contains some insignificant discrepancies only. The new outside professional firm of Chartered Accountants, being the Stock Auditor have started their work and is in the process of identifying the shortfall if any, of the movable fixed assets. After their report, the shortfall if any, necessary adjustments will be made with due approvals.

x. Included in Short term Trade Payables under 'Note 9a' are:

a. Dues to CPCL ₹ 74.98 Cr (Previous Year ₹ 91.33 Cr) for which mortgage and First charge on Guindy land is given for ₹ 100 Cr till the date of sanction of a rehabilitation scheme for the Company.

b. Dues to IOC ₹ 53.93 Cr (Previous Year ₹ 34.78 Cr) against Credit Limit of ₹ 60Cr, for which First charge on Plant and Machinery is given for ₹ 50 Cr and an additional ₹ 10 Cr against Bank Guarantee.

xi. The Company defaulted repayment of loan principal and interest on GOI loans as detailed below:

(₹ Cr)

	Principal	Interest	Total
Revamp Loans	122.30	116.72	239.02
Plan Loans	245.07	349.23	594.30
Non Plan Loans	20.77	27.55	48.32
Total	388.14	493.50	881.64

The same along with ₹ 30.09 Cr due within one year totalling to ₹ 418.23 Cr (Previous Year ₹ 388.14 Cr) is shown under Note 9b – Other Current Liabilities.

**Disclosure requirements under AS-15 (Revised) as per Note No: 24 B ix (i)****Defined Contribution Schemes:**

The net amounts expended in respect of employer's contribution to the provident fund and superannuation fund during the year, are ₹ 5.93 Cr (Previous year ₹ 5.83 Cr) and ₹ 7.08 Cr (Previous year ₹ 6.37 Cr) respectively.

**Defined Benefit Schemes:****Funded Scheme:**

(₹ Cr)

Net employee benefit Expense	Gratuity	
	2016-17	2015-16
Current Service Cost	0.37	0.56
Interest cost on benefit obligation	2.50	2.60
Expected (return) / loss on plan assets	(2.09)	(2.28)
Net actuarial (gain)/loss recognized in the year	0.29	0.91
Net Benefit Expense	1.07	1.79

**Unfunded Schemes:**

(₹ Cr)

Net employee benefit Expense	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Current Service Cost	1.33	1.31	0.01	0.01	0.03	0.03
Interest cost on benefit obligation	1.20	1.04	0.09	0.10	0.03	0.02
Net actuarial (gain)/loss recognized in the year	0.42	3.72	0.07	(0.06)	(0.11)	(0.03)
Net Benefit Expense	2.95	6.07	0.17	0.05	(0.05)	0.02

**Funded Scheme:**

(₹ Cr)

Changes in present value of defined benefit obligation	Gratuity	
	2016-17	2015-16
Opening defined benefit obligation	31.13	31.12
Interest cost	2.50	2.60
Current service cost	0.37	0.56
Benefits paid	(3.83)	(4.06)
Net actuarial (gain) / loss on obligation	0.29	0.91
Closing defined benefit obligation	30.46	31.13



## MADRAS FERTILIZERS LIMITED

### Unfunded Schemes:

(₹ Cr)

Changes in present value of defined benefit obligation	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Opening defined benefit obligation	16.47	15.64	1.24	1.25	0.37	0.35
Interest cost	1.20	1.04	0.09	0.10	0.03	0.02
Current service cost	1.33	1.31	0.01	0.01	0.03	0.03
Benefits paid	(2.06)	(5.24)	(0.06)	(0.07)	-	-
Net actuarial (gain) / loss on obligation	0.42	3.72	0.07	(0.05)	(0.11)	(0.03)
Closing defined benefit obligation	17.36	16.47	1.35	1.24	0.32	0.37

### Funded Scheme:

(₹ Cr)

Change in fair value of plan assets	Gratuity	
	2016-17	2015-16
Opening fair value of plan assets	24.76	24.38
Expected return	2.09	2.28
Contributions	2.07	2.16
Benefits paid	(3.83)	(4.06)
Actuarial gain / (loss)	-	-
Closing fair value of plan assets	25.09	24.76
Investment details	Insurer managed funds- 100%	

### Funded Scheme:

(₹ Cr)

Balance Sheet	Gratuity	
	2016-17	2015-16
Defined benefit obligation	30.46	31.13
Fair value of plan assets	25.09	24.76
Plan asset / (liability)	(5.37)	(6.37)

### Unfunded Schemes:

(₹ Cr)

Balance Sheet	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Defined benefit obligation	17.36	16.47	1.35	1.24	0.32	0.37
Fair value of plan assets	-	-	-	-	-	-
Plan asset / (liability)	(17.36)	(16.47)	(1.35)	(1.24)	(0.32)	(0.37)



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### Funded Scheme:

Actuarial Assumptions	Gratuity	
	2016-17	2015-16
Discount Rate (per annum)	8%	8%
Rate of escalation in salary (per annum)	5%	5%
Mortality table	LIC 94 – 96 rates	
Expected rate of return on plan assets (per annum)	8%	

### Unfunded Schemes:

Actuarial Assumptions	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Mortality table (before Retirement)	IALM (2006-08) Ultimate					
Mortality table (after Retirement)	Not Applicable		IALM(2006-08)		Not Applicable	
Discount Rate (per annum)			8%			
Inflation Rate (per annum)			6%			

### 25. INFORMATION ON REMUNERATION TO KEY MANAGERIAL PERSONNEL:

#### Key Managerial personnel

- 1) Shri A B Khare - Chairman & Managing Director
- 2) Shri U Saravanan - Director ( Technical)
- 3) Shri V Muralidharan - General Manager (F&A) & Company Secretary

(₹ Cr)

	2016-17	2015-16
Salary and Allowances	58,62,402	39,59,517
Contribution to Provident & Other Funds	13,61,040	7,75,562
Other Perquisites	28,28,798	19,02,270
	100,52,240	66,37,349
Loans and Advances	Nil	Nil



## MADRAS FERTILIZERS LIMITED

### 26. INFORMATION ON GOODS MANUFACTURED AND TRADED:

(a) Installed Capacities:	2016-17		2015-16	
	MT		MT	
Ammonia	3,46,500		3,46,500	
Urea	4,86,750		4,86,750	
NPK	8,40,000		8,40,000	
Bio fertilizers	400		400	

(b) Production:	2016-17		2015-16	
	MT		MT	
Ammonia	2,75,330		2,36,466	
Urea	-		23,580	
Neem Urea	4,68,438		3,83,731	
NPK 17-17-17	48,895		34,816	
Bio fertilizers	111		277	

(c) Purchase of Stock in Trade:	2016-17		2015-16	
	Quantity MT	Amount ₹	Quantity MT	Amount ₹
Agrochemicals	-	1,17,55,016	-	1,00,73,316
Organic Manure	712	53,75,600	8,247	6,19,30,682
City Compost	1706	55,92,856	-	-
		2,27,23,472		7,20,03,998

(d) Gross Sales:	2016-17		2015-16	
	Quantity MT	Amount ₹	Quantity MT	Amount ₹
Manufactured Products				
Urea	-	-	27,240	14,11,49,196
Neem Urea	4,35,539	237,47,75,609	3,27,884	178,77,79,920
NPK 17-17-17	33,407	62,79,96,927	34,807	74,97,42,572
NPK 20-20-0-13	-	-	-	-
Carbon-di-oxide*	8,019	2,70,67,821	5,782	2,13,99,281
Bio fertilizers	111	35,49,080	277	87,89,551
Bought Products				
Agrochemicals	-	1,73,64,295	-	1,52,17,686
Organic Manure	712	63,36,800	8,247	7,33,98,300
City Compost	1706	61,91,650	-	-
		306,32,82,182		279,74,76,506

\* By Product



## MADRAS FERTILIZERS LIMITED

	2016-17		2015-16	
	Quantity MT	Amount ₹	Quantity MT	Amount ₹
<b>(e) Stocks:</b>				
<b>(i) Opening Stock</b>				
(a) Finished Products				
Manufactured Products				
Urea	44,266	41,22,17,960	3,195	9,44,86,028
NPK 17-17-17	0	1,079	-	-
NPK 20-20-0-13	-	-	-	-
		<u>41,22,19,039</u>		<u>9,44,86,028</u>
b) Work-in-Progress				
Manufactured Products				
Ammonia	1,599	4,45,62,611	5,196	19,67,35,784
Urea – bulk	4,648	9,74,86,563	601	1,66,34,941
		<u>14,20,49,174</u>		<u>21,33,70,725</u>
<b>(ii) Closing Stock</b>				
(a) Finished Products				
Manufactured Products				
Urea	75,970	103,96,32,787	44,266	41,22,17,960
NPK 17-17-17	15,479	35,74,80,311	0	1,079
NPK 20-20-0-13	-	-	-	-
		<u>139,71,13,097</u>		<u>41,22,19,039</u>
(b) Work-in-Progress				
Manufactured Products				
Ammonia	1,325	4,18,23,296	1,599	4,45,62,611
Urea - bulk	5,218	13,88,85,523	4,648	9,74,86,563
		<u>18,07,08,819</u>		<u>14,20,49,174</u>
(c) Stock Losses - Quantities reckoned in decretion in inventory				
			<b>2016-17</b>	<b>2015-16</b>
			<b>MT</b>	<b>MT</b>
Urea			625*	7,069
NPK 20-20-0-13			-	-
NPK 17-17-17			9	9

\*Includes cyclone loss of 408 MT  
In addition 65 MT of Imported Urea lost



## MADRAS FERTILIZERS LIMITED

(f) Consumption	2016-17			2015-16		
	%	Quantity MT	Amount ₹	%	Quantity MT	Amount ₹
(i) Basic Raw Materials						
<b>Imported</b>						
Urea		13,566	25,94,51,750		9,579	20,61,69,146
Potash		14,912	32,48,26,170		10,791	23,90,54,264
Ammonium Sulphate		-	-		-	-
Phosphoric Acid		8,808	40,77,41,320		6,116	35,19,43,335
<b>Total</b>	<b>13</b>		<b>99,20,19,240</b>	<b>12</b>		<b>79,71,66,745</b>
<b>Indigenous</b>						
Naphtha		2,08,976	675,22,96,656		1,80,791	576,12,37,448
Urea		-	-		-	-
Ammonia		-	-		-	-
Phosphoric Acid		-	-		-	-
Others		-	3,82,63,831		-	2,01,79,123
	<b>87</b>		<b>679,05,60,487</b>	<b>88</b>		<b>578,14,16,571</b>
	<b>100</b>		<b>778,25,79,727</b>	<b>100</b>		<b>657,85,83,316</b>
			<b>2016-17</b>			<b>2015-16</b>
(ii) Components and Spares	%		₹	%		₹
Imported	8		70,10,099	10		1,51,40,142
Indigenous	92		8,38,03,410	90		12,91,44,112
	<b>100</b>		<b>9,08,13,508</b>	<b>100</b>		<b>14,42,84,254</b>

### 27. INFORMATION ON IMPORTS AND FOREIGN CURRENCY/EXCHANGE TRANSACTIONS:

(a) Imports (CIF Value)	2016-17 ₹	2015-16 ₹
(i) Raw Materials	121,02,69,844	104,11,96,089
(ii) Components and Spare Parts	1,33,65,008	1,27,91,747
	<b>122,36,34,852</b>	<b>105,39,87,836</b>
<b>(b) Other Expenditure incurred in Foreign Currency</b>		
(i) Books and Periodicals	3,05,187	3,28,314
(ii) Travel (Business, Seminar, Conference etc.)	-	-
	<b>3,05,187</b>	<b>3,28,314</b>





## MADRAS FERTILIZERS LIMITED

### 28. CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND L/Cs OUTSTANDING:

	2016-17 ₹	2015-16 ₹
(a) Contingent Liabilities in respect of claims against the Company not acknowledged as debts in respect of Income Tax, Excise Duty, Sales Tax and others (Includes Customs Duty on Imported Urea ₹ 65.86 Cr, Penal Interest on GOI Loans ₹ 152.66 Cr and interest on delayed payment of Excise Duty ₹ 5.42 Cr).	246,28,45,027	387,50,59,705
(b) L/Cs outstanding (not provided for)	3,29,67,000	1,49,07,139
(c) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (after adjusting advance made therefor)	2,37,75,352	6,75,28,573
(d) ESI Liability (interest) not provided for, based on Court's interim injunction.	61,79,681	61,79,681

### 29. GENERAL INFORMATION:

- a. CESTAT has waived pre-deposit of the duty and penalty on deposit of ₹ 5 lacs, which the Company has complied with. The appeal filed before the Commissioner of Customs (Appeals) against the demand of the Commissioner of Customs amounting to ₹ 65.86 Cr as differential duty including penalty, is still pending.
- b. Government of India has not so far raised any demand for penal interest amounting to ₹ 152.66 Cr (Previous Year ₹ 287.88 Cr). However, the same is shown under Contingent Liabilities per practice.
- c. During December 2016, the operation of the Plant was affected due to the devastating Vardha cyclone and the Company preferred a claim of ₹ 41.52 Cr with the insurer for the loss suffered and the report of the surveyor in respect of the claim is still awaited.
- d. Other Income includes a sum of ₹ 0.67 Cr (Previous Year ₹ 0.58 Cr) being the rent receivable from CPCL for the area let out for their LPG pipeline, for which the renewal of agreement is under negotiation.
- e. The Company is in the process of signing MOU with DOF for the FY 2017-18. The Company has already received confirmation from DOF vide letter dated 17.06.2015, informing that the Competent Authority has accorded approval to continue the operation of the Company using Naphtha as feedstock till Gas connectivity and availability of Gas and hence, in the opinion of the Company the concept of going concern has not been affected.



## MADRAS FERTILIZERS LIMITED

- f. The details of Specified Bank Notes (SBN) held and transacted during the period of demonetization i.e from November 08, 2016 to December 30, 2016 as per Notification G.S.R. 307(E) and G.S.R 308(E) dated March 30, 2017 of the Ministry of Corporate Affairs (MCA) in the format is given below:

Particulars	SBN's Denomination	Amount	Other Denomination Notes	Amount	Total Denomination	Amount
Closing Balance as at 08.11.2016	1*1000/- 29*500/-	15,500	100*24 50*13 20*17 10*86 Coins -67 Stamp - 6	4,293		19,793
Transaction between 09.11.2016 and 30.12.16						
Add: Withdrawl from Bank A/c's	-	-	-	-	-	-
Add: Receipts for permitted transaction	-	-	-	-	-	-
Add: Receipts for non-permitted transaction	-	-	3*10	30	-	30
Less: paid for permitted transaction	-	-	-	-	-	-
Less: paid for non-permitted transaction	-	-	-	-	-	-
Less: Deposited in Bank Accounts	-	15,500	-	-	-	15,500
Closing balance as at 30.12.2016	-	0	-	4,323	-	4,323

- g. Confirmation of balances has not been received in respect of Loans from GOI, Trade Receivables / Payables and Loans and Advances.  
h. Figures for the previous year have been regrouped wherever necessary to conform to Current Year's classification.

/For and on behalf of the Board/

**A B KHARE**  
Chairman and Managing Director

**U Saravanan**  
Director (Technical)

**V MURALIDHARAN**  
General Manager - Finance & Accounts  
and Company Secretary

30<sup>th</sup> May, 2017

As per our Report of even date

For **J V RAMANUJAM & CO**  
Chartered Accountants  
FRN 002947S

**CA SRI NARAYANA JAKHOTIA**  
Partner  
M No 233192

30<sup>th</sup> May, 2017



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,2017**

(₹ Crores)

	2016-17	2015-16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit After Tax from continuing operations	(23.31)	(189.54)
Profit Before Tax from discontinuing operations	-	-
Profit After Tax and Extra ordinary items	(23.31)	(189.54)
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation	18.53	18.15
Exceptional Item	0.02	-
Loss/(profit) from sale of Fixed Asset	-	(0.96)
Interest Expenses	74.00	82.32
Interest Income	(2.57)	(2.88)
Dividend Income	(0.24)	(0.20)
<b>Operating Profit Before Working Capital Changes</b>	<b>66.43</b>	<b>(93.11)</b>
Movements in working capital		
Increase/(decrease) in Trade Payables	19.62	(37.74)
Increase/(decrease) in Long-term Provisions	(0.73)	1.04
Increase/(decrease) in Short-term Provisions	0.68	(0.58)
Increase/(decrease) in other Current Liabilities	25.49	(3.60)
Increase/(decrease) in other Long-term Liabilities	-	-
Decrease/(Increase) in Trade Receivables	(34.32)	4.27
Decrease/(Increase) in Inventories	(133.57)	(21.23)
Decrease/(Increase) in Long-term Loans & Advances	0.53	0.85
Decrease/(Increase) in Short-term Loans & Advances	1.07	2.69
Decrease/(Increase) in other Current Assets	274.63	128.08
Decrease/(Increase) in other non-current Assets	-	-
Cash generated from / (used in) Operations	219.83	(19.33)
Direct taxes paid (net of refunds)	-	-
<b>Net Cash Flow from / (used) in Operating Activities (A)</b>	<b>219.83</b>	<b>(19.33)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(6.99)	(14.93)
Proceeds from sale of Fixed Assets	0.01	1.37
Interest Received	2.57	2.88
Dividend Received	0.24	0.20
<b>Net Cash Flow from / (used) in Investing Activities (B)</b>	<b>(4.17)</b>	<b>(10.48)</b>

**MADRAS FERTILIZERS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd)**

(' Crores)

	2016-17	2015-16
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	-	-
Proceeds from Long-term borrowings	-	-
Repayment of Long-term borrowings	(30.09)	(30.44)
Current portion of Long-term borrowings	30.09	30.44
Proceeds from Short-term borrowings	-	72.55
Repayment of Short-term borrowings	(226.17)	-
Interest paid	(19.42)	(28.09)
<b>Net Cash Flow from / (used) in Financing Activities (C)</b>	<b>(245.59)</b>	<b>44.46</b>
Net increase/(decrease ) in Cash & Cash Equivalents (A+B+C)	(29.93)	14.65
Cash & Cash Equivalents as at 1st Apr (Opening Balance)	32.33	17.68
<b>Cash &amp; Cash Equivalents as at 31st Mar (Closing Balance)</b>	<b>2.40</b>	<b>32.33</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	0.00	0.00
With banks:		
on current account	0.18	0.33
on deposit account	2.22	32.00
<b>Total Cash and Cash equivalents</b>	<b>2.40</b>	<b>32.33</b>

/For and on behalf of the Board/

**A B KHARE**

Chairman and Managing Director

**U Saravanan**

Director (Technical)

**V MURALIDHARAN**General Manager - Finance & Accounts  
and Company Secretary30<sup>th</sup> May, 2017

As per our Report of even date

For **J V RAMANUJAM & CO**

Chartered Accountants

FRN 002947S

**CA SRI NARAYANA JAKHOTIA**

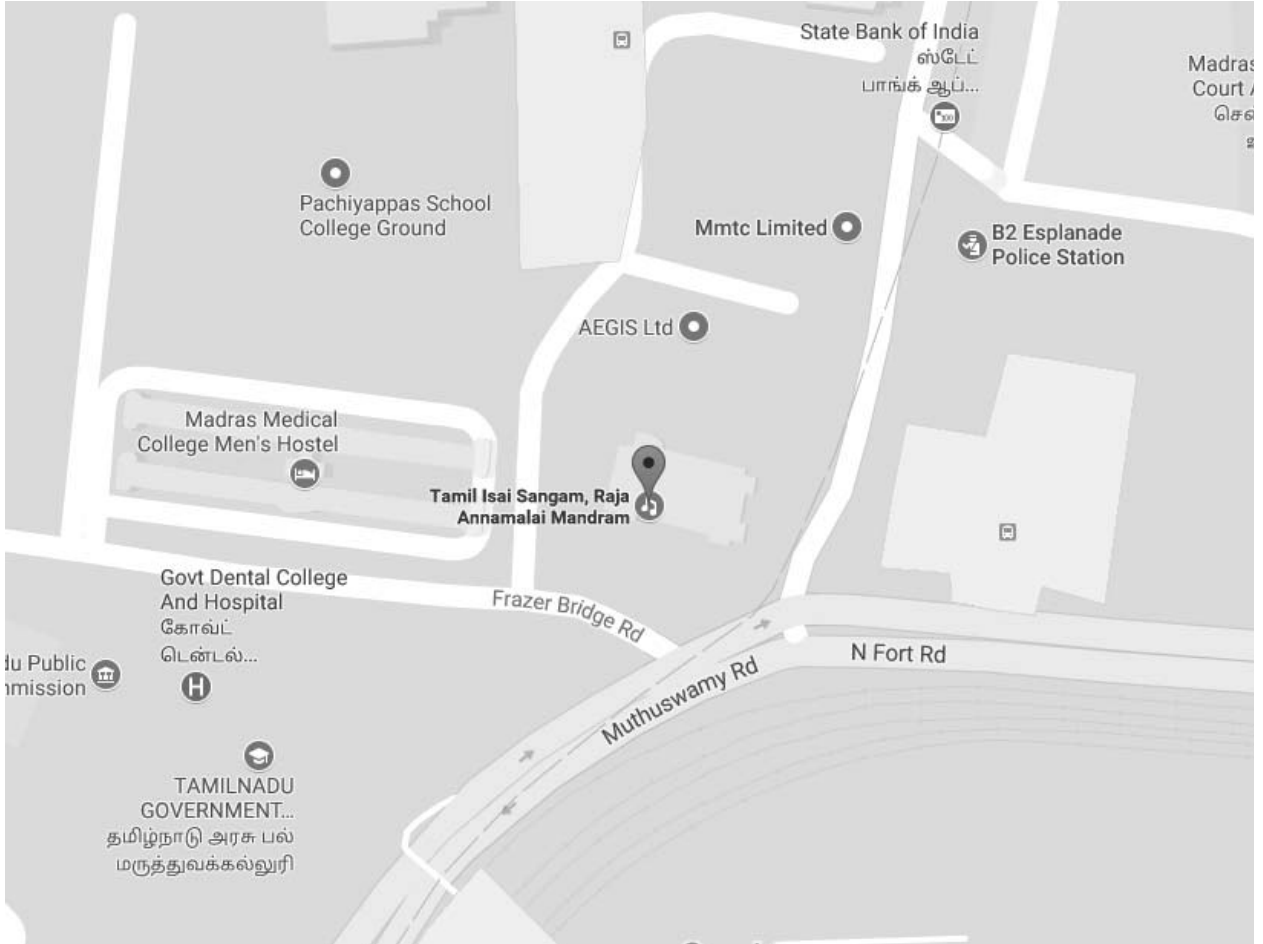
Partner

M No 233192

30<sup>th</sup> May, 2017



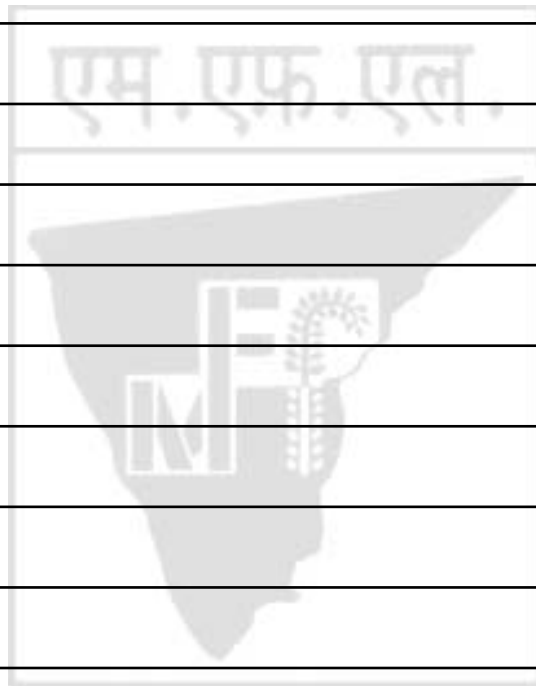
**ROUTE MAP FOR THE 51<sup>st</sup> AGM VENUE**





**MADRAS FERTILIZERS LIMITED**

**Notes**





**MADRAS FERTILIZERS LIMITED**



**MADRAS FERTILIZERS LIMITED**  
**CIN:L32201TN1966GOI005469**

**Registered Office: Manali Chennai- 600 068**

**51<sup>st</sup> ANNUAL GENERAL MEETING – SEPTEMBER 22, 2017**

**PROXY FORM**

(Pursuant to section 105(6) of the Companies Act 2013 and Rule 19(3) of the Companies Management and Administration Rules 2014)

Name of the member (s) :

Registered address :

Email Id:

Folio No./Client Id:

DP ID :

I/We, being the member(s) of Madras Fertilizers Limited holding..... shares, hereby appoint

1) Name..... email ID.....

Address..... Signature..... or failing him

2) Name..... email ID.....

Address.....Signature..... or failing him

3) Name..... email ID.....

Address.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **51<sup>st</sup> Annual General Meeting** of the Company, to be held on **Friday, September 22<sup>nd</sup>, 2017** at **2.30 p.m** at **Rajah Annamalai Mandram (Tamil Isai Sangam), 5, Esplanade Road, Chennai 600 108** and at any adjournment thereof in respect of such resolutions as are indicated below:

\* I wish my above Proxy to vote in the manner as indicated in the box below:

S.No	RESOLUTIONS	FOR	AGAINST
<b>Ordinary Business</b>			
1	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March 2017 together with Directors' Report and Auditors' Report		
2	Appointment of Statutory Auditor & Fixing their Remuneration		



## MADRAS FERTILIZERS LIMITED

S.No	RESOLUTIONS	FOR	AGAINST
<b>Special Business</b>			
3	Appointment of Ms. Meenakshi Gupta, as Director of the Company		
4	Appointment of Shri Kuntal Sensarma as Director of the Company		
5	Appointment of Cost Auditor for the year 2017-18		

Signed this ..... Day of ..... 2017

Affix  
Revenue  
Stamp

Signature of Shareholder ..... Signature of Proxy Holder(s).....

This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

Notes:

- 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- 2. A proxy need not be a member of the Company.**
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
5. In the case of joint holders, the signature of any one holder will be sufficient.





Kisan Suvidha Kendra was opened by Madras Fertilizers Limited on 29.11.2016, at Ekkaddu Kandigai at Thiruvallur District, Tamil Nadu.

## Executives of the Company



**SHRI A L PRABHAKAR**  
Chief Vigilance Officer



**SHRI H GUNASEKARAN**  
General Manager (Plant)



**SHRI V MURALIDHARAN**  
General Manager (F & A) and  
Company Secretary



**SHRI K M RAJA MANOHARAN**  
General Manager (P&A) -  
(Addl. Charge)



**SHRI T PAUL PREMKUMAR**  
General Manager (M&D) -  
(Addl. Charge)



**MADRAS FERTILIZERS LIMITED**

**MANALI, CHENNAI - 600068**